"REVISED 12/13/01"

State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: DECEMBER 5, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (P. LEE, GARDNER, MEEKS, MAUREY, McCASKILL, STALLCUP, HEWITT, SLEMKEWICZ, MAILHOT)
DIVISION OF LEGAL SERVICES (ELIAS, C. KEATING)
DIVISION OF SAFETY & ELECTRIC RELIABILITY (D. LEE, BOHRMANN, COLSON)
DIVISION OF POLICY ANALYSIS AND INTERGOVERNMENTAL LIAISON (LEWIS)

RE: DOCKET NO. 981246-EI - PETITION BY FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF ANNUAL ACCRUAL FOR TURKEY POINT AND ST. LUCIE NUCLEAR DECOMMISSIONING UNIT COSTS.

DOCKET NO. 001835-EI - PETITION FOR APPROVAL OF REVISED ANNUAL ACCRUAL FOR NUCLEAR DECOMMISSIONING COSTS BY FLORIDA POWER CORPORATION.

DOCKET NO. 990324-EI - DISPOSITION OF FLORIDA POWER & LIGHT COMPANY'S ACCUMULATED AMORTIZATION PURSUANT TO ORDER PSC-96-0461-FOF-EI.

DOCKET NO. 991931-EG - DETERMINATION OF APPROPRIATE METHOD OF RECOVERY FOR THE LAST CORE OF NUCLEAR FUEL FOR FLORIDA POWER & LIGHT COMPANY AND FLORIDA POWER CORPORATION.

AGENDA: 12/17/01 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\981246.RCM
ATTACHMENTS A & B ARE NOT AVAILABLE

CASE BACKGROUND

Nuclear Decommissioning

Decommissioning involves the process of dismantling and removing materials and equipment that are no longer used and useful but which remain following retirement of the nuclear generating unit. While the definition does not include the removal and disposal of spent fuel, on-site storage facilities for spent fuel are included. Decommissioning amends the licensing status of a nuclear unit from operational to possession-only and possibly unrestricted use.

Prior to 1981, the costs of decommissioning were considered a component part (cost of removal) of the depreciation rate design for the nuclear plants in Florida. In 1981, Docket No. 810100-EU(CI) was opened for the express purpose of determining the proper ratemaking and accounting treatment of the costs associated with decommissioning. The proceeding provided, for the first time, cost estimates to decommission nuclear facilities as well as the decommissioning methodologies available.

The three decommissioning methods the Nuclear Regulatory Commission (NRC) finds acceptable are: prompt removal/dismantling (DECON), entombment (ENTOMB) and mothballing with delayed dismantling (SAFSTOR). There is one alternative to complete decommissioning, which involves repowering the electric generating system after the original nuclear steam supply system has been isolated and decommissioned. The NRC has recommended prompt dismantlement absent any clear showing of why a nuclear plant should be decommissioned on a delayed basis.

By Order No. 10987, issued July 13, 1982, in Docket No. 810100-EU(CI), the Commission determined that due to the amount of money estimated to decommission or remove these nuclear facilities and the public health and safety issues, a funded reserve, apart from the reserve for depreciation, 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.

The Commission recognized that these estimated decommissioning costs might need revision periodically and, therefore, required the companies to file updated decommissioning cost studies no less

often than every five years. The purpose of these studies is to update cost estimates based on new developments, additional information, technological improvements and forecasts, and to re-evaluate alternative methodologies, and revise the annual accrual needed to recover the costs.

Since the 1981 docket, the NRC and this Commission have come to recognize the desirability of performing site-specific cost studies since such studies account for factors unique to the individual nuclear unit. On January 26, 1987, Florida Power Corporation (FPC) filed an updated nuclear decommissioning site-specific study for its Crystal River Unit 3 (CR3) nuclear plant. Similarly, on April 20, 1988, Florida Power & Light Company (FPL) filed nuclear decommissioning site specific studies for its St. Lucie Units 1 and 2 (SL1 and SL2). On June 29, 1988, FPL filed nuclear decommissioning studies for its Turkey Point Nuclear Units 3 and 4 (TP3 and TP4), with revisions to its studies for the SL units. Order No. 21928, issued September 21, 1989, in Docket No. 870098-EI, amended FPC's and FPL's annual jurisdictional accruals to $11,188,360 and $37,515,086, respectively.

Subsequently, FPL and FPC filed updated site-specific decommissioning cost studies for their nuclear units on December 30, 1994, in Docket Nos. 941350-EI and 941352-EI, respectively. A major change in those studies was the treatment of the spent fuel generated during the operation of the nuclear plants. While the disposal of spent fuel assemblies (high-level waste) generated during plant operations is not considered a decommissioning expense, the presence of those assemblies on-site does have a bearing on the costs to decommission nuclear facilities. Faced with the uncertainties of the Department of Energy (DOE) meeting the January 31, 1998, deadline for the acceptance of spent nuclear fuel (SNF) or the 2010 date for a permanent high level waste repository, the Commission recognized that spent fuel may have to remain on-site long after decommissioning begins. For this reason, an allowance was made in FPL's and FPC's accruals for on-site dry storage costs. The primary goal in requiring this allowance was to ensure that the money needed to fully decommission a nuclear unit is available when the plants are retired, and recovered from customers who have benefitted from the low-cost nuclear generation. However, the Commission found that these costs should continue to be reviewed to determine the prudence of their inclusion in the annual accruals. By Order No. PSC-95-1531-FOF-EI, issued December 12, 1995, the Commission revised FPL's and FPC's annual

jurisdictional accruals to $84,024,335 and $20,502,310, respectively.

The NRC's final rule, 10 C.F.R. Section 50.75, requires that licensees provide reasonable financial assurance that funds will be available for decommissioning through prepayment prior to the start of operation, external sinking fund or a surety method, insurance or other guarantee method. An external sinking fund is defined as "a fund established and maintained by setting funds aside periodically in an account segregated from licensee assets and outside the licensee's administrative control in which the total amount of funds would be sufficient to pay decommissioning costs at the time termination of operation is expected. An external sinking fund may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities."

Both companies provide for financial assurance through monthly contributions to their nuclear decommissioning trust funds. These nuclear decommissioning funds are held in trust with State Street Bank and Trust Company as trustee and external investment management firms manage the investments. FPL and FPC believe that their respective external sinking funds comply with the NRC final rule and the Internal Revenue Service (IRS) requirements and that reasonable financial assurance is provided that funds will be available for decommissioning.

The Commission approved the external sinking funding method by Order No. 21928. In determining the annual provision for decommissioning, the current cost estimate is escalated to the expected dates of actual decommissioning. The escalation rate used can be determined from a variety of sources including a combination of the general economic inflation rates and inflation rates for decommissioning labor, transportation and burial of nuclear waste. Once the escalated decommissioning amount is known, a sinking fund annuity is calculated to determine the annual annuity. This annual annuity plus the earnings on the annuities, net of taxes, will grow to the escalated decommissioning amount.

The primary objective of a decommissioning trust fund is to have enough money on hand at decommissioning to meet all required expenses at the lowest possible cost to utility ratepayers. No set of investment policies will meet this goal with certainty. The management of the fund, therefore, must be concerned with both the preservation of contributions and the purchasing power of the contributions. By Order No. 21928, the Commission required that

the fund's assets earn a consistent positive real return over a market cycle. The imposed minimum fund earnings rate has been at least the rate of inflation measured by the Consumer Price Index (CPI) over each five-year review period.

The IRS has few requirements pertaining to the control of nuclear decommissioning funds. Additionally, the IRS Regulations are silent as to how funds qualified under the Internal Revenue Code are to be managed. The IRS does require that, in order for contributions to a Qualified Fund to be deductible for tax purposes, the Commission must specifically address certain issues. These issues directly result from the decisions the Commission makes in other substantive issues. Rather than identifying each of these issues individually, staff has addressed issues required by the IRS in Issues 1, 4, and 5 of this recommendation.

Pursuant to Order Nos. 10987 and 21928, FPL and FPC were scheduled to file updated site-specific nuclear decommissioning cost studies in 1999. However, by Order No. PSC-98-0027-FOF-EI, issued January 5, 1998, in Docket No. 970410-EI, FPL was authorized to record additional nuclear decommissioning expenses to correct perceived historical reserve deficiencies. As a result, the company was directed to file its updated decommissioning cost studies by October 1, 1998. Moreover, the nuclear decommissioning accrual was to be recalculated as part of the 1998 studies to reflect the corrected decommissioning reserve position. Accordingly, FPL filed its updated site specific decommissioning cost studies on October 1, 1998, in Docket No. 981246-EI.

Further, Order No. PSC-99-2491-PAA-EI, issued December 20, 1999, in Docket No. 991617-EI, granted FPC an extension of time to file its updated site-specific decommissioning study until December 29, 2000. The merger with Carolina Power and Light Company (CP&L), that was expected to be completed by August 2000, necessitated the extension. Additionally, the deferral would allow FPC time needed to analyze factors attributing to the decommissioning cost differential between CR3 and CP&L's nuclear plants, and to incorporate factors appropriate for CR3 in a revised cost study.

Disposition of Accumulated Nuclear Amortization

By Order No. PSC-96-0461-FOF-EI, issued April 2, 1996 in Docket No. 950359-EI, FPL was authorized to record nuclear amortization expense of $30 million per year, beginning January 1, 1996. Subsequently, Order No. PSC-99-0073-FOF-EI, issued January

8, 1999, in Docket 971660-EI, deferred a decision regarding the allocation of the nuclear amortization accumulated through year-end 1998 until after a final decision in Docket No. 981390-EI, In Re: Investigation into the Equity Ratio and Return on Equity of Florida Power and Light Company. However, at the February 16, 1999 Agenda Conference, the Commission decided to close Docket No. 981390-EI and pursue the related issues in Docket No. 990067-EI, In Re: Petition for a Full Revenue Requirements Rate Case for Florida Power & Light Company.

Subsequently, on March 10, 1999, the parties of Docket No. 990067-EI filed a Joint Motion for Approval of Stipulation and Settlement together with the Stipulation and Settlement (Stipulation). By Order No. PSC-99-0519-AS-EI issued March 17, 1999, the Stipulation was approved. Among other things, the Stipulation terminated the booking of expenses authorized by Order No. PSC-98-0027-FOF-EI, including the annual nuclear amortization expense. However, the Stipulation did not address the disposition of the nuclear amortization accumulated through April 13, 1999, the day before the Implementation Date of the Stipulation. Therefore, a separate docket was opened to address the issue. Further, paragraph 8 of the Stipulation requires FPL's nuclear decommissioning accruals approved by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI, issued December 12, 1995, and December 19, 1995, respectively, in Docket No. 941350-EI not be increased for the term of the Stipulation period, which will end April 15, 2002.

In light of FPC's deferral and FPL's governing Stipulation, FPL updated its decommissioning studies on January 1, 2001. This provides the opportunity for staff to review both the FPL and FPC decommissioning studies at the same time.

Last Core of Nuclear Fuel

In Docket No. 990001-EI, In Re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, FPL presented testimony regarding the issue of recovery of costs associated with the last core of nuclear fuel (Last Core). By Order No. PSC-99-2512-FOF-EI, issued December 22, 1999, in Docket No. 990001-EI, the Commission determined that a separate docket should be opened to address this issue on a generic basis for both FPC and FPL.

Staff, FPL, FPC, and the Office of Public Counsel (OPC) have met at various times discussing resolution of the appropriate

recovery treatment for the last core of nuclear fuel, EOL M&S inventories, and the disposition of FPL's nuclear amortization issues. The most recent meeting was held November 29, 2001. As a result of these discussions, FPL and FPC do not object to the staff recommended accounting or recovery treatment provided in Issues 5-7. The Florida Industrial Power Users Group was notified of each meeting but did not attend.

Because the staff recommendations regarding nuclear decommissioning, the last core of nuclear fuel, and the disposition of FPL's accumulated nuclear amortization are intertwined, they are presented together in one recommendation. The Commission is vested with jurisdiction over these matters through several provisions of Chapter 366, Florida Statutes, including §366.04, §366.05 and §366.06.

DISCUSSION OF ISSUES

ISSUE 1: Should the currently approved annual nuclear decommissioning accruals for Florida Power and Light Company (FPL) and Florida Power Corporation (FPC) be revised?

RECOMMENDATION: Yes. A review of FPL's and FPC's site specific decommissioning cost studies indicate that currently prescribed annual accrual levels should be revised to recognize developments and changes impacting decommissioning cost estimates. Such changes consider factors including additional information, improvements in technology, and regulatory changes that have transpired since the 1994 studies.

Staff believes that disposition of this issue will satisfy the IRS requirements regarding projected dates each nuclear unit will no longer be included in rate base for ratemaking purposes and the methodologies to be utilized by FPL and FPC to decommission their nuclear units. (P. LEE)

STAFF ANALYSIS: In accord with Order No. 10987 in Docket No. 810100-EU(CI), FPL and FPC have filed updated site specific decommissioning cost studies. The purpose of these studies is to recognize developments and changes impacting decommissioning cost estimates and to also consider such factors as additional information, improvements in technology, and regulatory changes that have transpired since the 1994 studies.

Operating Licenses

Each nuclear unit's investment will continue to be included in rate base until expiration of the respective operating license (retirement date). The existing license expiration dates for SL1 and SL2 are March 1, 2016 and April 6, 2023, respectively; CR3 is December 3, 2016. The licenses for TP3 and TP4 were amended in 1994 by the NRC to measure the 40-year operating license for each unit from the in-service date rather than from the construction date. As a result, license expiration is now considered to be July 19, 2012 and April 10, 2013, respectively. To the extent either FPL or FPC pursues license extension or the premature retirement of any nuclear unit, the respective license expiration dates will be revised.

Regarding license extension, FPL filed an application for renewal of the operating licenses for the Turkey Point units with

the NRC on September 11, 2000. Also, staff was notified on October 23, 2001, of FPL's plans to file a license renewal application by the end of 2001, for the St. Lucie nuclear units. License renewals would extend the operating licenses of each unit by an additional twenty years. FPL assumes receipt of the renewed licenses within two years, thereby providing a planning window to determine if the continued operation of the units is economically justified. A decision of whether to extend the operating licenses or decommission the units will be required by 2007 for the TP units and by 2011 for the SL units.

Additionally, FPC notified the NRC on October 10, 2000, of its plans to file a license renewal application for CR3 by the end of 2005. According to FPC, it is exploring all aspects of license renewal, and preliminary evaluations suggest that pursuing a license renewal is favorable.

Decommissioning Method

Consistent with Order No. 21928, FPC's studies continue to utilize the DECON (Prompt Removal/Dismantling) decommissioning method; FPL's site specific studies continue to utilize a combination of SAFSTOR (Safe Storage/Deferred Decontamination) and DECON decommissioning methods. DECON is utilized for the Turkey Point units because this method provides the lowest cost and utilizes those individuals familiar with the nuclear facility to support the dismantling effort. Further, DECON eliminates a potential long-term safety hazard and relieves the Company of the long term obligation and liability for continuing maintenance of the property. For the St. Lucie units, due to the difference in license expiration dates, SAFSTOR is utilized for SL1 with about 7 years of dormancy followed by prompt dismantlement (DECON) of both SL1 and SL2. This allows for a one-time mobilization of contractor personnel and equipment by mothballing SL1 until the expiration of SL2's license. FPC continues to utilize the DECON decommissioning method as being the most cost effective and most reasonable means for terminating the license for the site in the shortest possible time.

Decommissioning Cost Estimates

The major cost contributors to the overall decommissioning costs are labor, high and low level radioactive waste management and disposal, and other removal related activities (e.g., engineering, support equipment). Changes in base cost estimates

since the 1994 site-specific cost studies are primarily associated with high-level radioactive waste (HLRW) management and low-level radioactive waste (LLRW) off-site processing and disposal.

Interim Spent fuel storage

The Nuclear Waste Policy Act of 1982 committed the DOE to accept SNF and high level nuclear waste by January 1, 1998, under the Standard Disposal Contracts with waste generators. However, the DOE failed to meet this commitment and has yet to provide a permanent repository for SNF storage. The lack of a HLRW disposal facility creates uncertainty about how long spent fuel may have to be stored on the plant site, and each utility's ability to transfer the fuel into an acceptable container, when and if a HLRW disposal facility becomes available.

The 1994 cost estimates included costs to operate and maintain an independent spent fuel storage installation (ISFSI) at each nuclear site to recognize concerns that the DOE would not be able to begin accepting SNF and HLRW as it had committed. The costs were based on the assumption that the DOE would provide the MultiPurpose Canisters (MPCs) for interim on-site spent fuel storage. Since that time, the Office of Civilian Radioactive Waste Management (OCRWM) abandoned development of the MPC system beyond the initial design stage, partially due to funding constraints. Consequently, the current cost estimates include the total costs to site, license, and construct an ISFSI, including engineering, site alterations, pad construction, cask transfer equipment, as well as cask storage canisters and concrete overpacks. This change accounts for more than 50% of the increases in the current decommissioning cost estimates.

Further, there are concerns that, because of the DOE's continuing delays in providing a repository for spent fuel assemblies, the DOE may not be able to begin accepting SNF and HLRW until 2015. Even so, current assumptions are that the transfer of spent fuel to the DOE will be completed sooner than anticipated in the 1994 studies, 2045 for TP, 2032 for SL, and 2041 for CR3. The higher receipt rates are based on the projections reflected in the 1998 DOE report titled "Analysis of the Total System Life Cycle Cost of the Civilian Radioactive Waste Management Program" (DOE/RW-0510).

Off-site waste processing

The second major change since the last decommissioning cost studies relates to off-site waste processing. The 1994 cost studies assumed that much of the contaminated metal from the plant's secondary side could be easily and cost effectively decontaminated on-site during the decommissioning process. However, recent industry experiences have shown this not to be the case. The current studies therefore assume the contaminated metal is sent for off-site waste processing (decontamination and/or recycling), resulting in an increased volume of slightly contaminated metal and a commensurate increase in cost.

Low-level radioactive waste (LLRW) disposal

A bill to enact the "Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act" was signed by the Governor of South Carolina on June 6, 2000. The Atlantic Compact (Compact) consists of South Carolina, Connecticut, and New Jersey. Under the act, the Compact will systematically reduce disposal capacity available to out of region waste generators. The disposal facility located in Barnwell, South Carolina is one of two facilities in the United States currently licensed to dispose of certain classes of Class A, as well as all Class B and C LLRW, but it is the only facility available to FPL and FPC for those purposes. The DECON and SAFSTOR decommissioning alternatives generate significant quantities of Class B and C waste.

The 1994 studies reflected the disposal charge from Chem-Nuclear Systems, Inc. for the Barnwell LLRW Disposal Facility, which was based on volume of waste. Since that time, the Barnwell rate structure has changed and is now based on density of the packaged waste. While the packaged density charge increases the costs of controlled disposal at an assumed regional site, the total volume of waste has decreased due to more aggressive material recovery assumptions. It is assumed that much of the metallic radioactive waste will be routed to a recycling vendor prior to disposal. The vendor will apply decontamination and segmentation processes that will release much of the material as clean scrap thus minimizing the total cost of waste disposal. Additional cost savings are realized based on the use of a lower cost disposal site for low-activity waste.

Other factors

Staffing and removal cost estimates have decreased since the 1994 studies. Current cost studies reflect costs based on a utility specific staff organization for the decommissioning program rather than costs based on the guidelines developed in the AIF/NESP. Additionally, a modification in removal methodology for non-contaminated structures has been incorporated into the cost model. This modification improves the accessibility of the interior portions of the power block structures, thus allowing more efficient and inexpensive dismantling methods to be used.

Other factors such as escalation rates and inflation forecasts also indicate that current decommissioning accrual levels should be revised.

End of life nuclear materials and supplies

FPL also proposes in this current round of decommissioning cost studies, the recovery of its materials and supplies (M&S) inventory balance, less estimated salvage, that is anticipated to remain at the End of Life (EOL) of each site. FPL maintains that these inventories are unique and will have little value other than scrap value when the units are decommissioned. Because EOL inventories represent the recovery of amounts already expended, FPL asserts that there is no need to fund these amounts and therefore a separate unfunded decommissioning reserve sub-account should be established.

ISSUE 2: Should a contingency allowance be applied to the estimated cost of decommissioning, and if so, what should the percentage be?

RECOMMENDATION: Yes, a contingency allowance should be applied to the costs of decommissioning nuclear units. The weighted average contingency factors listed below for each of the five nuclear units are reasonable and should be approved:

FPC:

CR3	17.22%

FPL:

TP3	19.59%
TP4	19.39%
SL1	20.51%
SL2	20.79%

(D. LEE)

STAFF ANALYSIS: The practice of budgeting a contingency allowance is common in large-scale construction and demolition projects. Such cost estimates generally include a baseline cost estimate, which is based on ideal conditions, and a contingency allowance, which is a specific provision for unforeseeable elements of cost within the defined project scope. For a large, complex, and long-running project such as decommissioning, unforeseeable events are likely to occur, therefore a contingency allowance is necessary. The Commission concluded in Order No. PSC-95-1531-FOF-EI, issued December 12, 1995, in Docket Nos. 941350-EI and 941352-EI that "...a contingency allowance must be applied to the costs of decommissioning nuclear units." This policy ensures full decommissioning costs be borne by those that will benefit from the power generated by the nuclear units.

Contingency allowances are site specific and activity dependent. In each of the cost studies, TLG Services, Inc. (TLG) applied specific contingency allowances to the associated decommissioning costs on a line item basis to produce weighted average contingency values. These specific line item contingency allowances were based on the guidelines developed by the Atomic Industrial Forum (now Nuclear Energy Institute) in the report "Guidelines for Producing Commercial Nuclear Power Plant Decommissioning Cost Estimates", AIF/NESP-036. The contents of those guidelines were prepared under the review of a task force consisting of representatives from utilities, state and federal

regulatory agencies, and architect/engineering firms. Dividing the sum of these line item contingency allowances by the total decommissioning cost for each unit resulted in the following weighted average percentages (contingency factors):

FPC:	
CR3	17.22%
FPL:	
TP3	19.59%
TP4	19.39%
SL1	20.51%
SL2	20.79%

Staff has reviewed the derivation of these contingency factors and concludes that these factors and the underlying contingency allowances they represent are reasonable and appropriate. Therefore, the contingency allowances included in FPC's and FPL's current decommissioning cost estimates should be approved. However, the contingency factors shown above will change with any change in decommissioning costs to which the specific contingency estimates are applied. Therefore, these particular factors may not always be appropriate, but the methodology used to determine them is appropriate.

ISSUE 3: Should the total estimated cost of nuclear decommissioning include a provision for on-site storage of spent fuel beyond the termination of the operating licenses of each nuclear unit?

RECOMMENDATION: Yes. It is prudent for the total estimated costs of nuclear decommissioning to include the costs for interim storage of spent fuel incurred after the retirement of each nuclear unit. However, these amounts should continue to be reviewed in subsequent decommissioning studies to determine the prudence of their inclusion. (D. LEE, P. LEE)

STAFF ANALYSIS: Under the terms of the Nuclear Waste Policy Act of 1982, the federal government is assigned the responsibility of providing for the permanent disposal of SNF. This legislation also committed the DOE to begin acceptance of SNF no later than January 31, 1998. However, this deadline was not met by the DOE. In fact, the DOE has still not made a recommendation with regard to the suitability of Yucca Mountain, Nevada as a permanent repository site for SNF.

In the last decommissioning cost review in Docket Nos. 941350-EI and 941352-EI, the assumption of the need for interim dry storage was based on industry expectations that the DOE would not have a permanent repository in operation before 2010. Under this circumstance, to permit prompt decommissioning of the unit at the end of operating license, transfer of the SNF for interim dry storage prior to the DOE's acceptance of SNF is the most cost effective option over the long term. Therefore, interim dry storage of SNF after the retirement of each nuclear unit is needed. The Commission decided the following in Order No. PSC-95-1531-FOF-EI:

> We agree that an allowance must be made in FPL's and FPC's accruals for on-site dry storage costs. Our primary goal in requiring this allowance is to ensure that the money needed to fully decommission a nuclear unit is available when the plants are retired, and not recovered from customers who have not benefitted from the low-cost nuclear generation. FPL's and FPC's annual accrual amounts must, therefore, include the anticipated cost for dry storage of SNF after retirement of each respective unit. We will continue to review these amounts in future decommissioning studies in order to determine the prudence of their inclusion.

Subsequent developments validate the prudence of including the costs of interim dry storage. Faced with the costs associated with the interim dry storage, utilities sought relief in the federal courts. On November 14, 1997, the U.S. Court of Appeals issued a decision upholding the fact that the DOE has an unconditional obligation to begin accepting SNF beginning in 1998. However, the decision also stated that the Court lacked authority to order the DOE to begin spent fuel disposal. The DOE continues to maintain that its delayed performance is unavoidable because it does not have an operational repository and does not have authority to provide storage in the interim.

Currently, the DOE has no plans to receive SNF before the year 2010. However, there is speculation that the DOE will not be able to meet that date. FPL asserts that such things as OCRWM funding constraints due to insufficient congressional appropriations indicate a 2015 date may be more feasible. Also, FPL proffers that a possible DOE delay in submitting a repository license application to the NRC until 2004 or 2005, expected litigation with the license application process, and time for NRC hearings not provided in the current scheduling add to concerns with a 2010 date. Additionally, there is concern that the degree of delay caused by any one item could push the date out even further. For these reasons, staff agrees with FPL that a conservative assumption at this time for the DOE acceptance of SNF and HLRW is 2015.

In addition, in 1996 the DOE terminated its program to fund MPCs for on-site interim storage of SNF. Both utilities are assumed in their current studies to bear the costs for the storage canisters. They are expected to develop an ISFSI at each of the plant sites under the provisions of Title 10 C.F.R. Part 72. The capital costs of the ISFSI are necessary for interim SNF dry storage after retirement of each nuclear unit. The ISFSI facilities will continue to operate until the completion of SNF transfer to DOE permanent repository. Ultimately, the ISFSI will be decommissioned.

Staff believes including the costs for interim dry storage of SNF incurred after retirement of each nuclear unit is prudent. If such costs are not included, those costs may have to be borne by those customers that will not benefit from the power generated by the nuclear units. The major components of the costs associated with the interim dry storage are the ISFSI capital costs, operation costs after the unit retirement, and decommissioning costs when the transfer of SNF to an interim or permanent off-site repository is

completed. For FPC's CR3, the contribution to the total decommissioning costs are estimated to be 11.6%, 7.7%, and 0.9% for ISFSI capital, operations, and decommissioning, respectively. For FPL's TP3 and TP4 together, the contribution to the total decommissioning costs are estimated to be 15.0%, 10.7%, and 0.7% for ISFSI capital, operations, and decommissioning, respectively. For FPL's SL1 and SL2 together, the contribution to the total decommissioning costs are estimated to be 4.4%, 3.3%, and 0.6% for ISFSI capital, operations, and decommissioning, respectively.

ISSUE 4: What is the appropriate annual accrual in equal dollar amounts necessary to recover future decommissioning costs over the remaining life of each nuclear power plant for Florida Power & Light Company and Florida Power Corporation?

RECOMMENDATION: The appropriate jurisdictional annual accrual amounts necessary to recover future decommissioning costs over the remaining life of each nuclear power plant are:

		Recommended Annual Accrual
FPL:		
	TP3	$21,815,173
	TP4	25,220,424
	SL1	18,683,743
	SL2	12,797,597
	Total	$78,516,937
FPC:		
	CR3	$18,144,708 ~~$18,442,980~~

For FPL, staff's recommended total accrual amount represents a decrease of $0.8 million compared to the total amount indicated in FPL's study and a decrease of $5.5 million compared to the total amount approved in Order No. PSC-95-1531-FOF-EI (Order No. 95-1531), which established FPL's current nuclear decommissioning accrual levels. For FPC, staff's recommended amount represents an increase of $9.5 ~~$9.8~~ million over the amount requested in FPC's study and a decrease of $2.4 ~~$2.1~~ million compared to the amount approved in Order No. 95-1531.

Staff believes that disposition of this issue will satisfy the IRS requirements regarding the current and future cost to decommission each nuclear unit, the years in which the accumulated decommissioning funds will be expended, the escalation rates, the assumed fund earnings rate, and the annual accrual amounts. (MAUREY, McCASKILL)

STAFF ANALYSIS: The annual decommissioning accrual amounts recommended by staff are based upon information provided by FPL and FPC in their site-specific cost studies and in their responses to staff's Interrogatories and Production of Document requests. Once the cost of decommissioning a nuclear unit is determined in current (December 31, 2000) dollars, this cost is escalated into future

dollars. The determination of the annual accrual amounts then resembles an annuity equation. The question becomes how much money needs to be collected from ratepayers in equal payments, on a monthly basis, earning at a given rate, to equal decommissioning costs in future dollars at a future date. The disparity between the accrual amounts proffered by FPL and FPC in their respective studies and the amounts recommended by staff result primarily from differences in the escalation rates and the fund earnings rate assumed in the annuity calculation. The matter of the appropriate escalation rates and fund earnings rate will be discussed in detail later in this issue.

Base Costs of Decommissioning

The estimated cost in current (December 31, 2000) dollars to decommission each of the nuclear units was provided by the companies. These estimates assume a 2015 DOE acceptance date of spent fuel as discussed in Issue 3 and unit-specific contingency allowances as discussed in Issue 2. For comparative purposes, staff has also listed the cost estimated as of December 31, 1994 to decommission each nuclear unit that was assumed in the calculation of the annual accrual amounts approved in Order No. 95-1531. The estimated cost to decommission each nuclear unit is:

		1994 Dollars	2000 Dollars
FPL:			
	TP3	$289,465,891	$431,060,521
	TP4	350,841,060	493,670,869
	SL1	342,880,320	476,962,657
	SL2	369,404,320	441,467,899
FPC:			
	CR3	$404,609,597	$534,898,000 ~~$538,290,000~~

The analysis performed by FPC breaks the decommissioning process into seven specific stages or activities. The stages are decontamination, removal, packaging, shipping, burial, staff, and other. Where applicable, each of these activities is separated into one or more sub-components. These sub-components are labor, materials, burial, and other. The analysis performed by FPL breaks the decommissioning process into five more general stages. These stages are labor, materials, shipping, burial, and other.

TLG provided both companies with estimates of the base costs for each activity. These cost estimates were determined through site-specific cost studies and include a contingency allowance. The FPL study reflects weighted average contingency allowances of 19.59% for TP3, 19.39% for TP4, 20.51% for SL1, and 20.79% for SL2. The FPC study reflects a weighted average contingency allowance of 17.22%. Staff's recommendation regarding the appropriate contingency allowance to recognize in the determination of the respective annual accrual amounts is discussed in Issue 2.

According to the companies, the primary reasons for the net increase in decommissioning costs from 1994 to 2000 were changes in the costs associated with ISFSI and other related expenses, waste recycling, LLRW disposal, removal, staffing, property taxes, and the license termination survey.

Cost Escalation Rates

The next issue that must be addressed is the determination of the appropriate escalation rates to use to convert the current decommissioning cost to the future decommissioning cost for each nuclear unit. The base level costs are in 2000 dollars for both the FPL and FPC studies. These current dollar estimates are escalated to future dollar estimates at the respective license termination date for each nuclear unit using separate inflation forecasts for labor, materials, shipping, burial, and other component costs. The companies used similar methodologies to determine the appropriate escalation rates. Both companies relied upon the Summer 2000 edition of Standard & Poor's (S&P) Data Resources, Inc. (DRI), U.S. Economy, 25-year Focus as the source for their specific inflation measures. Staff's recommended escalation rates are based on the same analyses performed by the companies but have been updated with the inflation measures published in the Summer 2001 edition of S&P's DRI.

Although the site-specific studies identify unique costs associated with each nuclear unit, the homogeneous nature of the burial and shipping requirements, the labor involved, and the materials used in the decommissioning process leads staff to recommend that the same inflation measures be used to determine the appropriate escalation rate for each nuclear unit. The cost characteristics unique to each nuclear unit are still recognized because the methodology staff and the companies use to calculate the escalation rates rely on site-specific base costs provided by TLG. However, by using the same inflation indices to escalate

labor, materials, shipping, and burial costs, staff recognizes that the costs for these activities should increase at the same relative rate regardless of whether the nuclear unit is owned by FPL or FPC. As noted earlier, with the exception of the rate of increase for burial costs, both companies relied upon the S&P DRI for their inflation measures. Consistent with the inflation measures used in the determination of the escalation rates approved in Order No. 95-1531, both companies used the Compensation per Hour index to escalate labor costs; the PPI - Intermediate Materials, Supplies, and Components index to escalate material costs; the GDP - Transportation index to escalate shipping costs; and the GDP index to escalate costs categorized as other.

For the burial rate used in the determination of the escalation rates approved in Order No. 95-1531, the Commission relied upon an in-house estimate prepared by FPC. In its current study, FPC used a flat 7.5% rate to escalate burial costs. According to its response to staff Interrogatory No. 50, the index for burial costs is based on actual experience at the Barnwell, South Carolina site and represents FPC's best estimate of the inflation rate expected from now through the end of decommissioning for low-level radioactive burial costs. FPL prepared a similar analysis in developing the inflation rate it used to escalate burial costs. For the first two years, FPL used rates based upon a comparison of disposal cost estimates in two revisions of the NUREG-1307 Report on Waste Burial Charges. Burial costs for the years 2001 through the end of the decommissioning period "are assumed to increase at a rate similar to general inflation adjusted for variability historically exhibited by LLRW disposal costs (forecasted CPI plus 3.5%)." The rate varies but is less than 7.5% over the initial 14-year period. However, the rate gradually increases from 7.5% in 2015 to 8.5% by 2025 and remains at 8.5% through the end of the decommissioning period. Due to the continued variability and uncertainty regarding future burial rates and the impact these rates have on the respective escalation rates, staff recommends using FPC's estimated burial cost inflation rates.

Staff has calculated the updated escalation rates in the same manner these rates were determined in the last proceeding. For comparative purposes, staff has also listed the escalation rates used in the companies' current studies and the rates approved in Order No. 95-1531. The determination of the escalation rate for each nuclear unit is provided on Attachment A. Relying on Summer 2001 inflation indices, the indicated escalation rate to use to

convert the current decommissioning cost to future decommissioning cost for each nuclear unit is:

		Approved 1994	Company 2000	Staff 2001
FPL:				
	TP3	5.7%	6.0%	5.6%
	TP4	5.6%	6.0%	5.6%
	SL1	5.9%	5.7%	5.5%
	SL2	5.7%	5.7%	5.5%
FPC:				
	CR3	5.5%	5.56%	5.3%

Future Cost to Decommission

Based on the current dollar base costs to decommission each nuclear unit as provided by TLG's site-specific studies, the contingency allowances discussed in Issue 2, the cost of extended storage of spent fuel discussed in Issue 3, and the escalation rates that staff has recommended, staff has determined an estimate of the total cost to decommission each nuclear unit in future dollars based upon present operating license termination dates. For comparative purposes, staff has also listed the estimated future cost of decommissioning each nuclear unit assumed in Order No. 95-1531. The estimated cost to decommission each nuclear unit at its respective license termination date is:

		1994 Study	2000 Study
FPL:			
	TP3	$1,079,816,392	$1,354,187,519
	TP4	1,356,618,077	1,628,019,672
	SL1	2,320,578,321	1,755,465,299
	SL2	2,640,742,229	1,937,719,683
FPC:			
	CR3	$1,954,302,381	$1,751,133,363 ~~$1,762,237,978~~

Years of Fund Expenditures

The years in which the accumulated decommissioning funds will be expended are listed below. Upon conclusion of the dry storage period and transfer of all spent fuel assemblies to the DOE, the dry storage compound will be decontaminated and dismantled. The underlying assumptions include a 2015 date for the DOE to begin accepting SNF with higher receipt rates based on the projections reflected in DOE/RW-0510. The entire site will then be available without NRC restriction.

	Years of Fund Expenditures
FPL:	
TP3	2005 - 2045
TP4	2005 - 2045
SL1	2005 - 2032
SL2	2023 - 2032
FPC:	
CR3	2016 - 2041

Fund Earnings Rate

The next matter that must be addressed is the appropriate fund earnings rate to use in the annuity calculation. In Order No. 95-1531, the Commission approved a fund earnings rate of 4.9%. This rate was based on the simple average of the expected long-term, after-tax, after-expenses return on the nuclear decommissioning trust fund as forecasted by FPC's trust fund consultant (Wilshire Associates, Inc.) and the average annual DRI forecast of CPI for the subsequent 25-year period. At that time, the use of an assumed fund earnings rate of 4.9% represented a spread of 1.1 percentage points over the long-term forecast of CPI of 3.8%.

In its study, FPL used an assumed fund earnings rate of 5.2% for TP 3 and TP 4 and a rate of 4.8% for SL 1 and SL 2. These rates represent a spread of 1.1 percentage points above the DRI forecasted average annual rate of change in CPI for the period 2000 through the end of the decommissioning period for the Turkey Point and St. Lucie plants, respectively.

In its study, FPC used an assumed fund earnings rate of 6.0%. This rate is the weighted average of the expected long-term, after-tax, after-expenses return on the nuclear decommissioning trust

fund as forecasted by Wilshire Associates and a 25-year average of long-term CPI. For purposes of determining the assumed fund earnings rate in its 1994 study, FPC took the simple average of these two rates. For purposes of its 2000 study, FPC has assigned greater weight to the consultant's expected return component. According to FPC's response to staff Interrogatory No. 109, "the higher weighting factor in 2000 was used to reflect the fact that the fund's investments have higher risk and return characteristics, which are expected to yield an expected return much higher relative to the long-term CPI. Thus, the use of a higher weighting factor produces an assumed fund earnings rate which is closer to the expected net return after taxes and fees than to the long-term CPI." The simple average of the consultant's expected return and the 25-year average of long-term CPI indicates an assumed fund earnings rate of 5.2%.

The fund earnings rate is an important assumption in the determination of the appropriate annual accrual amount. The amount of the annual accrual moves inversely with the fund earnings rate. In other words, the higher the assumed fund earnings rate, the lower the indicated annual accrual and vice versa.

In Order No. 21928 approving the annual accruals following the 1989 study, the Commission approved the use of an assumed fund earnings rate of CPI. In Order No. 95-1531 approving the annual accruals following the 1994 study, the Commission approved the use of an assumed fund earnings rate of CPI plus 1.1%. For purposes of the 2000 study, FPC proposes an assumed fund earnings rate of 6.0% which represents a spread of 2.4% above the 25-year average of CPI of 3.6%. Supporting its position, FPC notes that its recommended fund earnings rate is well below the actual annual return (after-tax) on trust investments for the 5-year period ending December 31, 2000 of 10.4%.

Given the history of the performance of the funds and the elimination of the Black Lung restrictions on investments, staff believes it is reasonable to continue to use an assumed fund earnings rate greater than the long-term forecast for CPI in the determination of the annual accrual amounts for both FPL's and FPC's nuclear units. For comparative purposes, the table below shows what the annual accrual amounts would be under a range of assumed fund earnings rates.

		CPI + 1.1% 4.7%	CPI + 1.6% 5.2%	CPI + 2.4% 6.0%
FPL:				
	TP 3	$21.8M	$17.4M	$10.9M
	TP 4	25.2M	20.1M	12.7M
	SL 1	18.7M	13.5M	5.9M
	SL 2	12.8M	9.1M	3.6M
	Total	$78.5M	$60.1M	$33.1M
FPC:				
	CR 3	$18.1M ~~$18.4M~~	$13.5M ~~$11.7M~~	$7.0M ~~$5.8M~~

It should be noted that some of the difference between the assumed fund earnings rates proposed by FPL and FPC is tied to each company's estimate of long-term CPI. While both companies relied upon S&P's DRI for their forecast of long-term CPI, each company assumed different periods over which to estimate this measure. For the Turkey Point plants, FPL used a long-term average CPI of 4.1%. This rate represents the average CPI through the end of the Turkey Point decommissioning period of 2045. For the St. Lucie plants, FPL used a long-term average CPI of 3.7%. This rate represents the average CPI through the end of the St. Lucie decommissioning period of 2032. Consistent with the last proceeding, FPC used a 25-year average of long-term CPI of 3.4%. The end of the Crystal River decommissioning period is 2041.

The following table shows the historic performance of each company's nuclear decommissioning trust fund (calculated net of administrative costs on an after-tax, time weighted rate of return basis as of December 31, 2000) relative to CPI for the past year, 5 years, and since the inception of the funds.

		Fund Return	CPI	Spread
FPL:				
	1 Year	2.1%	3.5%	(1.4%)
	5 Years	9.9%	2.6%	7.3%
	Inception	8.9%	3.3%	5.6%
FPC:				
	1 Year	0.3%	3.5%	(3.2%)
	5 Years	10.4%	2.6%	7.8%
	Inception	9.2%	3.0%	6.2%

Recognizing that the companies engage in similar investment strategies for their nuclear decommissioning trust funds and that this issue will be addressed every five years, staff believes it is reasonable to continue the practice of setting a single assumed fund earnings rate for the determination of the annual accruals for each nuclear unit. Given the level of detail incorporated into the calculation as a result of relying upon site-specific studies for the majority of the inputs, staff does not see the benefit from attempting to estimate assumed fund earnings rates for each plant site. Moreover, as demonstrated by the range of earned returns shown in the table above, total fund returns continue to be quite volatile from year to year.

In addition to the fund return volatility demonstrated above, since the beginning of the year when these studies were prepared the capital markets have experienced extreme downward pressure. Negative economic reports regarding weak economic growth domestically combined with the uncertainty over military actions occurring internationally have further depressed market returns. Weak returns in 2000 and the prospect for flat or possibly negative returns in 2001 discourages staff from assigning Wilshire Associates' forecasted fund earnings rate the weight recommended by FPC. For the reasons outlined above, staff believes it is more appropriate to continue the approach recommended by FPL of setting the fund earnings rate at long-term CPI plus 1.1%. Staff recommends an assumed fund earnings rate of 4.7% be used in the determination of the annual accrual amounts for both FPL's and FPC's nuclear units. This rate represents a spread of 1.1 percentage points over the Summer 2001 DRI 25-year average forecast of CPI of 3.6%.

Minimum Fund Earnings Rate

Separate from the issue of the assumed fund earnings rate in the determination of the annual accrual amounts is the issue of whether the Commission should impose a minimum fund earnings rate. Both companies continue to recommend against a minimum fund earnings rate. Instead, the companies recommend the Commission continue the approach approved in Order Nos. 21928 and 95-1531 whereby "rather than attempting to set a prospective minimum fund earnings rate which may or may not be reasonable under future economic conditions, we will require that the companies set aside funds sufficient to meet the Commission's best estimate of the decommissioning liability and require the companies to maintain the purchasing power as well as the principal amount of these

ISSUE 5: Should the unrecovered value of Materials and Supplies inventories that will exist at the nuclear site following shut down be recovered through an unfunded reserve?

RECOMMENDATION: Yes. The unrecovered value of Materials and Supplies (M&S) inventories existing at the nuclear site following permanent shut down should be amortized over the remaining life span of each nuclear site. The resulting jurisdictional annual expense is $1.7 million for TP, $0.7 million for SL, and $1.5 million for CR3. The accounting treatment for these expenses should consist of a debit to nuclear maintenance expense with a credit to an unfunded Account 228 reserve. Further, the amortization of EOL M&S inventories should be included in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Moreover, in the event of industry restructuring, treatment of these established unfunded reserves should follow the same treatment afforded nuclear decommissioning. (P. LEE, SLEMKEWICZ)

STAFF ANALYSIS: According to FPL, a level of M&S inventories will remain at the end of each nuclear site's life (EOL). EOL M&S inventories consist of spare replacement parts and supplies needing to be kept in inventory to ensure safe and reliable operations. The items include such things as spare pumps and subassemblies, motors, control modules, circuit boards, switch gear, circuit breakers, valves and valve parts, ventilation parts and filters, and radiation monitoring parts. FPL asserts that the EOL nuclear M&S inventories are unique and will have little value other than scrap value when the units are decommissioned. The associated expenses will be recorded at the time the last unit at each site ceases operation unless another recovery mechanism is approved. FPL opines that recovery over the remaining life span of each nuclear unit will ratably allocate costs to ratepayers receiving the benefit of the nuclear units and prevent unduly burdening ratepayers with a significant expense at the time when operations cease.

FPL estimates the jurisdictional cost of its EOL M&S inventories to be $19.7 million for TP and $14.8 million for SL. FPL believes EOL M&S inventories should be considered part of nuclear decommissioning since the costs relate to the time each nuclear site will cease operation. Further, FPL asserts that the annual expense/reserve accruals associated with EOL M&S inventories represent the recovery of amounts that will have already been expended during the operating life of each nuclear unit and thus do not require a cash outlay at the time of decommissioning.

Therefore, FPL concludes that there is no need to fund these amounts. Additionally, FPL notes that the accrued reserve would be treated as a rate base offset, the tracking of which would be facilitated by recording the accruals in a separate unfunded decommissioning reserve sub-account. The resulting EOL M&S annual expense would be $2.4 million ($1.7 million for TP and $0.7 million for SL)

On the other hand, FPC does not believe that EOL nuclear M&S inventories should be recovered as part of nuclear decommissioning. In response to discovery, FPC asserts that these costs do not fit the definition of nuclear decommissioning. Nonetheless, FPC believes these costs should be recovered through "base rates" over the remaining life of the nuclear facility so as to mitigate intergenerational inequity at the EOL due to the write-off of stranded assets. Accordingly, FPC has proposed a pro forma adjustment relating to EOL M&S in its current rate review proceeding in Docket No. 000824-EI. FPC has quantified the jurisdictional EOL nuclear M&S inventories at CR3 to be about $24 million. Amortization over CR3's remaining life span would result in annual expenses of about $1.5 million.

Because nuclear M&S inventories represent unrecovered costs remaining at the end of the nuclear site's life, staff agrees with FPL that these costs should be amortized over the remaining life span of each site to ratably allocate the costs to those receiving the benefit of the generated power. However, these costs do not relate to the removal or disposal of the nuclear plant. For this reason, staff recommends that the amortization expense associated with the EOL M&S inventories be accounted for as a debit to nuclear maintenance expense with a credit to an unfunded Account 228 reserve. Further, for administrative ease, staff recommends that FPL and FPC address the amortization status of EOL M&S inventories in subsequent decommissioning studies so the related annual accrual can be revised, if necessary. Additionally, in the event of industry restructuring, treatment of these established unfunded reserves should follow the same treatment afforded nuclear decommissioning. Neither FPL or FPC object to staff's recommended accounting or recovery treatment of these costs.

ISSUE 6: What is the appropriate recovery mechanism for the cost of the last core of nuclear fuel?

RECOMMENDATION: The existence of the last core of nuclear fuel (Last Core) is the direct result of unit shut down, and there are numerous uncertainties surrounding the timing of unit shut down, actual costs associated with the Last Core, and future regulatory environment. Therefore, staff recommends that the associated costs be considered a base rate future obligation with recovery afforded through an established unfunded reserve. The recommended accounting treatment consists of a debit to base rate fuel expense with a credit to an unfunded Account 228 reserve. The resulting annual jurisdictional expenses for FPL are about $5.5 million; for FPC, the resulting annual jurisdictional expenses are $1.1 million. Additionally, FPL and FPC should address the costs associated with the Last Core in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. (P. LEE, BOHRMANN)

STAFF ANALYSIS: There are three discussion parts to this issue: definition, quantification, and finally, determination of an appropriate recovery mechanism for the associated costs.

Definition of Last Core

FPC and FPL consider the Last Core as the unburned fuel that will remain in the fuel assemblies at the end of the last operating cycle of each nuclear unit when it ceases operation. Currently for FPL, a typical fuel assembly is amortized over a three-cycle period, or about 54 months; for FPC, the three-cycle period is 72 months. According to FPC and FPL, two thirds of the fuel assemblies that would normally be moved to new locations within the reactor core at the end of a normal refueling cycle (18 months for FPL and 24 months for FPC), would have to be amortized during the final cycle of unit operation unless an alternative recovery method is introduced. The currently scheduled final cycles of operation for the FPL units are November 2010 to July 2012 for TP3, November 2012 to April 2013 for TP4, December 2014 to March 2016 for SL1, and May 2021 to April 2023 for SL2. It is staff's understanding that the final cycle for FPC's CR3 will be October 2014 to December 2016. According to both companies, no feasible solution currently exists to use all the nuclear fuel by the time of unit shutdown.

Staff believes that the Last Core is predicated solely on the final shut down of the nuclear unit. For the FPL and FPC nuclear units, final shut down is not expected to occur until 2012 or later. During any given cycle, an amount of unburned fuel exists in the reactor. However, fuel assemblies are continually rotated and the current existing unburned fuel will be burned in the next generating cycle. It is only at the time when the unit ceases operations that there are no future generating cycles to burn the residual fuel in the reactor.

Cost Estimates

FPL estimates the jurisdictional cost of the Last Core associated with its units to be approximately $71.2 million; FPC estimates the jurisdictional cost associated with CR3 to be approximately $17.5 million. Outages, capacity factor, plant life extension, future fuel contracts, the change in mix of generating assets owned by the company as the industry further evolves, market conditions, and technology are all factors cited by FPC that can potentially affect a Last Core cost estimate. According to FPL, the once or twice burned fuel at TP3 cannot practicably be used at TP4 during its last cycle due to internal restrictions on moving fuel from unit to unit. Further, FPL asserts that the NRC would have to approve any fuel transfer from one unit or plant to another. Additionally, the operating license expiration dates of the two units are relatively close together (July 19, 2012, for TP3 and April 10, 2013, for TP4). Accordingly, FPL believes there is no guarantee that the final refueling outage for TP4 would occur after the end of the operating license of TP3. FPC states that the fuel remaining at the time of CR3 shutdown cannot be used at any of the CP&L units due to different reactor designs.

FPL's and FPC's Last Core cost estimates are based on an estimated residual value of the unburned fuel at the end of the recently completed cycle for SL1 and the expected amount remaining at the end of the current cycle for SL2, TP3, TP4, and CR3. FPC's estimates reflect a reduced last cycle from 24 months to 18 months and a reduced fuel size from 72 to 54 assemblies.

Recovery Mechanism

FPL considers the Last Core cost to be a result of final shut down of the nuclear reactor, equating to an unrecovered cost remaining at the end of the unit's life. Both FPL and FPC maintain that the cost of the Last Core should be amortized over the remaining life span of each nuclear unit. The jurisdictional

annual amortization expenses would be $5.5 million for FPL and $1.1 million for FPC. This will ratably allocate the related costs to those customers receiving the benefit from the low cost nuclear generation.

It is clear that future adjustments will be necessary to the cost estimates of the Last Core to recognize factors such as outages, capacity factor, plant life extension, future fuel contracts, the change in mix of generating assets owned by the companies as the industry further evolves, market conditions, and technology. In fact, Staff has recently learned of research currently being undertaken regarding possible ways to minimize the Last Core. Possibilities include shorter refueling cycles as the nuclear unit nears shutdown so that fewer fuel assemblies will require replacing, and an enrichment of the fuel specifically designed for the last cycles that would minimize the amount of unburned fuel remaining at shutdown. Developing technologies such as these may serve to reduce the amount of the Last Core and associated costs.

Staff believes that the Last Core is similar to nuclear decommissioning in that both represent estimates of a future obligation that will not be incurred until the nuclear unit ceases operation. However, the cost of the Last Core does not meet the intent of nuclear decommissioning because it does not involve the removal of the plant facility. As with EOL M&S inventories addressed in Issue 5, staff believes that EOL nuclear fuel is unique to the nuclear unit and represents costs remaining at the time of shut down.

The existence of the Last Core is the direct result of unit shut down. The uncertainties surrounding the timing of unit shut down, the actual costs associated with the Last Core, and the future regulatory environment are all factors that lead staff to believe that the associated costs should be considered a base rate future obligation. However, staff agrees that amortization of this obligation over the remaining life span of each nuclear unit ratably allocates the costs to those customers receiving the benefit of the nuclear generation and avoids a burdensome expense at the time of unit shut down. Therefore, staff recommends amortization of the Last Core costs as a base rate fuel expense with a credit to an unfunded Account 228 reserve. Additionally, FPL and FPC should address the costs associated with the Last Core in subsequent decommissioning studies so the related annual accruals can be revised, if warranted. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve

should follow the same treatment afforded nuclear decommissioning. Neither FPL or FPC objects to staff's recommended accounting or recovery treatment for the Last Core costs.

ISSUE 7: What is the appropriate disposition of the accumulated balance of nuclear amortization?

RECOMMENDATION: Staff recommends that the $98,666,667 million of nuclear amortization accumulated from January 1, 1996 through April 13, 1999, the day prior to the Implementation Date of the Stipulation, be transferred to a regulatory liability account and amortized over the remaining life of the nuclear units. The unamortized amount of the regulatory liability will be included in working capital as a reduction to rate base. The amortization expense will be recorded as a credit to Account 407.4, Regulatory Credits. The resulting annual jurisdictional amortization expense is about $6.9 million. Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. (P. LEE, SLEMKEWICZ)

STAFF ANALYSIS: As part of Order No. PSC-96-0461-FOF-EI, FPL was authorized to record an annual $30 million in nuclear amortization expense, beginning January 1, 1996. The expense amount was final; however, the account(s) to which the accumulated amount was to be booked remained subject to determination by the Commission in a future proceeding such as a generic stranded cost docket. In accordance with the Stipulation approved in Docket No. 990067-EI, the company continued to record a monthly $2.5 million ($30 million annually) in nuclear amortization through April 13, 1999, at which time the amortization ceased. The jurisdictional accumulated amount of nuclear amortization to be made account-specific is $98,666,667 million.

Reserve deficiencies identified in FPL's last depreciation study in Docket No. 971660-EI for its steam and nuclear production accounts were corrected by Order No. PSC-99-0073-FOF-EI, issued January 8, 1999. Additionally, there has been no stranded cost docket opened. Therefore, staff has considered other accounts that indicate a need for these monies.

By Order No. PSC-98-0027-FOF-EI, issued January 5, 1998, in Docket No. 970410-EI, the Commission approved a plan (Plan) for FPL to record certain expenses for 1998 and 1999 to address identified underrecoveries. The amount of the expenses recorded would be based on FPL's 1996 revenue forecast benchmark. Among the underrecoveries identified was the nuclear decommissioning deficiency. FPL was allowed to record additional nuclear decommissioning expense, on an after tax basis, to help correct its identified reserve deficiency. The order stated that the

Commission had found sufficient evidence demonstrating the existence of a historic nuclear decommissioning deficiency that represented a failure of the past to adequately provide for the cost of decommissioning.

In accord with the Plan approved by the Commission in Order No. PSC-98-0027-FOF-EI, FPL recorded $22.6 million of additional expense in 1999 to the nuclear decommissioning reserve to help correct perceived historic underrecoveries. These expenses were funded on an after tax basis to the nonqualified decommissioning fund. Based on the staff's recommendations in previous issues, a calculated historic nuclear decommissioning reserve deficiency of about $172 million exists, of which $20 million relates to EOL inventories.

Staff recommends that the $98,666,667 million of nuclear amortization accumulated from January 1, 1996 through April 13, 1999, the day prior to the Implementation Date of the Stipulation, be transferred to a regulatory liability account and amortized over the remaining life the nuclear units (about 15 years). The unamortized amount of the regulatory liability will be included in working capital as a reduction to rate base. The annual amortization expense of about $6.9 million should be recorded as a credit to Account 407.4, Regulatory Credits. The expense will serve to offset the total annual expenses addressed in this recommendation (nuclear decommissioning, EOL M&S, and Last Core). Further, in the event of industry restructuring, treatment of the Last Core unfunded reserve should follow the same treatment afforded nuclear decommissioning. FPL does not object to staff's recommended accounting treatment of the accumulated $98.7 million nuclear amortization.

ISSUE 8: What should be the effective date for adjusting the annual decommissioning accrual amounts, amortization of nuclear EOL M&S inventories, and amortization of the costs associated with the Last Core?

RECOMMENDATION: The effective date for revised decommissioning accruals, amortization of nuclear EOL M&S inventories, and amortization of the costs associated with the Last Core as shown below should be January 1, 2001 for FPC; the effective date for FPL should be May 1, 2002, when its governing Stipulation ends. Additionally, the effective date for FPL to begin the amortization of the nuclear regulatory liability discussed in Issue 7 should be May 1, 2002. Further, contributions to the decommissioning trust funds should be made on a monthly basis.

	(Million)
FPL:	
Nuclear decommissioning accruals	$78.5 (Issue 4)
Amortization of EOL M&S	2.4 (Issue 5)
Amortization of Last Core	5.5 (Issue 6)
Total	86.4
Less	
Amortization of nuclear regulatory liability	(6.9) (Issue 7)
Total expense	79.5
FPC:	
Nuclear decommissioning accruals	$18.1 (Issue 4) ~~$18.4 (Issue 4)~~
Amortization of EOL M&S	1.5 (Issue 5)
Amortization of Last Core	1.1 (Issue 6)
Total expense	20.7 ~~21.0~~

(P. LEE)

STAFF ANALYSIS: Each company's data and related calculations abut a January 1, 2001 date. FPC has requested this implementation date. FPL has requested no revision to its current approved accrual levels due to the governing Stipulation, approved by Order No. PSC-99-0519-AS-EI. The Stipulation caps FPL's annual decommissioning accruals at the levels approved by Order Nos. PSC-95-1531-FOF-EI and PSC-95-1531A-FOF-EI for the term of the Stipulation period.

decommissioning accruals be revised effective January 1, 2001 for FPC and May 1, 2002 for FPL as being the earliest practicable dates for utilizing revised accruals.

Contributing to the trust funds on a monthly basis is the current practice approved by the Commission in Order Nos. 10987 and 21928. Considering that customers are billed monthly and costs are recovered monthly, a practice of monthly contribution is logical.

ISSUE 9: When should FPL and FPC file their next nuclear decommissioning studies?

RECOMMENDATION: The next decommissioning cost studies for FPL and FPC should be filed no later than January 1, 2006 and December 29, 2005, respectively, in accordance with Rule 25-6.04365, Florida Administrative Code. The studies should include an update of the amortizations of EOL M&S inventories and the Last Core. (P. LEE)

STAFF ANALYSIS: By Order No. PSC-01-0096-FOF-EI, issued January 11, 2001, in Docket No. 000543-EI, the Commission adopted Rule 25-6.04365 (Rule), Florida Administrative Code, relating to nuclear decommissioning. The Rule requires each utility to file a site-specific nuclear decommissioning study update at least once every five years from the submission date of the previous study unless otherwise required by the Commission. Therefore, the next decommissioning cost studies for FPL and FPC should be filed no later than January 1, 2006 and December 29, 2005, respectively. As discussed in previous issues, the studies should also include an update of the amortizations of EOL M&S inventories and the Last Core.

ISSUE 10: Should these dockets be closed?

RECOMMENDATION: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, these dockets should be closed upon the issuance of a consummating order. (ELIAS, C. KEATING)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, these dockets should be closed upon the issuance of a consummating order.

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INFLATION FORECAST

Summer issue 2001
Standard & Poor's DRI "The U S Economy"

YEAR	GDPI	HRLY COMPI	PPI INT M&S	GDP Transport	Burial	CPI	CPI MULTIPLIER
1998	0.0%	0.0%	0.0%	0.0%	0	0.0%	1.000
1999	1.4%	4.7%	0.1%	1.0%	7.5%	2.2%	1.022
2000	**2.3%**	**4.3%**	**4.3%**	**3.0%**	**7.5%**	**3.2%**	**1.000**
2001	2.4%	5.6%	0.8%	2.0%	7.5%	3.2%	1.032
2002	2.3%	4.6%	-0.8%	2.5%	**7.5%**	2.4%	1.057
2003	2.4%	4.4%	0.7%	2.6%	7.5%	2.4%	1.082
2004	2.3%	4.3%	0.6%	2.7%	**7.5%**	2.3%	1.107
2005	2.3%	4.2%	0.8%	2.8%	7.5%	2.4%	1.134
2006	2.3%	4.2%	0.9%	2.9%	**7.5%**	2.5%	1.162
2007	2.4%	4.2%	1.0%	3.0%	7.5%	2.6%	1.192
2008	2.5%	4.3%	1.2%	3.0%	**7.5%**	2.7%	1.224
2009	2.5%	4.4%	1.2%	3.1%	7.5%	2.8%	1.259
2010	2.5%	4.5%	1.3%	3.2%	**7.5%**	2.8%	1.294
2011	2.6%	4.6%	1.4%	3.3%	7.5%	2.9%	1.331
2012	2.6%	4.6%	1.1%	3.3%	**7.5%**	3.0%	1.371
2013	2.6%	4.5%	1.2%	3.1%	7.5%	3.0%	1.412
2014	2.6%	4.5%	1.3%	3.2%	**7.5%**	3.0%	1.455
2015	2.6%	4.4%	1.4%	3.1%	7.5%	3.0%	1.498
2016	2.7%	4.4%	1.6%	3.2%	7.5%	3.1%	1.545
2017	2.8%	4.6%	1.8%	3.4%	**7.5%**	3.3%	1.596
2018	3.1%	4.8%	2.1%	3.6%	7.5%	3.5%	1.652
2019	3.3%	4.8%	2.2%	3.7%	**7.5%**	3.7%	1.713
2020	3.6%	5.2%	2.4%	3.9%	7.5%	4.0%	1.781
2021	3.8%	5.4%	2.4%	4.2%	**7.5%**	4.2%	1.856
2022	4.0%	5.5%	2.4%	4.3%	7.5%	4.4%	1.938
2023	4.1%	5.6%	2.7%	4.3%	**7.5%**	4.5%	2.025
2024	4.2%	5.8%	2.9%	4.4%	7.5%	4.7%	2.120
2025	4.4%	5.9%	3.1%	4.6%	**7.5%**	4.8%	2.222
2026	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	2.333
2027	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	2.450
2028	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	2.572
2029	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	2.701
2030	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	2.836
2031	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	2.978
2032	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	3.127
2033	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	3.283
2034	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	3.447
2035	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	3.619
2036	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	3.800
2037	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	3.990
2038	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	4.190
2039	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	4.399
2040	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	4.619
2041	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	4.850
2042	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	5.093
2043	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	5.348
2044	4.6%	6.1%	3.3%	4.8%	**7.5%**	5.0%	5.615
2045	4.6%	6.1%	3.3%	4.8%	7.5%	5.0%	5.896

3.593%

= AVERAGE COMPOUND CPI INFLATION MULTILPLIER 2000-2032
= AVERAGE COMPOUND CPI INFLATION MULTILPLIER 2000-2045

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TURKEY POINT UNIT 3

AVERAGE INFLATION RATE = 5.600% 2000-End

	5.400% LABOR HRLY COMP	2.300% MATERIAL PPI INT M&S	4.000% SHIPPING GDP Transp	7.500% BURIAL	3.700% OTHER GDP	TOTAL
1998	215,309,777	78,160,856	5,679,249	72,916,380	23,292,974	395,359,236
1999	225,429,337	78,239,017	5,736,041	78,385,109	23,619,076	411,408,579
2000	**235,122,798**	**81,603,295**	**5,908,123**	**84,263,992**	**24,162,314**	**431,060,521**
2001	248,289,675	82,256,121	6,026,285	90,583,791	24,742,210	451,898,082
2002	259,711,000	81,598,072	6,176,942	97,377,575	25,311,281	470,174,870
2003	271,138,284	82,169,258	6,337,543	104,680,893	25,918,751	490,244,730
2004	282,797,230	82,662,274	6,508,656	112,531,960	26,514,883	511,015,004
2005	294,674,714	83,323,572	6,690,899	120,971,858	27,124,725	532,785,767
2006	307,051,052	84,073,484	6,884,935	130,044,747	27,748,594	555,802,811
2007	319,947,196	84,914,219	7,091,483	139,798,103	28,414,560	580,165,561
2008	333,704,925	85,933,190	7,304,227	150,282,961	29,124,924	606,350,227
2009	348,387,942	86,964,388	7,530,659	161,554,183	29,853,047	634,290,218
2010	364,065,399	88,094,925	7,771,640	173,670,746	30,599,373	664,202,084
2011	380,812,408	89,328,254	8,028,104	186,696,052	31,394,957	696,259,775
2012	398,329,778	90,310,865	8,293,031	200,698,256	32,211,226	729,843,156
2013	416,254,618	91,394,595	8,550,115	215,750,625	33,048,718	764,998,672
2014	434,986,076	92,582,725	8,823,719	231,931,922	33,907,984	802,232,427
2015	454,125,463	93,878,883	9,097,254	249,326,817	34,789,592	841,218,009
2016	474,106,984	95,380,945	9,388,366	268,026,328	35,728,911	882,631,534
2017	495,915,905	97,097,802	9,707,571	288,128,302	36,729,320	927,578,901
2018	519,719,869	99,136,856	10,057,043	309,737,925	37,867,929	976,519,622
2019	544,666,422	101,317,867	10,429,154	332,968,269	39,117,571	1,028,499,284
2020	572,989,076	103,749,496	10,835,891	357,940,890	40,525,804	1,086,041,156
2021	603,930,486	106,239,484	11,290,998	384,786,456	42,065,784	1,148,313,209
2022	637,146,663	108,789,231	11,776,511	413,645,441	43,748,416	1,215,106,262
2023	672,826,876	111,726,541	12,282,901	444,668,849	45,542,101	1,287,047,267
2024	711,850,835	114,966,610	12,823,349	478,019,012	47,454,869	1,365,114,675
2025	753,850,034	118,530,575	13,413,223	513,870,438	49,542,883	1,449,207,153
2026	799,834,886	122,442,084	14,057,057	552,410,721	51,821,856	1,540,566,605
2027	848,624,815	126,482,673	14,731,796	593,841,525	54,205,661	1,637,886,470
2028	900,390,928	130,656,601	15,438,922	638,379,639	56,699,121	1,741,565,213
2029	955,314,775	134,968,269	16,179,991	686,258,112	59,307,281	1,852,028,428
2030	1,013,588,976	139,422,222	16,956,630	737,727,471	62,035,416	1,969,730,715
2031	1,075,417,904	144,023,155	17,770,549	793,057,031	64,889,045	2,095,157,684
2032	1,141,018,396	148,775,919	18,623,535	852,536,308	67,873,941	2,228,828,099
2033	1,210,620,518	153,685,525	19,517,465	916,476,532	70,996,142	2,371,296,181
2034	1,284,468,369	158,757,147	20,454,303	985,212,271	74,261,965	2,523,154,056
2035	1,362,820,940	163,996,133	21,436,109	1,059,103,192	77,678,015	2,685,034,389
2036	1,445,953,017	169,408,005	22,465,043	1,138,535,931	81,251,204	2,857,613,200
2037	1,534,156,151	174,998,469	23,543,365	1,223,926,126	84,988,759	3,041,612,871
2038	1,627,739,677	180,773,419	24,673,446	1,315,720,586	88,898,242	3,237,805,370
2039	1,727,031,797	186,738,942	25,857,772	1,414,399,629	92,987,562	3,447,015,701
2040	1,832,380,737	192,901,327	27,098,945	1,520,479,602	97,264,989	3,670,125,599
2041	1,944,155,961	199,267,071	28,399,694	1,634,515,572	101,739,179	3,908,077,477
2042	2,062,749,475	205,842,884	29,762,879	1,757,104,240	106,419,181	4,161,878,659
2043	2,188,577,193	212,635,699	31,191,497	1,888,887,058	111,314,463	4,432,605,911
2044	2,322,080,402	219,652,677	32,688,689	2,030,553,587	116,434,929	4,721,410,284
2045	2,463,727,306	226,901,215	34,257,746	2,182,845,106	121,790,936	5,029,522,310

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TURKEY POINT UNIT 4

AVERAGE INFLATION RATE = 5.600% 2000-End

	5.400% LABOR HRLY COMP	2.300% MATERIAL PPI INT M&S	4.000% SHIPPING GDP Transp	7.500% BURIAL	3.700% OTHER GDP	TOTAL
1998	260,109,652	83,777,552	5,896,011	79,731,607	23,025,484	452,540,306
1999	272,334,806	83,861,330	5,954,971	85,711,478	23,347,841	471,210,425
2000	**284,045,202**	**87,467,367**	**6,133,620**	**92,139,838**	**23,884,841**	**493,670,869**
2001	299,951,734	88,167,106	6,256,293	99,050,326	24,458,077	517,883,535
2002	313,749,513	87,461,769	6,412,700	106,479,101	25,020,613	539,123,696
2003	327,554,492	88,074,001	6,579,430	114,465,033	25,621,108	562,294,064
2004	341,639,335	88,602,445	6,757,075	123,049,911	26,210,393	586,259,159
2005	355,988,187	89,311,265	6,946,273	132,278,654	26,813,232	611,337,611
2006	370,939,691	90,115,066	7,147,715	142,199,553	27,429,937	637,831,962
2007	386,519,158	91,016,217	7,362,146	152,864,520	28,088,255	665,850,296
2008	403,139,482	92,108,411	7,583,011	164,329,359	28,790,462	695,950,724
2009	420,877,619	93,213,712	7,818,084	176,654,060	29,510,223	728,073,699
2010	439,817,112	94,425,491	8,068,263	189,903,115	30,247,979	762,461,959
2011	460,048,699	95,747,447	8,334,515	204,145,849	31,034,426	799,310,936
2012	481,210,939	96,800,669	8,609,554	219,456,787	31,841,321	837,919,271
2013	502,865,431	97,962,277	8,876,450	235,916,046	32,669,196	878,289,401
2014	525,494,376	99,235,787	9,160,497	253,609,750	33,518,595	921,019,004
2015	548,616,128	100,625,088	9,444,472	272,630,481	34,390,078	965,706,248
2016	572,755,238	102,235,089	9,746,695	293,077,767	35,318,610	1,013,133,400
2017	599,101,979	104,075,321	10,078,083	315,058,600	36,307,531	1,064,621,514
2018	627,858,874	106,260,903	10,440,894	338,687,995	37,433,065	1,120,681,730
2019	657,996,100	108,598,643	10,827,207	364,089,594	38,668,356	1,180,179,900
2020	692,211,897	111,205,010	11,249,468	391,396,314	40,060,417	1,246,123,106
2021	729,591,340	113,873,930	11,721,946	420,751,037	41,582,712	1,317,520,966
2022	769,718,863	116,606,905	12,225,990	452,307,365	43,246,021	1,394,105,144
2023	812,823,120	119,755,291	12,751,707	486,230,417	45,019,108	1,476,579,643
2024	859,966,861	123,228,195	13,312,782	522,697,699	46,909,910	1,566,115,446
2025	910,704,905	127,048,269	13,925,170	561,900,026	48,973,946	1,662,552,317
2026	966,257,905	131,240,861	14,593,578	604,042,528	51,226,748	1,767,361,620
2027	1,025,199,637	135,571,810	15,294,070	649,345,718	53,583,178	1,878,994,413
2028	1,087,736,815	140,045,680	16,028,185	698,046,646	56,048,005	1,997,905,331
2029	1,154,088,760	144,667,187	16,797,538	750,400,145	58,626,213	2,124,579,843
2030	1,224,488,175	149,441,204	17,603,820	806,680,156	61,323,019	2,259,536,374
2031	1,299,181,953	154,372,764	18,448,804	867,181,167	64,143,877	2,403,328,566
2032	1,378,432,053	159,467,065	19,334,346	932,219,755	67,094,496	2,556,547,715
2033	1,462,516,408	164,729,478	20,262,395	1,002,136,237	70,180,843	2,719,825,360
2034	1,551,729,909	170,165,551	21,234,990	1,077,296,454	73,409,161	2,893,836,065
2035	1,646,385,433	175,781,014	22,254,269	1,158,093,688	76,785,983	3,079,300,388
2036	1,746,814,944	181,581,788	23,322,474	1,244,950,715	80,318,138	3,276,988,059
2037	1,853,370,656	187,573,987	24,441,953	1,338,322,019	84,012,772	3,487,721,387
2038	1,966,426,266	193,763,928	25,615,167	1,438,696,170	87,877,360	3,712,378,891
2039	2,086,378,268	200,158,138	26,844,695	1,546,598,383	91,919,718	3,951,899,202
2040	2,213,647,343	206,763,356	28,133,240	1,662,593,262	96,148,025	4,207,285,226
2041	2,348,679,831	213,586,547	29,483,636	1,787,287,756	100,570,835	4,479,608,604
2042	2,491,949,300	220,634,903	30,898,850	1,921,334,338	105,197,093	4,770,014,485
2043	2,643,958,208	227,915,855	32,381,995	2,065,434,413	110,036,159	5,079,726,630
2044	2,805,239,658	235,437,078	33,936,331	2,220,341,994	115,097,823	5,410,052,884
2045	2,976,359,277	243,206,502	35,565,274	2,386,867,644	120,392,322	5,762,391,020

Florida Power & Light Company
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ST. LUCIE UNIT 1

AVERAGE INFLATION RATE =	5.100%	1.900%	5.500% 2000-End 3.700%	7.500%	3.300%	
	LABOR HRLY COMP	MATERIAL PPI INT M&S	SHIPPING GDP Transp	BURIAL	OTHER GDP	TOTAL
1998	232,246,795	80,525,478	4,225,687	98,497,381	20,292,831	435,788,172
1999	243,162,394	80,606,003	4,267,944	105,884,685	20,576,931	454,497,957
2000	**253,618,377**	**84,072,062**	**4,395,982**	**113,826,036**	**21,050,200**	**476,962,657**
2001	267,821,006	84,744,638	4,483,902	122,362,989	21,555,405	500,967,940
2002	280,140,773	84,066,681	4,595,999	131,540,213	22,051,179	522,394,845
2003	292,466,967	84,655,148	4,715,495	141,405,729	22,580,407	545,823,746
2004	305,043,046	85,163,079	4,842,814	152,011,158	23,099,757	570,159,854
2005	317,854,854	85,844,383	4,978,413	163,411,995	23,631,051	595,720,697
2006	331,204,758	86,616,983	5,122,786	175,667,895	24,174,565	622,786,988
2007	345,115,358	87,483,153	5,276,470	188,842,987	24,754,755	651,472,723
2008	359,955,318	88,532,950	5,434,764	203,006,211	25,373,624	682,302,868
2009	375,793,352	89,595,346	5,603,242	218,231,677	26,007,964	715,231,581
2010	392,704,053	90,760,085	5,782,546	234,599,053	26,658,164	750,503,900
2011	410,768,440	92,030,727	5,973,370	252,193,982	27,351,276	788,317,793
2012	429,663,788	93,043,064	6,170,491	271,108,530	28,062,409	828,048,282
2013	448,998,658	94,159,581	6,361,776	291,441,670	28,792,032	869,753,717
2014	469,203,598	95,383,656	6,565,353	313,299,795	29,540,624	913,993,026
2015	489,848,556	96,719,027	6,768,879	336,797,280	30,308,681	960,442,423
2016	511,401,893	98,266,531	6,985,483	362,057,076	31,127,015	1,009,837,998
2017	534,926,380	100,035,329	7,222,989	389,211,357	31,998,571	1,063,394,626
2018	560,602,846	102,136,071	7,483,017	418,402,208	32,990,527	1,121,614,669
2019	587,511,783	104,383,064	7,759,889	449,782,374	34,079,215	1,183,516,324
2020	618,062,395	106,888,258	8,062,524	483,516,052	35,306,066	1,251,835,296
2021	651,437,765	109,453,576	8,401,150	519,779,756	36,647,697	1,325,719,944
2022	687,266,842	112,080,462	8,762,400	558,763,237	38,113,605	1,404,986,546
2023	725,753,785	115,106,635	9,139,183	600,670,480	39,676,262	1,490,346,345
2024	767,847,504	118,444,727	9,541,307	645,720,766	41,342,666	1,582,896,970
2025	813,150,507	122,116,513	9,980,207	694,149,824	43,161,743	1,682,558,794
2026	862,752,688	126,146,358	10,459,257	746,211,061	45,147,183	1,790,716,547
2027	915,380,602	130,309,188	10,961,301	802,176,890	47,223,953	1,906,051,935
2028	971,218,819	134,609,391	11,487,444	862,340,157	49,396,255	2,029,052,066
2029	1,030,463,167	139,051,501	12,038,841	927,015,669	51,668,483	2,160,237,661
2030	1,093,321,420	143,640,201	12,616,705	996,541,844	54,045,233	2,300,165,403
2031	1,160,014,027	148,380,328	13,222,307	1,071,282,482	56,531,314	2,449,430,458
2032	1,230,774,882	153,276,878	13,856,978	1,151,628,668	59,131,754	2,608,669,161

Florida Power & Light Company
1998 Decommissioning Study
St Lucie Nuclear Units
Support Schedule : Inflation and Funding Analysis

Support Schedule G
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ST. LUCIE UNIT 2

AVERAGE INFLATION RATE ▫ 5.500% 2000-End

	5.100% LABOR HRLY COMP	1.900% MATERIAL PPI INT M&S	3.700% SHIPPING GDP Transp	7.500% BURIAL	3.300% OTHER GDP	TOTAL
1998	232,791,274	63,753,477	3,954,595	87,740,007	14,638,711	402,878,065
1999	243,732,464	63,817,230	3,994,141	94,320,508	14,843,653	420,707,996
2000	**254,212,960**	**66,561,371**	**4,113,965**	**101,394,546**	**15,185,057**	**441,467,899**
2001	268,448,886	67,093,862	4,196,244	108,999,137	15,549,498	464,287,627
2002	280,797,534	66,557,111	4,301,151	117,174,072	15,907,137	484,737,005
2003	293,152,626	67,023,011	4,412,981	125,962,127	16,288,908	506,839,653
2004	305,758,189	67,425,149	4,532,131	135,409,287	16,663,553	529,788,309
2005	318,600,033	67,964,551	4,659,031	145,564,983	17,046,815	553,835,412
2006	331,981,234	68,576,231	4,794,143	156,482,357	17,438,891	579,272,856
2007	345,924,446	69,261,994	4,937,967	168,218,534	17,857,425	606,200,365
2008	360,799,197	70,093,138	5,086,106	180,834,924	18,303,860	635,117,225
2009	376,674,362	70,934,255	5,243,775	194,397,543	18,761,457	666,011,392
2010	393,624,708	71,856,401	5,411,576	208,977,359	19,230,493	699,100,537
2011	411,731,445	72,862,390	5,590,158	224,650,661	19,730,486	734,565,140
2012	430,671,091	73,663,877	5,774,633	241,499,460	20,243,479	771,852,540
2013	450,051,290	74,547,843	5,953,647	259,611,920	20,769,809	810,934,509
2014	470,303,598	75,516,965	6,144,163	279,082,814	21,309,824	852,357,365
2015	490,996,956	76,574,203	6,334,633	300,014,025	21,863,880	895,783,696
2016	512,600,823	77,799,390	6,537,341	322,515,076	22,454,205	941,906,834
2017	536,180,460	79,199,779	6,759,610	346,703,707	23,082,922	991,926,479
2018	561,917,122	80,862,974	7,002,956	372,706,485	23,798,493	1,046,288,031
2019	588,889,144	82,641,960	7,262,066	400,659,472	24,583,843	1,104,036,484
2020	619,511,380	84,625,367	7,545,286	430,708,932	25,468,861	1,167,859,826
2021	652,964,994	86,656,375	7,862,188	463,012,102	26,436,678	1,236,932,338
2022	688,878,069	88,736,128	8,200,262	497,738,010	27,494,145	1,311,046,615
2023	727,455,241	91,132,004	8,552,874	535,068,360	28,621,405	1,390,829,884
2024	769,647,645	93,774,832	8,929,200	575,198,487	29,823,504	1,477,373,669
2025	815,056,856	96,681,852	9,339,943	618,338,374	31,135,738	1,570,552,763
2026	864,775,324	99,872,353	9,788,261	664,713,752	32,567,982	1,671,717,672
2027	917,526,619	103,168,141	10,258,097	714,567,283	34,066,110	1,779,586,250
2028	973,495,743	106,572,689	10,750,486	768,159,830	35,633,151	1,894,611,898
2029	1,032,878,983	110,089,588	11,266,509	825,771,817	37,272,276	2,017,279,172
2030	1,095,884,601	113,722,544	11,807,301	887,704,703	38,986,800	2,148,105,950
2031	1,162,733,562	117,475,388	12,374,052	954,282,556	40,780,193	2,287,645,751
2032	1,233,660,309	121,352,076	12,968,006	1,025,853,747	42,656,082	2,436,490,221

FLORIDA POWER CORPORATION INDICES
(COST INCLUDES 17% CONTINGENCY)

FLORIDA POWER CORPORATION
2000 NUCLEAR DECOMMISSIONING COST STUDY
CALCULATION OF INFLATION INDICES

	INFLATION INDICES (1)					DECONTAMINATION			REMOVAL			PACKAGING			SHIPPING	BURIAL	STAFFS	OTHER				CURRENT	Annual Weigted	Compound Average
				Trans		Labor	Material	Total	Labor	Material	Total	Labor	Material	Total	Transport	Bunal	Labor	Labor	Material	Other	TOTAL	DOLLAR	Inflation	Annual
Year	Labor	Material	Burial	portation	Other	51%	49%	($000)	44%	56%	($000)	7%	93%	($000)	(100%)	(100%)	(100%)	35%	18%	47%	($000)	TOTAL	Rate	Growth Rate
1999	Base	Base	Base	Base	Base	$6,457	$6,089	$12,546	$30,047	$38,032	$68,079	$444	$5,915	$6,359	$5,841	$72,306	$157,596	$66,389	$34,143	$89,151	$189,683	$512,410		
	4.3%																					$534,898		
2000	~~5 6%~~	4 3%	7 5%	3 0%	2 3%	6,819	6,351	13,170	31,730	39,667	71,397	469	6,169	6,638	6,016	77,729	166,421	70,107	35,611	91,201	196,919	538,260		
2001	5 6%	0 8%	7 5%	2 0%	2 4%	7,201	6,402	13,603	33,507	39,984	73,491	495	6,218	6,713	6,136	83,559	175,741	74,033	35,896	93,390	203,319	562,562	4 51%	4 51%
2002	4 6%	0 0%	7 5%	2 5%	2 3%	7,532	6,401	13,933	35,048	39,981	75,029	518	6,218	6,736	6,289	89,826	183,825	77,439	35,893	95,538	208,870	584,508	3 90%	4 20%
2003	4 4%	0 7%	7 5%	2 6%	2 4%	7,863	6,446	14,309	36,590	40,261	76,851	541	6,262	6 803	6,453	96,563	191,913	80,846	36,144	97,831	214,821	607,713	3 97%	4 13%
2004	4 3%	0 6%	7 5%	2 7%	2 3%	8,201	6,485	14,686	38,163	40,503	78,666	564	6,300	6,864	6,627	103,805	200,165	84,322	36,361	100,081	220,764	631,577	3 93%	4 08%
2005	4 2%	0 8%	7 5%	2 8%	2 3%	8,545	6,537	15,082	39,766	40,827	80,593	588	6,350	6,938	6,813	111,590	208,572	87,864	36,652	102,383	226,899	656,487	3 94%	4 05%
2006	4 2%	0 9%	7 5%	2 9%	2 3%	8,904	6,596	15,500	41,436	41,194	82,630	613	6,407	7,020	7,011	119,959	217,332	91,554	36,982	104,738	233,274	682,726	4 00%	4 04%
2007	4 2%	1 0%	7 5%	3 0%	2 4%	9,278	6,662	15,940	43,176	41,606	84,782	639	6,471	7,110	7,221	128,956	226,460	95,399	37,352	107,252	240,003	710,472	4 06%	4 04%
2008	4 3%	1 2%	7 5%	3 0%	2 5%	9,677	6,742	16,419	45,033	42,105	87,138	666	6,549	7,215	7,438	138 628	236,198	99,501	37,800	109,933	247,234	740,270	4 19%	4 06%
2009	4 4%	1 2%	7 5%	3 1%	2 5%	10,103	6,823	16,926	47,014	42,610	89,624	695	6,628	7,323	7,669	149,025	246,591	103,879	38,254	112,681	254,814	771,972	4 28%	4 09%
2010	4 5%	1 3%	7 5%	3 2%	2 5%	10,558	6,912	17,470	49,130	43,164	92,294	726	6,714	7,440	7,914	160,202	257,688	108,554	38,751	115,498	262,803	805,811	4 38%	4 12%
2011	4 6%	1 4%	7 5%	3 3%	2 6%	11,044	7,009	18,053	51,390	43,768	95,158	759	6,808	7,567	8,175	172,217	269,542	113,547	39,294	118,501	271,342	842,054	4 50%	4 15%
2012	4 6%	1 1%	7 5%	3 3%	2 6%	11,552	7,086	18,638	53,754	44,249	98,003	794	6,883	7,677	8,445	185,133	281,941	118,770	39,726	121,582	280,078	879 915	4 50%	4 18%
2013	4 5%	1 2%	7 5%	3 1%	2 6%	12,072	7,171	19,243	56,173	44,780	100,953	830	6,966	7,796	8,707	199,018	294,628	124,115	40,203	124,743	289,061	919 406	4 49%	4 20%
2014	4 5%	1 3%	7 5%	3 2%	2 6%	12,615	7,264	19,879	58,701	45,362	104,063	867	7,057	7,924	8,986	213,944	307,886	129,700	40,726	127,986	298,412	961,094	4 53%	4 23%
2015	4 4%	1 4%	7 5%	3 1%	2 6%	13,170	7,366	20 536	61,284	45,997	107,281	905	7,156	8,061	9,265	229,990	321,433	135,407	41,296	131,314	308,017	1,004,583	4 52%	4 25%
2016	4 4%	1 6%	7 5%	3 2%	2 7%	13,749	7,484	21,233	63,980	46,733	110,713	945	7,270	8,215	9,561	247,239	335,576	141,365	41,957	134,859	318,181	1,050 718	4 59%	4 27%
2017	4 6%	1 8%	7 5%	3 4%	2 8%	14,381	7,619	22,000	66,923	47,574	114,497	988	7,401	8,389	9,886	265,782	351,012	147,868	42,712	138,635	329,215	1,100,781	4 76%	4 30%
2018	4 8%	2 1%	7 5%	3 6%	3 1%	15,071	7,779	22,850	70,135	48,573	118,708	1,035	7,556	8,591	10,242	285,716	367,861	154,966	43,609	142,933	341,508	1,155,476	4 97%	4 34%
2019	4 8%	2 2%	7 5%	3 7%	3 3%	15,794	7,950	23,744	73,501	49,642	123,143	1,085	7,722	8,807	10,621	307,145	385,518	162,404	44,568	147,650	354,622	1,213,600	5 03%	4 37%
2020	5 2%	2 4%	7 5%	3 9%	3 6%	16,615	8,141	24,756	77,323	50,833	128,156	1,141	7,907	9,048	11,035	330,181	405,565	170,849	45,638	152,965	369,452	1,278,193	5 32%	4 42%
2021	5 4%	2 4%	7 5%	4 2%	3 8%	17,512	8,336	25,848	81,498	52,053	133,551	1,203	8,097	9,300	11,498	354,945	427,466	180,075	46,733	158,778	385,586	1,348,194	5 48%	4 47%
2022	5 5%	2 4%	7 5%	4 3%	4 0%	18,475	8,536	27,011	85,980	53,302	139,282	1,269	8,291	9,560	11,992	381,566	450,977	189,979	47,855	165,129	402,963	1,423,351	5 57%	4 52%
2023	5 6%	2 7%	7 5%	4 3%	4 1%	19,510	8,766	28,276	90,795	54,741	145,536	1,340	8,515	9,855	12,508	410,183	476,232	200,618	49,147	171,899	421,664	1,504,254	5 68%	4 57%
2024	5 8%	2 9%	7 5%	4 4%	4 2%	20,642	9,020	29,662	96,061	56,328	152,389	1,418	8,762	10,180	13,058	440,947	503,853	212,254	50,572	179,119	441,945	1,592,034	5 84%	4 62%
2025	5 9%	3 1%	7 5%	4 6%	4 4%	21,860	9,300	31,160	101,729	58,074	159,803	1,502	9,034	10,536	13,659	474,018	533,580	224,777	52,140	187,000	463,917	1,686,673	5 94%	4 67%
2026	6 1%	3 3%	7 5%	4 8%	4 6%	23,193	9,607	32,800	107,934	59,990	167,924	1,594	9,332	10,926	14,315	509,569	566,128	238,488	53,861	195,602	487,951	1,789,613	6 10%	4 73%
2027	6 1%	3 3%	7 5%	4 8%	4 6%	24,608	9,924	34,532	114,518	61,970	176,488	1,691	9,640	11,331	15,002	547,787	600,662	253,036	55,638	204,600	513,274	1,899,076	6 12%	4 78%
2028	6 1%	3 3%	7 5%	4 8%	4 6%	26,109	10,251	36,360	121,504	64,015	185,519	1,794	9,958	11,752	15,722	588,871	637,302	268,471	57,474	214,012	539,957	2,015,483	6 13%	4 83%
2029	6 1%	3 3%	7 5%	4 8%	4 6%	27,702	10,589	38,291	128,916	66,127	195,043	1,903	10,287	12,190	16,477	633,036	676,177	284,848	59,371	223,857	568,076	2,139,290	6 14%	4 87%
2030	6 1%	3 3%	7 5%	4 8%	4 6%	29,392	10,938	40,330	136,780	68,309	205,089	2,019	10,626	12,645	17,268	680,514	717,424	302,224	61,330	234,154	597,708	2,270,978	6 16%	4 92%
2031	6 1%	3 3%	7 5%	4 8%	4 6%	31,185	11,299	42,484	145,124	70,563	215,687	2,142	10,977	13,119	18,097	731,553	761,187	320,660	63,354	244,925	628,939	2,411,066	6 17%	4 96%
2032	6 1%	3 3%	7 5%	4 8%	4 6%	33,087	11,672	44,759	153,977	72,892	226,869	2,273	11,339	13,612	18,966	786,419	807,619	340,220	65,445	256,192	661,857	2,560 101	6 18%	4 99%
2033	6 1%	3 3%	7 5%	4 8%	4 6%	35,105	12,057	47,162	163,370	75,297	238,667	2,412	11,713	14,125	19,876	845,400	856,884	360,973	67,605	267,977	696,555	2,718,669	6 19%	5 03%
2034	6 1%	3 3%	7 5%	4 8%	4 6%	37,246	12,455	49,701	173,336	77,782	251,118	2,559	12,100	14,659	20,830	908,805	909,154	382,992	69,836	280,304	733,132	2,887,399	6 21%	5 06%
2035	6 1%	3 3%	7 5%	4 8%	4 6%	39,518	12,866	52,384	183,909	80,349	264,258	2,715	12,499	15,214	21,830	976,965	964,612	406,355	72,141	293,198	771,694	3,066,957	6 22%	5 10%
2036	6 1%	3 3%	7 5%	4 8%	4 6%	41,929	13,291	55,220	195,127	83,001	278,128	2,881	12,911	15,792	22,878	1,050,237	1,023,453	431,143	74,522	306,685	812,350	3,258,058	6 23%	5 13%
2037	6 1%	3 3%	7 5%	4 8%	4 6%	44,487	13,730	58,217	207,030	85,740	292,770	3,057	13,337	16,394	23,976	1,129,005	1,085,884	457,443	76,981	320,793	855,217	3,461,463	6 24%	5 16%
2038	6 1%	3 3%	7 5%	4 8%	4 6%	47,201	14,183	61,384	219,659	88,569	308,228	3,243	13,777	17,020	25,127	1,213,680	1,152,123	485,347	79,521	335,549	900,417	3,677,979	6 26%	5 19%
2039	6 1%	3 3%	7 5%	4 8%	4 6%	50,080	14,651	64,731	233,058	91,492	324,550	3,441	14,232	17,673	26,333	1,304,706	1,222,403	514,953	82,145	350,984	948,082	3,908,478	6 27%	5 21%
2040	6 1%	3 3%	7 5%	4 8%	4 6%	53,135	15,134	68,269	247,275	94,511	341,786	3,651	14,702	18,353	27,597	1,402,559	1,296,970	546,366	84,856	367,129	998,350	4,153,884	6 28%	5 24%
2041	6 1%	3 3%	7 5%	4 8%	4 6%	56,376	15,633	72,009	262,359	97,630	359,989	3,874	15,187	19,061	28,922	1,507,751	1,376,085	579,693	87,656	384,017	1,051,366	4,415,183	6 29%	5 27%
COMPOUND ANNUAL GROWTH RATE FROM 2000								4 23%			4 02%			2 61%	3 90%	7 50%	5 29%				3 57%	5.27%		

(1) SOURCES OF INFORMATION TO COMPLETE THE INFLATION INDICIES

INFLATION INDICES SOURCE STANDARD & POOR'S DRI, THE U S ECONOMY, THE 25-YEAR FOCUS, SUMMER ISSUE 2001

LABOR TABLE 15 - Wages and Productivity in the Nonfarm Business Sector - Compensation per Hour
MATERIAL TABLE 16 - Producer Price Indexes - Stage of Processing - Intermediate Materials, Supplies, and Components
TRANSPORTATION TABLE 15 - Chain-Weighted Price Indexes - Gross Domestic Product, Domestic Demand, Consumption, Services, Transportation
OTHER TABLE 15 - Chain-Weighted Price Indexes - Gross Domestic Product (Implicit Price Deflator no longer reported)

BURIAL INDICES SOURCE NUREG-1307 Revision 9 - Report on Waste Burial Charges, August 2000

Date 12/12/01

File NDT_2001FPC(staff corrected).xls
Preparer R H Blake/D Paulin

Florida Power & Light Company
1998 Decommissioning Study
Turkey Point Nuclear Units
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TURKEY POINT UNIT 3

INFLATION RATE 5 600%

	NOMINAL ANNUAL	NOMINAL MONTHLY
EARNINGS RATE QUALIFIED FUND	4 700%	0 383474%
EARNINGS RATE NON-QUALIFIED FUND	4 700%	0.383474%

CORPORATE TAX RATE 38 575%

JURISDICTIONAL FACTOR 99 992%

QUALIFYING % 66 670%

LICENSE ENDS 19-Jul-12
MONTHS TO FUND 138

YEAR	SPENDING CURVE	ESTIMATED COST IN ($1998)	ESTIMATED COST IN ($2000)	ESTIMATED COST IN NOMINAL $	JURISDICTIONAL AMOUNT	QUALIFIED AMOUNT	NON-QUAL AMOUNT	TAX SAVINGS	PV @ 4 7% QUALIFIED AMOUNT	PV @ 4 7% NON-QUAL AMOUNT
2005	0 0441%	174 297	190.036	249 549	249,529	166,361	51,086	32,082	132.226	40,604
2006	0 1587%	627,469	684 130	948 685	948,609	632.438	194,208	121,963	480,107	147.431
2007	0 0723%	285 847	311 659	456 381	456 344	304,245	93,427	58,672	220,595	67,740
2008	0 7830%	3,095 513	3,375.041	5,219 037	5,218,619	3,479,253	1,088,405	670,960	2,409,420	739 882
2009	1 5730%	6,218,913	6,780.486	11,072,256	11,071,370	7,381,282	2,266,636	1,423,451	4,882,156	1,499 207
2010	0 0000%	-	-	-	-	-	-	-	-	-
2011	0 0000%	-	-	-	-	-	-	-	-	-
2012	4 1877%	16 556,298	18,051,348	34 711 758	34,708 981	23,140,478	7,105,953	4,462,550	13,335,587	4,095 078
2013	10 6861%	42,248,652	46,063,742	93 538 447	93,530,964	62,357,094	19,148,550	12,025,320	34,322,507	10,539,719
2014	11 0219%	43,575,917	47,510,860	101 879 722	101,871,572	67,917,777	20,856,118	13,097,676	35,705,072	10,964,276
2015	10 9511%	43,296 255	47,205.945	106 894 526	106,885,975	71,260,879	21,882,715	13,742,381	35,780,875	10,987,553
2016	19 0648%	75,374 572	82,180.962	196 514,188	196,498,467	131,005,528	40,229,038	25,263,901	62,826,478	19,292,688
2017	8 6434%	34 172,492	37,258 298	94,082,667	94,075,141	62,719,896	19,259,959	12,095,286	28,728,420	8,821,893
2018	8 5830%	33,933,803	36,998.055	98,657 345	98,649,452	65,769,590	20,196,455	12,683,407	28,772,981	8,835,576
2019	8 5388%	33,758,764	36,807,210	103,644 759	103,636,467	69,094,433	21,217,445	13,324,590	28,870,619	8,865,559
2020	2.9496%	11,681.528	12,714.574	37,807,694	37,804 669	25,204 373	7,739.732	4,860,564	10,058,709	3,088 818
2021	0 6403%	2,531,339	2,759 921	8,666 404	8,665,711	5,777,430	1,774,127	1,114,155	2,202,188	676.245
2022	0 2844%	1,124.375	1,225.907	4,065,030	4,064 705	2,709,939	832,165	522,601	986,560	302.958
2023	0 2844%	1,124 375	1,225.907	4,292.672	4,292,328	2,861,695	878,766	551,867	995,061	305,562
2024	0 2852%	1,127,456	1,229.266	4,545 483	4,545,119	3,030,231	930,520	584,368	1,006,365	309.033
2025	0 2844%	1,124 375	1,225,907	4,786,913	4,786,530	3,191,179	979,944	615,406	1,012,242	310 838
2026	0 2844%	1,124 375	1,225.907	5,054 980	5,054,575	3,369,885	1,034 821	649 869	1,020,943	313 510
2027	0 2844%	1,124 375	1,225,907	5,338,059	5,337,632	3,558 599	1,092.771	686.262	1,029,719	316.205
2028	0.2852%	1,127 456	1,229 266	5,652 436	5,651 984	3,768.178	1,157.128	726.678	1,041,416	319.797
2029	0 2844%	1,124,375	1,225,907	5,952,661	5,952,185	3,968.322	1,218.588	765.275	1,047,498	321,665
2030	0 2844%	1,124 375	1,225 907	6,286 010	6,285 507	4,190,548	1,286.829	808.131	1,056,502	324 430
2031	0 2844%	1,124 375	1,225,907	6,638,027	6,637,496	4,425,218	1,358,891	853.386	1,065,584	327.218
2032	0 2852%	1,127,456	1,229 266	7,028,964	7,028,402	4,685,836	1,438,921	903 645	1,077,688	330 935
2033	0 2844%	1,124 375	1,225,907	7,402,303	7,401,711	4,934 720	1,515.349	951.641	1,083,982	332 868
2034	0 2844%	1,124 375	1,225,907	7,816 832	7,816 206	5,211,065	1,600.208	1,004.933	1,093,300	335.729
2035	0 2844%	1,124,375	1,225,907	8,254 574	8,253,914	5,502,884	1,689.820	1,061.210	1,102,698	338.615
2036	0 2852%	1,127,456	1,229,266	8,740 716	8,740 017	5,828,969	1,789.340	1,123,708	1,115,224	342,462
2037	0 2844%	1,124,375	1,225,907	9,204 973	9,204 237	6,136,464	1,884 379	1,183,393	1,121,737	344 462
2038	0 2844%	1,124 375	1,225 907	9,720,451	9,719,674	6,480,108	1,989,904	1,249 663	1,131,379	347 423
2039	0 2844%	1,124 375	1,225.907	10,264 797	10,263,975	6,842.992	2,101,339	1,319,644	1,141,105	350.409
2040	0.2852%	1,127,456	1,229.266	10,869.328	10,868.458	7,246,001	2,225,094	1,397,363	1,154,087	354 390
2041	0 2844%	1,124,375	1,225.907	11,446.644	11,445,729	7,630,867	2,343,279	1,471,583	1,160,807	356.459
2042	0 2844%	1,124 375	1,225 907	12,087.656	12,086 689	8,058,198	2,474,502	1,553,991	1,170,785	359 523
2043	0 2844%	1,124 375	1,225 907	12,764 565	12,763,544	8,509 455	2,613,074	1,641 015	1,180,849	362.614
2044	0 2852%	1,127,456	1,229 266	13,516,317	13,515 236	9,010,608	2,766,968	1,737 660	1,194,263	366 733
2045	5 5566%	21 968 470	23 952 237	278 113 711	278 091 462	185 403 578	56 933 533	35 754 351	23.470,235	7 207 215
	100 0000%	395 359 236	431,060 521	1,354 187 519	1,354,079,184	902,764 592	277,219,988	174,094,604	337,187,971	103,543 323

	QUALIFIED	NON-QUAL	TOTAL
NPV @12/31/00	337,187 971	103,543,323	440,731 293
LESS BALANCE @ 12/31/00	174 565 157	83 949 346	258 514 502
PV OF FUNDING REQUIREMENTS	162,622,814	19,593,977	182,216,791
MONTHLY FUNDING REQUIREMENT	1,519 815	183.118	1,702,933
ANNUAL FUNDING REQUIREMENT	18,237,775	2,197,420	20,435,195
MONTHLY ACCRUAL	1,519 815	298.117	1,817,931
ANNUAL ACCRUAL	18 237 775	3,577,398	21,815 173

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TURKEY POINT UNIT 4

INFLATION RATE 5 600%

	NOMINAL ANNUAL	NOMINAL MONTHLY
EARNINGS RATE QUALIFIED FUND	4 700%	0.383474%
EARNINGS RATE NON-QUALIFIED FUND	4 700%	0.383474%
CORPORATE TAX RATE	38 575%	
JURISDICTIONAL FACTOR	99 992%	

QUALIFYING % 68 570%

LICENSE ENDS 10-Apr-13
MONTHS TO FUND 147

YEAR	SPENDING CURVE	ESTIMATED COST IN ($1998)	ESTIMATED COST IN ($2000)	ESTIMATED COST IN NOMINAL $	JURISDICTIONAL AMOUNT	QUALIFIED AMOUNT	NON-QUAL AMOUNT	TAX SAVINGS	PV @ 4 7% QUALIFIED AMOUNT	PV @ 4 7% NON-QUAL AMOUNT
2005	0 0385%	174 297	190 139	249.683	249,663	171,194	48 200	30,270	136,068	38,310
2006	0 1387%	627,469	684 499	949.196	949 120	650 812	183 236	115 073	494,055	139 101
2007	0 0632%	285,847	311,827	456 627	456 590	313,084	88,149	55,358	227,004	63 913
2008	0.6840%	3,095.513	3,376 859	5,221,848	5,221 430	3,580 335	1,008 043	633 053	2,479,420	698 081
2009	1.3742%	6,218 913	6,784 139	11,078,220	11,077 334	7,595,728	2,138.576	1,343 029	5,023,996	1,414 506
2010	0.0000%	-	-	-	-	-	-	-	-	-
2011	0 0000%	-	-	-	-	-	-	-	-	-
2012	0.0000%	-	-	-	-	-	-	-	-	-
2013	5.4310%	24,577 545	26,811 353	54 443 956	54,439,600	37,329 234	10,510 042	6,600.324	20,546 706	5,784 923
2014	8 9740%	40,610 851	44,301 897	94 998 594	94 990 994	65,135.325	18,338.845	11,516 825	34,242.309	9,640 919
2015	10 9684%	49,636.528	54 147 901	122,614 097	122,604 288	84,069,760	23.669 834	14,864 694	42,212,355	11,884 885
2016	11 6262%	52,613.154	57,395 068	137 245 231	137,234 251	94,101,526	26 494 276	16,638 449	45,128,382	12,705 892
2017	19 6144%	88,762,937	96 830 438	244 511,059	244,491 499	167 647,821	47 201 229	29,642,449	76,789,939	21,620 201
2018	10 5238%	47 624,625	51,953,140	138,535,900	138,524 817	94,986 467	26,743,432	16,794 919	41,554 826	11,699 758
2019	10.4701%	47,381 494	51,687 912	145,547,058	145,535,414	99,793,633	28.096.889	17,644 892	41,698,063	11,740 086
2020	4 6428%	21,010.479	22,920,083	68,154,502	68,149 050	46,729,804	13,156.772	8,262,474	18,649,205	5,250,682
2021	0.9998%	4,524,450	4,935,669	15,498 452	15,497,212	10,626,438	2,991,873	1,878,901	4,050,488	1,140,415
2022	0.4082%	1,847,331	2,015 232	6,682,380	6,681 845	4,581,741	1,289,989	810.115	1,668 029	469 633
2023	0 4082%	1,847 331	2,015,232	7,056 593	7,056,028	4,838,319	1,362.228	855,482	1,682,367	473 670
2024	0.4093%	1,852,392	2,020,753	7,472.177	7,471 580	5,123,262	1,442,454	905.863	1,701,478	479,051
2025	0.4082%	1,847 331	2,015.232	7,869 061	7,868 431	5,395,383	1,519 070	953 978	1,711,415	481,849
2026	0 4082%	1,847 331	2,015 232	8,309 728	8,309,064	5,697,525	1,604 138	1,007.401	1,726,126	485.991
2027	0.4082%	1,847 331	2,015,232	8,775 073	8,774 371	6,016,586	1,693 969	1,063 816	1,740,964	490 168
2028	0 4093%	1,852,392	2,020 753	9,291 864	9,291,121	6,370 921	1,793,732	1,126,467	1,760,740	495 736
2029	0 4082%	1,847 331	2,015,232	9,785,400	9,784 617	6,709,312	1,889,006	1,186,299	1,771,023	498 631
2030	0.4082%	1,847,331	2,015 232	10,333.382	10,332.556	7,085,033	1,994 791	1,252,732	1,786,247	502,918
2031	0.4082%	1,847 331	2,015,232	10,912.052	10,911,179	7,481,795	2,106 499	1,322,885	1,801,601	507,241
2032	0 4093%	1,852,392	2,020.753	11,554 696	11,553 771	7,922,421	2,230 557	1,400.793	1,822,066	513,003
2033	0.4082%	1,847 331	2,015.232	12,168 422	12,167.448	8,343,219	2,349 033	1,475,196	1,832,708	515,999
2034	0.4082%	1,847 331	2,015 232	12,849 853	12,848 825	8,810,440	2,480 578	1,557,807	1,848,461	520,434
2035	0 4082%	1,847 331	2,015 232	13,569 445	13,568,360	9,303,824	2,619 491	1,645 045	1,864,351	524,908
2036	0 4093%	1,852,392	2,020,753	14,368 591	14,367,442	9,851,755	2,773,761	1,741 926	1,885,528	530 870
2037	0.4082%	1,847 331	2,015 232	15,131 777	15,130,566	10,375,029	2,921 089	1,834 448	1,896,540	533,971
2038	0 4082%	1,847 331	2,015,232	15,979 156	15,977 878	10,956,031	3,084 670	1 937 177	1,912,843	538 561
2039	0 4082%	1,847 331	2,015 232	16,873 989	16,872,639	11,569,569	3,257,411	2,045 659	1,929,286	543,190
2040	0 4093%	1,852 392	2,020.753	17,867 750	17,866,320	12,250,936	3,449 250	2,166 135	1,951,201	549 360
2041	0 4082%	1,847 331	2,015 232	18,816 793	18,815,287	12,901,642	3,632,456	2,281 188	1,962,597	552,569
2042	0.4082%	1,847 331	2,015 232	19,870 533	19,868,943	13,624 134	3,835 874	2,408,935	1,979,467	557 319
2043	0 4082%	1,847 331	2,015,232	20,983 283	20,981 604	14,387,086	4,050 683	2,543 835	1,996 483	562,109
2044	0 4093%	1,852 392	2,020.753	22,219,052	22,217,275	15,234 385	4 289.240	2,693 650	2,019,161	568 495
2045	5 0553%	22 877 220	24 956 484	289 774 200	289,751 018	198 682 273	55 938 977	35 129 768	25,151 185	7 081 314
	100 0000%	452,540 308	493 670,869	1,628 019 672	1,627,889 431	1,116,243,783	314 278 339	197 367 309	400 634 682	112,798 660

	QUALIFIED	NON-QUAL	TOTAL
NPV @12/31/00	400 634 682	112,798,660	513,433,341
LESS BALANCE @ 12/31/00	200 342 145	90 970 510	291 312,655
PV OF FUNDING REQUIREMENTS	200,292.536	21,828.150	222,120,686
MONTHLY FUNDING REQUIREMENT	1,785 004	194.532	1,979,536
ANNUAL FUNDING REQUIREMENT	21,420 042	2,334 385	23,754 427
MONTHLY ACCRUAL	1,785 004	316,699	2,101,702
ANNUAL ACCRUAL	21 420 042	3,800 382	25,220,424

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ST LUCIE UNIT 1

INFLATION RATE 5 500%

	NOMINAL ANNUAL	NOMINAL MONTHLY
EARNINGS RATE QUALIFIED FUND	4 700%	0 383474%
EARNINGS RATE NON-QUALIFIED FUND	4 700%	0.383474%
CORPORATE TAX RATE	38 575%	
JURISDICTIONAL FACTOR	99.992%	
QUALIFYING %	77 140%	
LICENSE ENDS	1-Mar-16	
MONTHS TO FUND	182	

YEAR	SPENDING CURVE	ESTIMATED COST IN ($1998)	ESTIMATED COST IN ($2000)	ESTIMATED COST IN NOMINAL $	JURISDICTIONAL AMOUNT	QUALIFIED AMOUNT	NON-QUAL AMOUNT	TAX SAVINGS	PV @ 4 7% QUALIFIED AMOUNT	PV @ 4 7% NON-QUAL AMOUNT
2000	0.0000%	-	-	-	-	-	-	-	-	-
2001	0 0000%	-	-	-	-	-	-	-	-	-
2002	0 0000%	-	-	-	-	-	-	-	-	-
2003	0 0000%	-	-	-	-	-	-	-	-	-
2004	0 0000%	-	-	-	-	-	-	-	-	-
2005	0 0421%	183 281	200 598	262,173	262,152	202,224	36,811	23,117	160,731	29,258
2006	0.1514%	659 813	722,154	995 737	995 657	768,050	139,808	87,799	583,055	106,133
2007	0.0690%	300,581	328,981	478 561	478,523	369,133	67,193	42,197	267 643	48,719
2008	0 7469%	3,255 075	3,562,624	5,467 510	5,467,073	4,217,300	767,673	482,100	2,920,526	531,622
2009	1 5006%	6,539 475	7,157,343	11,588,413	11,587,486	8,938,587	1,627,086	1,021,813	5,912,195	1,076,194
2010	0.0000%	-	-	-	-	-	-	-	-	-
2011	0 0000%	-	-	-	-	-	-	-	-	-
2012	0 0000%	-	-	-	-	-	-	-	-	-
2013	0.0000%	-	-	-	-	-	-	-	-	-
2014	0 0000%	-	-	-	-	-	-	-	-	-
2015	0 0000%	-	-	-	-	-	-	-	-	-
2016	9.8779%	43,046,752	47,113,930	110,965 681	110,956,804	85,592,078	15,580,283	9,784,443	41,047 496	7,471 855
2017	3.4723%	15,132 014	16,561,729	41,152,620	41,149,328	31,742,591	5,778,088	3,628,649	14,539,477	2,646 614
2018	1 8538%	8,078 760	8,842,064	23,179 172	23,177,318	17,878,983	3,254 502	2,043,833	7,821,725	1,423,785
2019	1 8538%	8,078 760	8,842,064	24 454 027	24,452,070	18,862,327	3,433,500	2,156,243	7,881 490	1,434 664
2020	7 7964%	33,975,894	37,186,031	108,499 822	108,491,142	83,690,067	15,234 060	9,567,015	33,399 524	6,079,698
2021	3 0729%	13,391,398	14,656,655	45,116,615	45,113,006	34,800,173	6,334 658	3,978,175	13,264,812	2,414 587
2022	8 3799%	36,518,820	39,969,220	129,801 523	129,791,139	100,120,884	18,224,954	11,445,301	38,450,012	6,634 977
2023	9 3013%	40,534 042	44 363 812	151,997 143	151,984 983	117,241,216	21,341,359	13,402,408	40,766,801	7,420,760
2024	9 2748%	40,418,446	44,237,294	159,899 676	159,886,884	123,336,742	22,450,924	14,099,217	40,961,147	7,456,137
2025	7 2402%	31,551,785	34,532,886	131,687,443	131,676,908	101,575,567	18,489,749	11,611,592	32,219,753	5,864 945
2026	4 7075%	20,514 849	22,453,149	90,331,914	90,324,688	69,678,464	12,683,171	7,965,052	21,109,229	3,842,502
2027	4 5495%	19,826 075	21,699,298	92,100,523	92,093,155	71,040,659	12,931,495	8,121,000	20,556,377	3,741,867
2028	4 5619%	19,880 393	21,758,748	97,432,260	97,424,465	75,153,232	13,680,105	8,591,128	20,770,195	3,780,788
2029	4 5495%	19,826 075	21,699,298	102,510,184	102,501,983	79,070,030	14,393 077	9,038,876	20,871,715	3,799,268
2030	6 2860%	27,393,486	29,981,699	149 427 328	149,415,374	115,259,019	20,980,541	13,175,814	29,058,586	5,289,520
2031	3.8495%	16,775 540	18,360,540	96 540 979	96,533,255	74,465,753	13,554 963	8,512,539	17,931,204	3,264 008
2032	6.8627%	29,906,858	32,732,542	181 575,997	181,561,470	140,056,518	25,494 417	16,010,535	32,211,393	5,863,424
2033	0 0000%	-	-	-	-	-	-	-	-	-
2034	0 0000%	-	-	-	-	-	-	-	-	-
2035	0.0000%	-	-	-	-	-	-	-	-	-
2036	0.0000%	-	-	-	-	-	-	-	-	-
2037	0 0000%	-	-	-	-	-	-	-	-	-
2038	0 0000%	-	-	-	-	-	-	-	-	-
2039	0.0000%	-	-	-	-	-	-	-	-	-
2040	0 0000%	-	-	-	-	-	-	-	-	-
	100 0000%	435 798 172	476,962,657	1,755 465 299	1,755,324,862	1,354,057,598	246 478,417	154 788,847	440,705,086	80,221,323

	QUALIFIED	NON-QUAL	TOTAL
NPV @12/31/00	440 705 086	80,221,323	520,926,409
LESS BALANCE @ 12/31/00	237 510 196	79 908 812	317 417,008
PV OF FUNDING REQUIREMENTS	203,194 891	314,511	203,509,402
MONTHLY FUNDING REQUIREMENT	1,553,065	2,404	1,555,469
ANNUAL FUNDING REQUIREMENT	18 636 783	28,847	18,665,630
MONTHLY ACCRUAL	1 553 065	3,914	1,556,979
ANNUAL ACCRUAL	18 636 782	46,961	18,683,743

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ST LUCIE UNIT 2

INFLATION RATE 5 500%

	NOMINAL ANNUAL	NOMINAL MONTHLY
EARNINGS RATE QUALIFIED FUND	4 700%	0 383474%
EARNINGS RATE NON-QUALIFIED FUND	4 700%	0.383474%
CORPORATE TAX RATE	38 575%	
FPL'S SHARE OF COST (NET OF PARTICIPANTS)	85.19215%	
JURISDICTIONAL FACTOR	99 992%	

QUALIFYING % 97 560%

LICENSE ENDS 6-Apr-23
MONTHS TO FUND 287

YEAR	SPENDING CURVE	ESTIMATED COST IN ($1998)	ESTIMATED COST IN ($2000)	ESTIMATED COST IN NOMINAL $	JURISDICTIONAL AMOUNT	QUALIFIED AMOUNT	NON-QUAL AMOUNT	TAX SAVINGS	PV @ 4.7% QUALIFIED AMOUNT	PV @ 4.7% NON-QUAL AMOUNT
2000	0.0000%	-	-	-	-	-	-	-	-	-
2001	0.0000%	-	-	-	-	-	-	-	-	-
2002	0.0000%	-	-	-	-	-	-	-	-	-
2003	0.0000%	-	-	-	-	-	-	-	-	-
2004	0.0000%	-	-	-	-	-	-	-	-	-
2005	0.0000%		-	-	-	-	-	-	-	-
2006	0.0000%		-	-	-	-	-	-	-	-
2007	0.0000%		-	-	-	-	-	-	-	-
2008	0.0000%		-	-	-	-	-	-	-	-
2009	0.0000%		-	-	-	-	-	-	-	-
2010	0.0000%		-	-	-	-	-	-	-	-
2011	0.0000%		-	-	-	-	-	-	-	-
2012	0.0000%		-	-	-	-	-	-	-	-
2013	0.0000%		-	-	-	-	-	-	-	-
2014	0.0000%		-	-	-	-	-	-	-	-
2015	0.0000%		-	-	-	-	-	-	-	-
2016	0.0000%		-	-	-	-	-	-	-	-
2017	0.0000%		-	-	-	-	-	-	-	-
2018	0.0000%		-	-	-	-	-	-	-	-
2019	0.0000%		-	-	-	-	-	-	-	-
2020	0.0000%		-	-	-	-	-	-	-	-
2021	0.0000%		-	-	-	-	-	-	-	-
2022	0.0000%		-	-	-	-	-	-	-	-
2023	6 4145%	25,842 640	28,317,987	97,021,717	82,648,274	80,631,656	1 238 708	777 910	28,037,023	430 720
2024	10 2338%	41,229,680	45,178,881	163,303,128	139,110,316	135,716,024	2.084 944	1,309,348	45,072,409	692.427
2025	11 8008%	47,542,983	52,098,906	198,665,944	169,234,249	165,104,933	2.536 432	1,592,884	52,371,258	804,556
2026	11 5523%	46,541 625	50,999 633	205,178,098	174,781,650	170,516,977	2,619 575	1,645,097	51,659,941	793,628
2027	11 2460%	45,307,535	49,647,335	210,723,200	179,505,263	175,125,334	2,690,371	1,689 557	50,674,395	778,488
2028	11 2768%	45,431,665	49,783,355	222,922,051	189,896,895	185,263,411	2,846 118	1,787,367	51,201,486	786,585
2029	11.3117%	45,572,216	49,937,369	235,910,344	200,961,016	196,057 567	3,011 943	1,891 505	51,752,322	795 047
2030	11.2597%	45,362,851	49,707,950	247,741,999	211,039,851	205,890,479	3,163 002	1,986,370	51,908,181	797,442
2031	6.8523%	27,606,217	30,250,489	159,059,148	135,495,068	132,188,988	2,030,759	1,275,320	31,830,843	489,003
2032	8.0522%	32,440 654	35,547,995	197,194,054	167,980,415	163,881,693	2,517,640	1,581 082	37,690,910	579,028
2033	0.0000%	-	-	-	-	-	-	-	-	-
2034	0.0000%	-	-	-	-	-	-	-	-	-
2035	0.0000%	-	-	-	-	-	-	-	-	-
2036	0.0000%	-	-	-	-	-	-	-	-	-
2037	0.0000%	-	-	-	-	-	-	-	-	-
2038	0.0000%	-	-	-	-	-	-	-	-	-
2039	0.0000%	-	-	-	-	-	-	-	-	-
2040	0 0000%	-	-	-	-	-	-	-	-	-
	100 0000%	402,878,085	441 467,899	1,937,719,683	1,650,652,996	1,610,377,083	24,739,492	15,536 441	452,198,769	6,946 924

	QUALIFIED	NON-QUAL	TOTAL
NPV @12/31/00	452,198,769	6,948,924	459,145,694
LESS BALANCE @ 12/31/00	212,747 269	44 684 435	257 431 704
PV OF FUNDING REQUIREMENTS	239,451,500	(37,737,511)	201,713,990
MONTHLY FUNDING REQUIREMENT	1,434,527	(226,081)	1,208,446
ANNUAL FUNDING REQUIREMENT	17,214,324	(2,712,974)	14,501,350
MONTHLY ACCRUAL	1,434,527	(368,061)	1,066,466
ANNUAL ACCRUAL	17,214,323	(4,416,726)	12,797,597

FLORIDA POWER CORPORATION
ESTIMATED COST OF DECOMMISSIONING
(COST INCLUDES 17% CONTINGENCY)

2000 RETAIL
DETERMINATION OF ANNUAL ACCRUAL FOR DECOMMISSIONING

CRYSTAL RIVER #3 - NUCLEAR PLANT

YEAR	% OF 2000 COST TO BE SPENT	ESTIMATED 100% COST IN 2000 DOLLARS	(1) ESTIMATED COST IN YEAR INCURRED	(2) FPC SHARE IN YEAR INCURRED	78.12% * (2) QUALIFIED PLAN AMOUNT	21 88% * (2) NONQUALIFIED PLAN AMOUNT PRE-TAX	TAX SAVINGS NQ * .38575	NONQUALIFIED PLAN AMOUNT NET OF TAX	(3) 2000 NPV OF NONQUALIFIED FUND NET OF TAX	(3) 2000 NPV OF QUALIFIED FUND
2016	1.2223%	$ 6,579,519	$ 14,964,703	$ 13,160,516	$ 10,280,995	$ 2,879,521	$ 1,110,775	$ 1,768,746	$ 848,240	$ 4,930,469
2017	17.6389%	94,948,435	227,335,051	199,926,898	156,182,893	43,744,005	16,874,250	26,869,755	12,307,508	71,538,507
2018	14.1530%	76,184,184	192,020,693	168,870,138	131,921,352	36,948,786	14,252,994	22,695,792	9,928,990	57,713,156
2019	11.1457%	59,996,189	159,188,430	139,996,225	109,365,051	30,631,174	11,815,975	18,815,199	7,861,798	45,697,412
2020	11.0869%	59,679,674	166,693,590	146,596,542	114,521,219	32,075,323	12,373,056	19,702,267	7,862,897	45,703,802
2021	11 0441%	59,449,286	174,800,924	153,726,433	120,091,089	33,635,344	12,974,834	20,660,510	7,875,184	45,775,223
2022	10.2502%	55,175,802	170,785,250	150,194,900	117,332,256	32,862,644	12,676,765	20,185,879	7,348,872	42,715,985
2023	4.4880%	24,158,455	78,718,260	69,227,765	54,080,730	15,147,035	5,842,969	9,304,066	3,235,185	18,804,806
2024	4.1071%	22,108,109	75,833,753	66,691,022	52,099,026	14,591,996	5,628,862	8,963,134	2,976,731	17,302,515
2025	1.0888%	5,860,902	21,163,136	18,611,649	14,539,420	4,072,229	1,570,862	2,501,367	793,433	4,611,902
2026	0.5552%	2,988,586	11,360,199	9,990,581	7,804,642	2,185,939	843,226	1,342,713	406,789	2,364,500
2027	0.5552%	2,988,586	11,958,882	10,517,086	8,215,948	2,301,138	887,664	1,413,474	409,004	2,377,373
2028	0.5568%	2,997,199	12,625,396	11,103,243	8,673,853	2,429,390	937,137	1,492,253	412,416	2,397,204
2029	0.5552%	2,988,586	13,252,561	11,654,795	9,104,726	2,550,069	983,689	1,566,380	413,469	2,403,328
2030	0.5552%	2,988,586	13,950,971	12,269,003	9,584,545	2,684,458	1,035,530	1,648,928	415,720	2,416,412
2031	0.5552%	2,988,586	14,686,188	12,915,580	10,089,651	2,825,929	1,090,102	1,735,827	417,984	2,429,568
2032	0.5568%	2,997,199	15,504,705	13,635,414	10,651,985	2,983,429	1,150,858	1,832,571	421,470	2,449,834
2033	0.5552%	2,988,586	16,274,899	14,312,751	11,181,121	3,131,630	1,208,026	1,923,604	422,547	2,456,093
2034	0.5552%	2,988,586	17,132,587	15,067,034	11,770,367	3,296,667	1,271,689	2,024,978	424,848	2,469,465
2035	0.5552%	2,988,586	18,035,474	15,861,067	12,390,666	3,470,401	1,338,707	2,131,694	427,160	2,482,909
2036	0.5568%	2,997,199	19,040,660	16,745,064	13,081,244	3,663,820	1,413,319	2,250,501	430,724	2,503,621
2037	0.5552%	2,988,586	19,986,503	17,576,874	13,731,054	3,845,820	1,483,525	2,362,295	431,824	2,510,017
2038	0.5552%	2,988,586	21,039,791	18,503,175	14,454,680	4,048,495	1,561,707	2,486,788	434,175	2,523,682
2039	0.5552%	2,988,586	22,148,588	19,478,292	15,216,442	4,261,850	1,644,009	2,617,841	436,539	2,537,421
2040	5.1507%	27,725,703	216,305,461	190,227,066	148,605,384	41,621,682	16,055,564	25,566,118	4,071,904	23,668,312
2041	0 8467%	4,557,699	37,431,323	32,918,497	25,715,930	7,202,567	2,778,390	4,424,177	673,005	3,911,905
	100.0000%	$ 538,290,000	$ 1,762,237,978	$ 1,549,777,610	$ 1,210,686,269	$ 339,091,341	$ 130,804,484	$ 208,286,857	$ 71,688,416	$ 416,695,421

	NONQUALIFIED	QUALIFIED	TOTAL
NPV @ 12/31/00RETAIL	$ 71,688,416	$ 416,695,421	$ 488,383,837
LESS EST. BOOK VALUE @ 12/31/00			
FLORIDA POWER CORPORATION	$ 52,183,308	$ 240,605,967	$ 292,789,275
CITY OF TALLAHASSEE	0	0	0
	$ 52,183,308	$ 240,605,967	$ 292,789,275
PV OF FUND REQUIREMENTS	$ 19,505,108	$ 176,089,454	$ 195,594,562
MONTHLY FUND REQUIREMENT (4)	$ 144,232	$ 1,302,105	$ 1,446,337
ANNUAL FUND REQUIREMENT	$ 1,730,784	$ 15,625,260	$ 17,356,044
MONTHLY ACCRUAL (5)	$ 234,810	$ 1,302,105	$ 1,536,915
			$18,144,708
ANNUAL ACCRUAL - SYSTEM	$ 2,817,720	$ 15,625,260	~~$ 18,442,980~~

(1) ESTIMATED COST IN 2000 DOLLARS X (1 + INFLATION RATE) ^ (YEAR OF EXPENDITURE - 2000)
(2) QUAL. AND NONQUAL. PLAN AMOUNTS X (.904473) X (.97232)
(3) ESTIMATED ANNUAL DOLLARS / (1 + EARNINGS RATE) ^ (YEAR OF DECOMMISSIONING - CURRENT YEAR (2000))
(4)=PMT(.05841061 / 12, 191 (mos.), - $6,155,852), (EXCEL FORMULA)
(5) FOR THE NONQUALIFIED FUND, $49,573 / (1 - .38575)

ASSUMPTIONS:

2000 COST -	$534,898,000
	~~$ 538,290,000~~
COST ESCALATION RATE -	5 270000%
EARNINGS RATE (AFTER TAX) - ANNUAL	4 700000%
- MONTHLY	4 601694%
FEDERAL TAX RATE	35 000000%
STATE TAX RATE	5 500000%

0.904473

191

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Preparer: R H. D. Paulin

Date: 12/

Recurring Cost Summary

Florida
B.1.1 - Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin)

	Volume Sensitive			Volume Insensitive		
	Direct Cost	Shared Cost	TELRIC	Direct Cost	Shared Cost	TELRIC
Recurring Cost Development Reports	$1.0674	$0.0884	$1.1558	$0.0952	$0.0000	$0.0952
LABOR EXPENSES:						
OTHER EXPENSES:						
Total Monthly Cost	$1.0674	$0.0884	$1.1558	$0.0952	$0.0000	$0.0952
Gross Receipts Tax Factor		X	1.0015		X	1.0015
Cost (Including Gross Rec Ftr)			$1.1575			$0.0953
Common Cost Factor		X	1.0729		X	1.0729
Monthly Economic Cost			$1.2419			$0.1023

Total Monthly Economic Cost: **$1.3442**

Investment Development - Volume Sensitive

Florida
B.1.1 - Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin)

Description	FRC	Sub FRC	A Material	B Inflation Factor	C=AxB Adjusted Material	In-Plant Factors (Default = 1) D1 Plug-in Inventory Factor	D2 Mat'l Factor	D3 Telco Factor	D4 Plug-in Factor	D5 Hardwire Factor	E=Cx(D1xD2 x...xD5) In-Plant Investment	F Supporting Equipment &/or Power Loading	G=ExF Total Investment
Digital Elec Switch - Vendor EF&I - MCEP	377C	03	$52.1596	1.0000	$52.1596	NA	NA	1.1361	NA	NA	$59.2582	1.1011	$65.2476
Digital Elec Switch - MDF	377C	05	$0.6933	1.0000	$0.6933	NA	1.3249	NA	NA	NA	$0.9185	1.1011	$1.0113
Intangibles - Network Switch Software RTU	560C	00	$0.0000	NA	$0.0000	NA	NA	NA	NA	NA	$0.0000	NA	$0.0000
											$60.1766		$66.2589