

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rule 25-6.04365,
F.A.C., Nuclear Decommissioning.

DOCKET NO. 000543-EI
ORDER NO. PSC-00-2277-NOR-EI
ISSUED: November 30, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt Rule 25-6.04365, Florida Administrative Code, relating to nuclear decommissioning.

The attached Notice of Rulemaking will appear in the December 8, 2000, edition of the Florida Administrative Weekly.

If timely requested, a hearing will be held at a time and place to be announced in a future notice.

Written requests for hearing and written comments or suggestions on the rule must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than December 29, 2000.

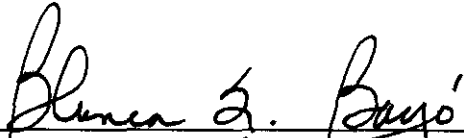
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FPSC-RECORDS/REPORTING

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By ORDER of the Florida Public Service Commission, this 30th
day of November, 2000.



BLANCA S. BAYÓ, Director
Division of Records & Reporting

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NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000543-EI

RULE TITLE:

RULE NO.:

Nuclear Decommissioning

25-6.04365

PURPOSE AND EFFECT: The purpose and effect of this rule is to codify the Commission's policy concerning nuclear decommissioning as established in In re: Investigation of the appropriate accounting and ratemaking treatment of decommissioning and depreciation costs of nuclear powered generators, Order No. 12356, 83 F.P.S.C. 8:182 (1983); In re: Petitions for approval of an increase in the accrual of nuclear decommissioning costs by Florida Power Corporation and Florida Power & Light Company, Order No. 21928, 89 F.P.S.C. 9:471 (1989); and In re: Petitions for Increase in Annual Accruals for Nuclear Decommissioning Costs by Florida Power and Light Company and Florida Power Corporation, Order No. PSC-95-1531-FOF-EI, 95 F.P.S.C. 12:165 (1995).

SUMMARY: The rule requires electric utilities to file nuclear decommissioning studies at least once every five years that meet the requirements of subsection (3) of the rule. In addition, the rule prescribes the method for calculating the accumulation of

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decommissioning accruals, establishes fund performance guidelines, and requires utilities to notify the Commission of communications with the Nuclear Regulatory Commission about major milestones concerning license renewal.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement of estimated regulatory costs was prepared.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 366.041, 366.06(1), FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:
Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE 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 ensure there are sufficient funds on hand at the time of decommissioning to meet all required expenses by establishing appropriate decommissioning accruals. 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 Costs." 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 has shown that unforeseeable events that will increase costs are likely to occur.

(b) "Decommissioning." The process of safely managing, dismantling, removing, or converting for reuse the materials and equipment that remain at the nuclear generating unit following its retirement that results in an amendment to the licensing status of a nuclear power plant from operational to possession-only and possibly unrestricted use.

(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, the date of operating license expiration, and the status of any license renewal request.

(b) A list of all entities owning an interest in each nuclear unit, the percentage of ownership by each entity, and documentation showing the status of each entity in 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 providing financial assurance. If funding is selected, show the amounts qualified and nonqualified 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 decommissioning expenditures and the sources of funds.

(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.

(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 by category. The fund balance may involve estimates.

(q) A summary and explanation of material differences between the current study and the utility's last filed study including, at a minimum, changes in methodology and assumptions.

(r) Supporting schedules, analyses, and data, including the contingency allowance, used in developing the decommissioning cost

estimates and annual accruals 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 current cost estimates escalated to the expected dates of actual decommissioning.

(b) Decommissioning accruals shall be accumulated monthly based on a Commission approved method to assure that the costs for decommissioning are provided for at the expiration of the nuclear unit's operating license.

(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 Economic Regulation with a written summary of communications concerning major milestones between the Nuclear Regulatory Commission and the utility concerning license renewal within 21 days of receipt or mailing by the utility. Major

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milestones include notice of intent to request a license renewal, submittal of application, issuance of renewal license, and decision to continue or cease operations.

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

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

History--New .

NAME OF PERSON ORIGINATING PROPOSED RULE: Pat Lee.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: November 28, 2000.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:
Volume 26, Number 20, May 19, 2000.

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing 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.

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Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).