

*Original*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power Corporation to defer filing of nuclear decommissioning cost study until December 29, 2000.

DOCKET NO. 991617-EI  
ORDER NO. PSC-99-2491-PAA-EI  
ISSUED: December 20, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING PETITION  
TO DEFER FILING OF NUCLEAR DECOMMISSION STUDY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Due to public health and safety issues, and the amount of money estimated to be necessary to decommission or remove nuclear facilities, we found in Order No. 10987, issued July 13, 1982, that a funded reserve was necessary for the accumulation of the estimated costs of decommissioning each nuclear unit. This reserve was established to assure that the monies necessary for decommissioning would be available at the expiration of the nuclear facility's operating license. Subsequently, by Order No. 21928, issued on September 21, 1989, we approved the external sinking fund method in accordance with the Nuclear Regulatory Commission's final rule, 10 C.F.R. Section 50.75, that requires licensees provide reasonable financial assurance that funds will be available for decommissioning.

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FPSC-RECORDS/REPORTING

ORDER NO. PSC-99-2491-PAA-EI  
DOCKET NO. 991617-EI  
PAGE 2

Recognizing that these estimated decommissioning costs might need revision periodically, we require that the companies file updated decommissioning cost studies at least once every five years. The purpose of these studies is to update cost estimates based on new developments, additional information, technological improvements, and forecasts, to evaluate alternative methodologies, and to revise the annual accrual needed to recover the costs.

Florida Power Corporation (FPC) is scheduled to file its next decommissioning cost study on December 30, 1999. On August 23, 1999, FPC's parent, Florida Progress Corporation, and Carolina Power & Light Company (CP&L) announced a transaction whereby Florida Progress would become a subsidiary of a new holding company for CP&L. The transaction is expected to be completed within one year. On October 18, 1999, FPC filed a petition to defer the filing of its nuclear decommissioning cost study for one year, until December 29, 2000. This Order addresses FPC's request for deferral.

According to FPC's Petition, during the course of preliminary discussions with CP&L representatives, FPC has become aware that the decommissioning costs for CP&L's nuclear plants are significantly lower on a per unit basis than those indicated for its Crystal River Unit 3 nuclear plant (CR3). FPC has not yet determined the specific reasons for this differential in the two utilities' decommissioning costs, nor whether this lower level of cost is realizable at CR3. However, FPC believes that a substantial portion of the differential may be due to differences in study methodology and/or assumptions or to cost savings achievable from multi-unit economies of scale.

FPC states that the deferral would allow the Company the time needed to analyze the factors responsible for the cost differential between CR3 and CP&L's nuclear units, and to incorporate the factors appropriate for CR3 in a revised decommissioning cost study. During the deferral period, FPC proposes to continue the

ORDER NO. PSC-99-2491-PAA-EI  
DOCKET NO. 991617-EI  
PAGE 3

currently approved annual accrual of \$20,502,310 to its nuclear decommissioning trust funds.

It is our understanding that CP&L has a nuclear decommissioning study currently filed with the North Carolina Public Service Commission (NCPSC). While the NCPSC has not yet completed its review of the study, some differences in assumptions have been noted when compared to the last CR3 study. One area that can represent a significant difference between the annual accrual for CR3 and the CP&L units relates to the assumed fund earnings rate used in the decommissioning accrual determination. The assumed fund earnings rate used in FPC's currently approved accrual is 4.90% compared to the 7.75% earnings rate proposed by CP&L in its most recent studies. All other assumptions held constant, the higher the assumed fund earnings rate, the lower the indicated annual accrual.

Other assumptions that can have a potentially significant impact on the decommissioning accrual include estimates for low-level radioactive waste disposal, escalation rates, and additional dry storage of spent nuclear fuel due to the Department of Energy's failure to meet its deadline for acceptance of spent nuclear fuel.

FPC's Petition raises the concern that the currently approved annual decommissioning accrual may be overstated because the decommissioning cost per unit for the CP&L nuclear units is less than the decommissioning cost for CR3. We believe such a conclusion is premature until a thorough review and analysis of the differences is made. In light of this, we find that FPC's request to defer its decommissioning study until December 29, 2000 is appropriate. Therefore, FPC's request to defer the filing of its nuclear decommissioning cost study until December 29, 2000, is granted.

Based on the foregoing, it is therefore

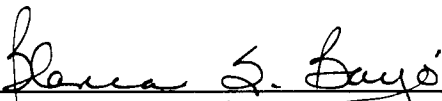
ORDER NO. PSC-99-2491-PAA-EI  
DOCKET NO. 991617-EI  
PAGE 4

ORDERED by the Florida Public Service Commission that Florida Power Corporation's Petition to Defer the Filing of its Nuclear Decommissioning Study until December 29, 2000 is granted. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 20th day of December, 1999.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

RVE

ORDER NO. PSC-99-2491-PAA-EI  
DOCKET NO. 991617-EI  
PAGE 5

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2000.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

M E M O R A N D U M

December 20, 1999

RECEIVED-FPSC

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RECORDS AND  
REPORTING

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF LEGAL SERVICES (ELIAS) *RVE*  
RE: DOCKET NO. 991617-EI - PETITION BY FLORIDA POWER  
CORPORATION TO DEFER FILING OF NUCLEAR DECOMMISSIONING  
COST STUDY UNTIL DECEMBER 29, 2000

*2491-PAA*

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Attached is a Notice of Proposed Agency Action - ORDER GRANTING PETITION TO DEFER FILING OF NUCLEAR DECOMMISSION STUDY, to be issued in the above-referenced docket. (Number of pages in order - 5)

RVE/csc  
Attachment  
cc: Division of Audit and Financial Analysis  
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*NO*