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DEPARTMENT OF STATE
TALLAHASSEE, FLORIDA

NOTICE OF PROPOSED RULE DEVELOPMENT

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO: 000543-EI

RULE TITLE:

RULE NO.:

25-6.04365

Nuclear Decommissioning

PURPOSE AND EFFECT: To codify requirements for an external funded reserve for the accumulation of decommissioning accruals, for filing nuclear decommissioning studies, for information to be included in the studies, and for the determination of the annual decommissioning accrual.

SUBJECT AREA TO BE ADDRESSED: Decommissioning of nuclear generating plants by electric investor-owned utilities.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 366.041, 366.06(1), FS

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 10:00 A.M., June 7, 2000.

PLACE: Betty Easley Conference Center, Room 152, 4075 Esplanade Way, Tallahassee, Florida.

THE WORKSHOP REQUEST MUST BE SUBMITTED IN WRITING WITHIN 14 DAYS OF THE DATE OF THIS NOTICE TO THE COMMISSION'S DIVISION OF RECORDS AND REPORTING, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FL 32399-0850.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should

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contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Pat Lee, Division of Auditing and Financial Analysis, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

25-6.04365 Nuclear Decommissioning.

(1) Purpose. The purpose of this rule is to codify the Commission's policy of requiring each utility that owns a nuclear generating plant to maintain a nuclear decommissioning trust fund to ensure there are sufficient funds on hand at the time of decommissioning to meet all required expenses at the lowest cost to the utility's ratepayers. This rule requires each utility to file a Nuclear Decommissioning Study on a regular basis, the purpose of which is to obtain sufficient information to update cost estimates based on new developments, additional information, technological improvements, and forecasts; to reevaluate alternative methodologies; and to revise the annual accrual needed to recover the costs.

(2) Definitions. For the purpose of this rule, the following definitions shall apply:

(a) "Contingency." A specific provision for unforeseeable elements of cost within the defined project scope, which is particularly important where previous experience relating estimates and actual costs have shown that unforeseeable events which will increase costs are likely to occur.

(b) "Decommissioning." The process of dismantling and removing materials and equipment that remain at the nuclear generating unit following its retirement and are no longer used and useful.

(3) Nuclear Decommissioning Study. Each utility shall file a site-specific nuclear decommissioning study at least once every five years from the submission date of the previous study unless otherwise required by the Commission. At a minimum, each utility's nuclear decommissioning study shall include:

(a) A narrative describing each nuclear unit, including the in-service date and the date of operating license expiration.

(b) A list of all entities owning an interest in each nuclear unit, the percent ownership of each entity, and documentation showing that each entity is providing its share of the total decommissioning costs.

(c) A narrative explaining plans for spent nuclear fuel storage and removal at each nuclear unit, including, at a minimum, the date on-site spent fuel pool storage capacity will be lost, the date spent nuclear fuel is expected to be removed from the plant site, and the estimated costs for on-site dry storage to accommodate the decommissioning of the unit.

(d) The decommissioning study methodology.

(e) A summary of the major assumptions used in the study.

(f) The methodology selected to decommission each nuclear unit and support for the selection.

(g) The method of funding selected for each year since the prior study, and also the method assumed in the calculation of the

proposed annual accrual.

(h) The total utility and jurisdictional decommissioning cost estimates in current dollars for each unit.

(i) The total utility and jurisdictional decommissioning cost estimates in future dollars for each unit.

(j) For each year, the estimated amount of the nuclear trust fund to be expended.

(k) The projected date each nuclear unit will no longer be included in rate base for ratemaking purposes.

(l) For each nuclear unit, a comparison of the current approved annual decommissioning accruals with those proposed. Current accruals shall be identified as to the effective date and proposed accruals to the proposed effective date.

(m) The assumed fund earnings rate, net of tax, used in the calculation of the decommissioning accrual and supporting documentation for the rate proposed by the utility. The rate shall be at least the rate of inflation measured by the long-term average Consumer Price Index at the time of the decommissioning study.

(n) The methodology and escalation rate used in converting the current estimated decommissioning costs to future estimated decommissioning costs and supporting documentation and analyses.

(o) The annual revenue requirement of the proposed decommissioning cost estimates.

(p) A reconciliation of the decommissioning fund balance and the decommissioning reserve balance as of the effective date of the revised decommissioning accruals proposed by the utility. The reconciliation shall show the fund balances for the qualified fund,

the nonqualified fund, and the total fund. The fund balance may involve estimates.

(g) A summary and explanation of all differences between the current study and the utility's last filed study.

(r) All supporting schedules, analyses, and data used in developing the decommissioning cost estimates and annual accrual proposed by the utility. Supporting schedules shall include the inflation and funding analyses.

(4) Accumulation of Annual Accruals.

(a) The decommissioning annual accrual shall be calculated using the external sinking fund method. In determining the annual decommissioning accrual, the current cost estimate is escalated to the expected dates of actual decommissioning. A sinking fund annuity is then calculated to determine the annual accrual. The annual accrual plus the earnings on the annuities, net of taxes, will grow to the escalated decommissioning amount.

(b) Decommissioning annual accruals shall be accumulated in an externally funded reserve to assure that the costs for decommissioning are available at the expiration of the nuclear unit's operating license. Contributions to the decommissioning trust fund shall be made on a monthly basis.

(c) A utility shall not change its annual nuclear decommissioning accruals without prior Commission approval.

(5) Nuclear Decommissioning Fund Performance. The Commission will review and evaluate each utility's investment performance to determine whether the decommissioning fund earned at least the rate of inflation.

(6) License Renewal. Each utility shall provide the Director of the Division of Auditing and Financial Analysis with a copy of any written communication between the Nuclear Regulatory Commission and the utility concerning license renewal within 15 days of receipt or mailing. Written communications include correspondence, petitions, pleadings, and electronic filings.

Specific Authority: 350.127(2), F.S.

Law Implemented: 366.041, 366.06(1), F.S.

History: New.