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COMMISSION  
CLERK

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December 15, 2010

Ann Cole, Director  
Office of the Commission Clerk  
PSC Recording & Filing  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399

100461-E1

Re: In re: Progress Energy Florida, Inc.'s Petition for Approval of its Nuclear  
Decommissioning Cost Study

Dear Ms. Cole

Enclosed for filing on behalf of Progress Energy Florida, Inc. are the following:

- 1. Progress Energy Florida, Inc.'s Petition for Approval of its Nuclear Decommissioning Cost Study (original and 7 copies); and 09953-10
- 2. Progress Energy Florida, Inc.'s 2010 Update - 2008 Decommissioning Cost Analysis (original and 15 copies). 09954-10

I have also provided a cd with a copy of both documents for your convenience.

Sincerely,

Blaise N. Huhta

COM \_\_\_\_\_  
 APA \_\_\_\_\_  
 ECR 6 + 1 CD  
 GCL 1 + CD  
 RAD \_\_\_\_\_  
 SSC \_\_\_\_\_  
 ADM \_\_\_\_\_  
 OPC \_\_\_\_\_  
 CLK \_\_\_\_\_

*6 + 1 CD containing petition (09953-10, and Decommissioning cost analysis 09954-10)*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

RECEIVED- FPSC  
10 DEC 15 AM 11:28

In re: Petition for approval of  
Nuclear Decommissioning Cost Study

Docket No. 100421-E1 COMMISSION  
Submitted for Filing: December 15, 2010 CLERK

**PROGRESS ENERGY FLORIDA, INC.'S PETITION FOR  
APPROVAL OF ITS NUCLEAR DECOMMISSIONING COST STUDY**

Pursuant to Sections 366.06(1), 366.041, 350.127(2), Florida Statutes, and Rule 25-6.04365, Florida Administrative Code ("F.A.C."), Progress Energy Florida ("PEF" or the "Company") respectfully petitions the Florida Public Service Commission ("PSC" or the "Commission") for approval of its Nuclear Decommissioning Cost Study ("Decommissioning Study") for PEF's Crystal River Unit 3 Nuclear Power Plant ("CR3"). PEF requests to have this Petition reviewed pursuant to the proposed agency action procedures and supports its request for approval of its Decommissioning Study and appropriate annual accruals with this Petition and the Decommissioning Study attached hereto as Exhibit A. PEF is submitting sufficient information upon which the Commission can develop its proposed agency action order on PEF's requests; however, PEF reserves the right to submit testimony or additional information addressing issues identified in any protest of a proposed agency action order. For these reasons, as more fully described below and in Exhibit A, PEF requests that the Commission approve its

Decommissioning Study and annual accruals request of \$0.

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FCR 0  
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ADM \_\_\_\_\_  
OPC \_\_\_\_\_  
CLK \_\_\_\_\_

**I. PRELIMINARY INFORMATION.**

1. The Petitioner's name and address are:

Progress Energy Florida, Inc.  
299 1st Ave. N.  
St. Petersburg, Florida 33701

DOCUMENT NUMBER DATE

09953 DEC 15 2010

FPSC-COMMISSION CLERK

2. Any document required to be served upon PEF or filed by any party to this proceeding should be served upon the following individuals:

R. Alexander Glenn  
alex.glenn@pgnmail.com

John Burnett  
john.burnett@pgnmail.com

**Progress Energy Service Company, LLC**  
P.O. Box 14042  
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## II. PRIMARILY AFFECTED UTILITY.

3. PEF is the utility primarily affected by the proposed request. PEF is an investor-owned electric utility, regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly owned subsidiary of Progress Energy, Inc. The Company's principal place of business is located at 299 1st Ave. N., St. Petersburg, Florida 33701.

4. PEF serves approximately 1.6 million retail customers in Florida. Its service area comprises approximately 20,000 square miles in 35 of the state's 67 counties, encompassing the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola, and Seminole Counties. PEF supplies electricity at retail to approximately 350

communities and at wholesale to about 21 Florida municipalities, utilities, and power agencies in the State of Florida.

5. CR3 was operational in 1977 and is currently scheduled for decommissioning in 2036. The primary goal of decommissioning is the removal and disposal of the contaminated systems and structures so that the plant's operating license can be terminated.

6. In 2001, Rule 25-6.04365 was adopted by the Commission to codify the Commission's policy of requiring utilities to have sufficient funds on hand at the time of decommissioning of its nuclear units to pay for all necessary expenses. Rule 25-6.04365 requires a utility that owns a nuclear power plant to have sufficient funds at the time of decommissioning of the power plant by requiring appropriate decommissioning accruals.

7. Rule 25-6.04365(3) specifies what must be included in a utility's nuclear decommissioning study. PEF's Decommissioning Study attached as Exhibit A complies with those rule provisions.

8. Through this Petition, PEF seeks approval of its Decommissioning Study and costs and annual accruals pursuant to Rule 25-6.04365.

### **III. PEF SUBMITS ITS NUCLEAR DECOMMISSIONING COST STUDY AND REQUESTS APPROVAL OF THE DECOMMISSIONING STUDY AND COSTS**

#### **A. Procedural Background**

9. In Commission Order No. PSC-05-0945-S-EI, the Commission approved the Stipulation and Settlement in Docket No. 050078-EI, In re: petition for rate increase by Progress Energy Florida, Inc. The settlement approved by the Commission provided that:

Approval of this Agreement by the Commission shall constitute approval of the Company's Nuclear Decommissioning and Depreciation Studies. PEF shall file with the Commission updated Nuclear Decommissioning. .... Studies on or before July 31, 2009 (or on or before December 31, 2009 if PEF elects to extend this Agreement pursuant to Section 1).

10. Thereafter, on or about March 20, 2009, PEF filed its updated Nuclear Decommissioning Costs Study in Docket No. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc. The Commission made the following determinations regarding PEF's nuclear decommissioning study in Order No. PSC-10-0131-FOF-EI:

We hereby find that the issues associated with PEF's nuclear decommissioning study shall be deferred from the rate case and addressed next year when FPL files its nuclear decommissioning study in December 2010.

11. Pursuant to that Order, the Commission decided to defer its consideration of PEF's updated nuclear decommissioning study and costs until December of 2010 so it could address both Florida Power & Light's and PEF's nuclear decommissioning costs at the same time.

12. The Commission also determined that because it was deferring consideration of the study to just a year later that "PEF is not required to prepare a new site-specific nuclear decommissioning study. However, PEF shall update the current study with the most currently available escalation rates."

13. Pursuant to Order No. PSC-10-0131-FOF-EI, PEF now files its Decommissioning Study, Exhibit A, with this Petition and requests Commission review.

**B. PEF's Decommissioning Study**

14. In accordance with the Order, PEF is not required to prepare a new site-specific nuclear decommissioning study. The attached Decommissioning Study is the same study filed in the 090079-EI Docket, but as contemplated by the Order it contains updated escalation rates.

15. Escalation rates for the Decommissioning Study were pulled as of October, 2010. These are the most currently available escalation rates that could be utilized in this study and still

provide PEF enough time to prepare for this December 2010 filing.

16. The percentage of the costs applicable to the Qualified and Nonqualified Plans was updated to 100% and 0% respectively in accordance with the Energy Policy Act of 2005 which lead to the transfer of the majority of the funds from the Nonqualified to the Qualified Plan in early 2009. The Net Present Value of the Qualified Funds necessary for the decommissioning activities was calculated based on 2010 instead of 2008 so the funds needed could be compared to the October 31, 2010 Nuclear Decommissioning Trust Fund Balances. The Trust Fund Balances were updated with the book value as of October 31, 2010. The retail jurisdictional factor was updated to 91.089% which was effective January 1, 2010 as a result of the most recent Rate Case.

17. The Decommissioning Study was prepared by TLG Services, Inc. ("TLG"). It estimates the costs of decommissioning CR3 to be \$818,263,839 in 2008 dollars. The costs are categorized into seven categories including: decontamination, removal packaging, shipping, burial, program management and other. For this filing these costs were escalated by the estimated inflationary rates for wages, material, transportation and Gross Domestic Product as projected by Economy.com. Burial costs are escalated by a growth rate specific to low level radioactive waste burial costs. Section 3 of the study contains schedules which indicated the percentage allocations for each category and the applicable escalation rates.

18. As discussed in the Decommissioning Study, the annual accrual amount requested for PEF's retail share of total decommissioning costs is \$0. This is based on the assumptions of a total cost in 2008 dollars of \$818,263,839, an escalation rate of 2.80%, and an assumed fund earnings rate of 5.47%.

19. PEF requests that this annual accrual be effective January 1, 2011.

**IV. DISPUTED ISSUES OF MATERIAL FACT.**

20. PEF is not aware at this time that there will be any disputed issues of material fact in this proceeding. Through its Petition and attached Decommissioning Study, PEF has demonstrated that it has complied with the requirements of Rule 25-6.04365 and that its Decommissioning Study and associated annual accrual should be approved.

**V. CONCLUSION.**

WHEREFORE, for all the reasons provided in this Petition, PEF requests that the Commission: (1) approve PEF's Nuclear Decommissioning Cost Study for the Crystal River Unit 3 Nuclear Plant and (2) approve the costs contained within the Decommissioning Study and the appropriate annual accruals needed to recover those costs.

Respectfully submitted this 15th day of December, 2010.

R. Alexander Glenn  
General Counsel  
John Burnett  
Associate General Counsel  
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