

**Steel Hector & Davis**  
Tallahassee, Florida

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**ORIGINAL  
FILE COPY**

May 23, 1989

Mr. Steve Tribble, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32301

Re: Docket No. 870098-EI

Dear Mr. Tribble:

Enclosed for filing are fifteen (15) copies of the Supplemental Testimony of Florida Power & Light Company's witnesses Messrs. E.L. Hoffman and G. G. Kuberek in the above docket.

Respectfully submitted,



Matthew M. Childs, P. A.

MMC:bl

Enclosures

cc: All Parties of Record

- ACK ✓
- AFA 3
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR orig
- EAG** \_\_\_\_\_
- LEG 1
- LIN 6
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- CTH \_\_\_\_\_

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FPSC-RECORDS/REPORTING

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**CERTIFICATE OF SERVICE**  
**Docket No. 870098-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Supplemental Testimony of E.L. Hoffman and G. G. Kuberek was furnished to the following persons by U.S. Mail and Hand Delivery on this 23rd day of May, 1989:

James McGee, Esq.  
Florida Power Corporation  
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St. Petersburg, Florida 33733

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Division of Legal Services  
Florida Public Service Commission  
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By: 

**ORIGINAL  
FILE COPY**

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 870098-EI**

**FLORIDA POWER & LIGHT COMPANY**

**MAY 1989**

**IN RE: PETITION FOR APPROVAL OF AN  
INCREASE IN THE ACCRUAL OF  
NUCLEAR DECOMMISSIONING COSTS**

**SUPPLEMENTAL TESTIMONY OF:**

**E. L. HOFFMAN**

**G. G. KUBEREK**

DOCUMENT # 870098-EI  
5177 MAY 23 1989  
REC-RECORDS/REPORTS

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**SUPPLEMENTAL TESTIMONY OF**

**EDGAR L. HOFFMAN**

**DOCKET NO. 870098-EI**

**MAY 23, 1989**

- 1 Q. Please state your name and business address.
- 2 A. My name is Edgar L. Hoffman, Jr., and my business  
3 address is 9250 West Flagler Street, Miami, Florida  
4 33174.
- 5
- 6 Q. By whom are you employed and in what capacity?
- 7 A. I am employed by Florida Power & Light Company  
8 (Company) as Director of Finance and Treasurer.
- 9
- 10 Q. Are you the same Edgar L. Hoffman who previously  
11 filed testimony in this docket?
- 12 A. Yes, I am.
- 13
- 14 Q. What is the purpose of your supplemental testimony?
- 15 A. The purpose of my supplemental testimony is to  
16 address new issues that were identified at the  
17 prehearing conference held on May 4, 1989.
- 18
- 19 Q. Which of the new issues are you addressing?
- 20 A. Issue No. 19.

1 Q. Should a minimum fund earnings rate be imposed and,  
2 if so, how should that rate be determined?

3 A. No, the Commission should not establish a minimum  
4 earnings rate for the actual earnings performance  
5 of the funds. Our investment strategy of maximizing  
6 the earnings growth of the portfolio while  
7 maintaining a high degree of safety is compatible  
8 with the goal of providing the capital needed for  
9 the decommissioning of the Company's nuclear plants.  
10 High volatility in interest rates makes it  
11 unrealistic to assume that a minimum earnings rate  
12 can be consistently achieved for the overall fund  
13 on a total return basis. For computational  
14 purposes, however, it is reasonable to use the  
15 inflation rate as a proxy for the long term expected  
16 earnings rate as demonstrated in our analysis of  
17 historical returns for Municipal instruments.  
18

19 Q. Does this conclude your supplemental testimony?

20 A. Yes, it does.

21

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

SUPPLEMENTAL TESTIMONY OF

GARY G. KUBEREK

DOCKET NO. 870098-EI

MAY 23, 1989

1 Q. Please state your name and business address.

2

3 A. My name is Gary G. Kuberek and my business address is  
4 9250 West Flagler Street, Miami, Florida 33174.

5

6 Q. By whom are you employed and in what capacity?

7

8 A. I am employed by Florida Power & Light Company (FPL) as  
9 Assistant Comptroller Corporate Tax.

10

11 Q. Are you the same Gary G. Kuberek who previously filed  
12 testimony in this docket?

13

14 A. Yes, I am.

15

16 Q. What is the purpose of your supplemental testimony?

17

18 A. The purpose of my supplemental testimony is to address

1 new issues that were identified at the prehearing  
2 conference held on May 4, 1989.

3

4 Q. Which of the new issues are you addressing?

5

6 A. Issues 12, 13, 14, 15 and 22.

7

8 Q. Does FPL comply with Nuclear Regulatory Commission (NRC)  
9 requirements as they pertain to control of the  
10 decommissioning funds (Issue 12)?

11

12 A. Yes. The NRC rule, 10 C.F.R. §50.75, which is attached  
13 as my Document No. 1, sets forth three methods of  
14 providing reasonable financial assurance that funds will  
15 be available for decommissioning. These three methods  
16 include prepayment prior to the start of operation, the  
17 establishment of an external sinking fund or the  
18 provision of a surety, insurance or other guarantee.  
19 Both the prepayment and external sinking fund methods  
20 require that the decommissioning fund assets be "outside  
21 the licensee's administrative control". Under this rule,  
22 an external sinking fund may be in the form of a trust,  
23 escrow account, government fund, certificate of deposit  
24 or deposit of government securities.

1 FPL's nuclear decommissioning funds are placed in a trust  
2 with State Street Bank and Trust Company as trustee. As  
3 trustee, State Street Bank and Trust Company, not FPL,  
4 has administrative control of the decommissioning funds.  
5

6 Q. Does FPL comply with NRC requirements as they pertain to  
7 the management of the investments of the decommissioning  
8 trust funds (Issue 13)?  
9

10 A. Yes. Currently, decisions as to what investments in  
11 which to place the decommissioning funds are made by FPL.  
12 Although, as my prior answer pointed out, decommissioning  
13 funds must be outside the administrative control of FPL,  
14 there is no requirement that there be an external  
15 investment manager. Because of the potential for an  
16 interpretation of the NRC rule to require an external  
17 investment manager, FPL's outside counsel contacted the  
18 NRC staff for clarification. They stated that they will  
19 construe the rule to require only that the trustee of the  
20 decommissioning fund must be unrelated to the licensee.  
21 For these reasons, I believe our current method of  
22 investment management by FPL's Finance Department  
23 complies with NRC requirements. However, should the NRC  
24 require external management of the decommissioning fund  
25 investments, FPL will comply with such requirements.



1 Q. Does FPL comply with IRS requirements as they pertain to  
2 control of the decommissioning funds (Issue 14)?

3

4 A. Yes. The applicable Treasury Regulation, Section 1.468A-  
5 5(a), is shown in my Document No. 2. For a qualified  
6 fund, it requires that the "fund must be established and  
7 maintained at all times in the United States pursuant to  
8 an arrangement that qualifies as a trust under State  
9 law". As I stated earlier, FPL established and maintains  
10 its nuclear decommissioning funds in a trust with State  
11 Street Bank and Trust Company. This trust qualifies as  
12 a trust under the laws of the State of Florida.

13

14 The Internal Revenue Code and Treasury Department  
15 Regulations do not prescribe requirements pertaining to  
16 the control of a nonqualified nuclear decommissioning  
17 fund.

18

19 Q. Does FPL comply with IRS requirements as they pertain to  
20 the management of the investments of the decommissioning  
21 trust funds (Issue 15)?

22

23 A. Yes. There are no IRS requirements pertaining to the  
24 investment management of nuclear decommissioning funds.  
25 They do require that qualified funds only be invested in

1 public securities of the United States, obligations of  
2 state and local government or time and demand deposits  
3 in a Bank or insured Credit Union.  
4

5 The Internal Revenue Code and Treasury Department  
6 Regulations do not prescribe requirements as to the type  
7 of investments for nonqualified nuclear decommissioning  
8 funds.  
9

10 Q. What are the tax and revenue requirement implications of  
11 having a qualified fund versus a nonqualified fund (Issue  
12 22)?  
13

14 A. To illustrate these implications, I have prepared  
15 Document No. 3. The first page of Document No. 3  
16 contains the assumptions used in the three examples shown  
17 on Pages 2 through 4 of Document No. 3.  
18

19 The first example, shown on Page 2, illustrates the tax  
20 and revenue requirement implications for a qualified and  
21 nonqualified fund where the income tax rate (tax rate)  
22 is assumed to remain constant during the life of the  
23 fund. As shown in the example, if the tax rate remains  
24 constant, the revenue requirement is the same for either  
25 the qualified or the nonqualified nuclear decommissioning

1 fund. Since contributions to a qualified fund are tax  
2 deductible, all revenues collected from customers are  
3 contributed to the fund. Since contributions to a  
4 nonqualified fund are not tax deductible, the  
5 contributions to the fund are reduced to reflect the tax  
6 obligation. For example, if \$10,000 in revenue were  
7 collected, and the income tax rate were 34% then the  
8 contribution to the fund would be \$6,600. The bottom  
9 portion of Page 2 shows the source of the funds provided  
10 for nuclear decommissioning. For the qualified fund, the  
11 \$100,000 needed for decommissioning will be provided by  
12 \$88,700 of fund contributions and \$11,300 of fund  
13 earnings accumulated over the life of the fund. There  
14 is no additional tax benefit in the year of  
15 decommissioning for the difference between the \$88,700  
16 in tax deductions and the \$100,000 cost of  
17 decommissioning.

18

19 For the nonqualified fund the \$100,000 needed for  
20 decommissioning will be provided by net of tax  
21 contributions to the fund of \$58,540, net of tax fund  
22 earnings of \$7,460, and a tax benefit of \$34,000  
23 associated with a deduction of \$100,000 when  
24 decommissioning occurs.

1           The example shown on Page 3 of Document No. 3 reflects  
2           the tax and revenue requirement implications where the  
3           tax rate is reduced such as occurred under the Tax Reform  
4           Act of 1986. The assumptions are the same as in the  
5           first example on Page 2 except that the tax rate is 34%  
6           in years one through four and is reduced to 28% in year  
7           five. The revenue requirements are \$17,740 per year for  
8           both the qualified and the nonqualified funds. As can  
9           be seen from this example on Page 3, because the assumed  
10          income tax rate is lower in the year decommissioning  
11          takes place than is assumed for four of the five years  
12          in which contributions to the fund were made, the value  
13          of the tax deduction associated with the decommissioning  
14          is reduced. Therefore, under this example, a deficiency  
15          of \$4,936 would exist in the nonqualified decommissioning  
16          fund in the year of decommissioning.

17  
18          The example on Page 4 of my Document No. 3 shows the tax  
19          and revenue requirement implications where the tax rate  
20          in the year of decommissioning is increased. The  
21          assumptions used in this example are the same as in the  
22          first example on Page 2, except the tax rate is assumed  
23          to be 34% in years one through four and increases to 40%  
24          in year five, the year of decommissioning. As shown in  
25          this example, the effect of a tax rate increase from 34%

1 to 40% produces an excess in the nonqualified  
2 decommissioning fund of \$4,936. This is due to the  
3 additional tax benefit generated by the tax rate increase  
4 in the year of decommissioning. Therefore, the \$100,000  
5 deduction would provide an additional \$6,000 in tax  
6 benefits that would not be available for the qualified  
7 fund.

8  
9 There are also other benefits associated with a  
10 nonqualified fund. The first is that there are fund  
11 earnings advantages since the investments are not limited  
12 as they are in a qualified fund. The second benefit is  
13 that there is greater flexibility because funds may be  
14 reallocated among units based on the circumstances  
15 relating to each unit's decommissioning.

16  
17 Q. Once a qualified fund has been established and an  
18 election made by a taxpayer to contribute to a qualified  
19 fund, does the IRS require contributions be made to the  
20 qualified fund each year thereafter?

21  
22 A. No. The election to contribute to a qualified fund is  
23 totally discretionary to FPL on a yearly basis at the  
24 time the tax return is filed. However, if an election  
25 is made for any tax year, the contributions to the

1 qualified fund must be made by the due date of the tax  
2 return, i.e., March 15 of the following year for FPL.

3

4 Q. Could it be beneficial to the ratepayer for FPL to  
5 qualify the funds in some years and not qualify the funds  
6 in other years?

7

8 A. Yes. It is clear from the examples in my Document No.  
9 3 that the tax rate in the year of decommissioning could  
10 affect the amount of funds available for decommissioning  
11 when contributions are made to the nonqualified funds.  
12 Under present law, I believe that the ratepayer will  
13 benefit in the long run if contributions are made to the  
14 qualified funds when the tax rates are high, as they were  
15 in prior years, and to the nonqualified funds when the  
16 tax rates are low, as they are presently. Therefore, by  
17 following this practice of electing qualified  
18 contributions selectively based on each year's facts and  
19 circumstances, I believe FPL can provide the necessary  
20 decommissioning funds at a lower total cost to the  
21 ratepayer.

22

23 Q. Does this conclude your testimony?

24

25 A. Yes, it does.

it approved pursuant to § 50.56. Licenses may be renewed by the Commission upon the expiration of the period. Application for termination of license is to be made pursuant to § 50.82.

16. A new § 50.75 is added to read as follows:

§ 50.75 Reporting and recordkeeping for decommissioning planning.

(a) This section establishes requirements for indicating to NRC how reasonable assurance will be provided that funds will be available for decommissioning. For electric utilities it consists of a step-wise procedure as provided in paragraphs (b), (c), (e), and (f) of this section. Funding for decommissioning of electric utilities is also subject to the regulation of agencies (e.g., Federal Energy Regulatory Commission (FERC) and State Public Utility Commissions) having jurisdiction over rate regulation. The requirements of this section, in particular paragraph (c), are in addition to, and not substitution for, other requirements, and are not intended to be used, by themselves, by other agencies to establish rates.

(b) Each electric utility applicant for or holder of an operating license for a production or utilization facility of the type and power level specified in paragraph (c) of this section shall submit a decommissioning report, as required by § 50.33(k) of this part containing a certification that financial assurance for decommissioning will be provided in an amount which may be more but not less than the amount stated in the table in paragraph (c)(1) of this section, adjusted annually using a rate at least equal to that stated in paragraph (c)(2) of this section, by one or more of the methods described in paragraph (e) of this section as acceptable to the Commission. The amount stated in the applicant's or

ing the facility. As part of the certification, a copy of the financial instrument obtained to satisfy the requirements of paragraph (e) of this section is to be submitted to NRC.

(c) Table of minimum amounts (1986 dollars) required to demonstrate reasonable assurance of funds for decommissioning by reactor type and power level, P (in Mwt); adjustment factor.<sup>1</sup>

(1)(1) For a PWR:

greater than or equal to 3400 Mwt	\$105 Million
between 1200 Mwt and 3400 Mwt (For a PWR of less than 1200 Mwt, use P=1200 Mwt)	$$(75 + 0.0088P)$ Million

(11) For a BWR:

greater than or equal to 3400 Mwt	\$135 Million
between 1200 Mwt and 3400 Mwt (For a BWR of less than 1200 Mwt, use P=1200 Mwt)	$$(104 + 0.009P)$ Million

(2) An adjustment factor at least equal to  $0.65 L + 0.13 E + 0.22 B$  is to be used where L and E are escalation factors for labor and energy, respectively, and are to be taken from regional data of U.S. Department of Labor Bureau of Labor Statistics and B is an escalation factor for waste burial and is to be taken from NRC report NUREG-1307, "Report on Waste Burial Charges."

<sup>1</sup>Amounts are based on activities related to the definition of "Decommission" in § 50.2 of this part and do not include the cost of removal and disposal of spent fuel or of nonradioactive structures and materials beyond that necessary to terminate the license.



(d) Each non-electric utility applicant for or holder of an operating license for a production or utilization facility shall submit a decommissioning report as required by § 50.33(k) of this part containing a cost estimate for decommissioning the facility, an indication of which method or methods described in paragraph (e) of this section as acceptable to the Commission will be used to provide funds for decommissioning, and a description of the means of adjusting the cost estimate and associated funding level periodically over the life of the facility.

(e)(1) As provided in paragraphs (e)(2) and (3) of this section, financial assurance is to be provided by the following methods:

(i) Prepayment. Prepayment is the deposit prior to the start of operation into an account segregated from licensee assets and outside the licensee's administrative control of cash or liquid assets such that the amount of funds would be sufficient to pay decommissioning costs. Prepayment may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities.

(ii) External sinking fund. An external sinking fund is 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.

(iii) A surety method, insurance, or other guarantee method. These methods guarantee that decommissioning costs will be paid should the licensee default. A surety method may be in the form of a surety bond, letter

section) of \$1,000,000 or more for any taxable year during the testing period. [Reg. § 1.468A-4.]

[T. D. 8184, 2-29-83.]

**§ 1.468A-5. Nuclear decommissioning fund qualification requirements; prohibitions against self-dealing; disqualification of nuclear decommissioning fund; termination of fund upon substantial completion of decommissioning.**

(a) *Qualification requirements*—(1) *In general.* (i) A nuclear decommissioning fund must be established and maintained at all times in the United States pursuant to an arrangement that qualifies as a trust under State law. Such trust must be established for the exclusive purpose of providing funds for the decommissioning of one or more nuclear power plants, but a single trust agreement may establish multiple funds for such purpose. Thus—

(A) Two or more nuclear decommissioning funds can be established and maintained pursuant to a single trust agreement; and

(B) One or more funds that are to be used for the decommissioning of a nuclear power plant and that do not qualify as nuclear decommissioning funds under this paragraph (a) (nonqualified decommissioning funds) can be established and maintained pursuant to a trust agreement that governs one or more nuclear decommissioning funds.

(ii) A separate nuclear decommissioning fund is required for each electing taxpayer and for each nuclear power plant with respect to which an electing taxpayer possesses a qualifying interest. The Internal Revenue Service shall issue a separate schedule of ruling amounts with respect to each nuclear decommissioning fund and each nuclear decommissioning fund must file a separate income tax return even if other nuclear decommissioning funds or nonqualified decommissioning funds are established and maintained pursuant to the trust agreement governing such fund or the assets of other nuclear decommissioning funds or nonqualified decommissioning funds are pooled with the assets of such fund.

(iii) The assets of two or more nuclear decommissioning funds (whether or not established pursuant to a single trust agreement) can be pooled for the purpose of investing the assets in property described in paragraph (a)(3)(i)(C) of this section if and only if—

(A) The trustee of each nuclear decommissioning fund separately accounts for the contributions, earnings, expenses, and distributions of such fund;

(B) The earnings and expenses are reasonably apportioned among such nuclear decommissioning funds; and

(C) The books and records of such funds enable the Internal Revenue Service to verify that the requirements of section 468A and §§ 1.468A-1 through 1.468A-5, 1.468A-7 and 1.468A-8 are satisfied with respect to each nuclear decommissioning fund.

(iv) The assets of nonqualified decommissioning funds can be pooled with the assets of one or more nuclear decommissioning funds for the purpose of investing the assets in property described in paragraph (a)(3)(i)(C) of this section if and only if the requirements of paragraph (a)(1)(iii)(A) and (C) of this section are satisfied and earnings and expenses are reasonably apportioned among the pooled funds.

(v) An electing taxpayer can maintain only one nuclear decommissioning fund for each nuclear power plant with respect to which the taxpayer elects the application of section 468A. If a nuclear power plant is subject to the ratemaking jurisdiction of two or more public utility commissions and any such public utility commission requires a separate fund to be maintained for the benefit of ratepayers whose rates are established or approved by the public utility commission, the separate funds maintained for such plant (whether or not established and maintained pursuant to a single trust agreement) shall be considered a single nuclear decommissioning fund for purposes of section 468A and §§ 1.468A-1 through 1.468A-5, 1.468A-7 and 1.468A-8. Thus, for example, the Internal Revenue Service shall issue one schedule of ruling amounts with respect to such nuclear power plant (see paragraph (f) of § 1.468A-3), the nuclear decommissioning fund must file a single income tax return (see paragraph (d)(1) of § 1.468A-4), and, if the Internal Revenue Service disqualifies the nuclear decommissioning fund, the assets of each separate fund are treated as distributed on the date of disqualification (see paragraph (c)(3) of this section).

(2) *Limitation on contributions.* Except as otherwise provided in paragraph (b)(2)(ii) of § 1.468A-8 (relating to a special transitional rule), a nuclear decommissioning fund is not permitted to accept any contributions in cash or property other than cash payments with respect to which a deduction is allowed under section 468A(a) and paragraph (a) of § 1.468A-2. Thus, for example, unless the exception contained in paragraph (b)(2)(ii) of § 1.468A-8 applies, securities may not be contributed to a nuclear decommissioning fund even if the taxpayer or a fund established by the taxpayer previously held such securities for the purpose of providing funds for the decommissioning of a nuclear power plant.

**Reg. § 1.468A-5(a)(2)**

Florida Power & Light Company  
Qualified vs Non-qualified  
Decommissioning Fund

**ASSUMPTIONS**

1. Decommissioning Cost \$100,000
2. After Tax Earnings Rate 6%
3. Decommissioning occurs immediately  
at the end of year 5
4. Funds deposited annually at the end  
of the year

FLORIDA POWER & LIGHT COMPANY  
 QUALIFIED VS. NON-QUALIFIED  
 DECOMMISSIONING FUND

QUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700
NET CONTRIBUTION FUND EARNINGS AFTER TAX	88,700
FUNDS BEFORE TAX BENEFIT	11,300
TAX BENEFIT OF DEDUCTION	100,000
TOTAL FUND	0
DECOMMISSIONING COST	100,000
DIFFERENCE	\$ 0

NONQUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700
NET CONTRIBUTION FUND EARNINGS AFTER TAX	(30,160)
FUNDS BEFORE TAX BENEFIT	58,540
TAX BENEFIT OF DEDUCTION	7,460
TOTAL FUND	66,000
DECOMMISSIONING COST	34,000
DIFFERENCE	100,000
	100,000
	\$ 0

(1) YEAR	(2) TAX RATE	(3) REVENUE REQUIREMENT	(4) FUND CONTRIBUTION	(5) FUND EARNINGS AFTER TAX	(6) END OF YEAR FUND BALANCE	(7) REVENUE REQUIREMENT	(8) TAX ON REVENUE REQUIREMENT	(9) FUND CONTRIBUTION	(10) FUND EARNINGS AFTER TAX	(11) END OF YEAR FUND BALANCE
1	34.00%	\$17,740	\$17,740	\$	\$17,740	\$17,740	\$6,032	\$11,708	\$	\$11,708
2	34.00%	17,740	17,740	1,064	36,544	17,740	6,032	11,708	703	24,119
3	34.00%	17,740	17,740	2,193	56,476	17,740	6,032	11,708	1,447	37,274
4	34.00%	17,740	17,740	3,389	77,604	17,740	6,032	11,708	2,236	51,218
5	34.00%	17,740	17,740	4,656	100,000	17,740	6,032	11,708	3,074	66,000
TOTAL		\$88,700	\$88,700	\$11,300	\$100,000	\$88,700	\$30,160	\$58,540	\$7,460	\$100,000

FLORIDA POWER & LIGHT COMPANY  
 QUALIFIED VS. NON-QUALIFIED  
 DECOMMISSIONING FUND

QUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700
NET CONTRIBUTION	0
FUND EARNINGS AFTER TAX	88,700
FUNDS BEFORE TAX BENEFIT	11,300
TAX BENEFIT OF DEDUCTION	100,000
TOTAL FUND	0
DECOMMISSIONING COST	100,000
DIFFERENCE	\$ 0

NON-QUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700
NET CONTRIBUTION	(29,096)
FUND EARNINGS AFTER TAX	59,604
FUNDS BEFORE TAX BENEFIT	7,468
TAX BENEFIT OF DEDUCTION	67,064
TOTAL FUND	28,000
DECOMMISSIONING COST	95,064
DEFICIENCY IN FUND	100,000
	\$ (4,975)

(1) YEAR	(2) TAX RATE	(3) REVENUE REQUIREMENT	(4) FUND CONTRIBUTION	(5) FUND EARNINGS AFTER TAX	(6) END OF YEAR FUND BALANCE	(7) REVENUE REQUIREMENT	(8) TAX ON REVENUE REQUIREMENT	(9) FUND CONTRIBUTION	(10) FUND EARNINGS AFTER TAX	(11) END OF YEAR FUND BALANCE
1	34.00%	\$17,740	\$17,740	\$	\$17,740	\$17,740	\$6,032	\$11,708	\$	\$11,708
2	34.00%	17,740	17,740	1,064	34,544	17,740	6,032	11,708	703	24,119
3	34.00%	17,740	17,740	2,193	54,476	17,740	6,032	11,708	1,447	37,274
4	34.00%	17,740	17,740	3,389	77,406	17,740	6,032	11,708	2,236	51,218
5	28.00%	17,740	17,740	4,656	100,000	17,740	4,968	12,772	3,074	67,064
TOTAL		\$88,700	\$88,700	\$ 11,300	\$100,000	\$88,700	\$29,096	\$59,604	\$7,468	\$95,064
TAX BENEFIT OF DEDUCTION					0					28,000

FLORIDA POWER & LIGHT COMPANY  
 QUALIFIED VS. NON-QUALIFIED  
 DECOMMISSIONING FUND

QUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700
NET CONTRIBUTION FUND EARNINGS AFTER TAX	88,700 11,300
FUNDS BEFORE TAX BENEFIT	100,000
TAX BENEFIT OF DEDUCTION	0
TOTAL FUND	100,000
DECOMMISSIONING COST	100,000
DIFFERENCE	\$ 0

NONQUALIFIED DECOMMISSIONING FUND

REVENUE REQUIREMENT TAX ON REVENUE REQ.	\$ 88,700 (31,224)
NET CONTRIBUTION FUND EARNINGS AFTER TAX	57,476 7,460
FUNDS BEFORE TAX BENEFIT	64,936
TAX BENEFIT OF DEDUCTION	40,000
TOTAL FUND	104,936
DECOMMISSIONING COST	100,000
EXCESS FUND BALANCE	\$ 4,936

(1) YEAR	(2) TAX RATE	(3) REVENUE REQUIREMENT	(4) FUND CONTRIBUTION	(5) FUND EARNINGS AFTER TAX	(6) END OF YEAR FUND BALANCE	(7) REVENUE REQUIREMENT	(8) TAX ON REVENUE REQUIREMENT	(9) FUND CONTRIBUTION	(10) FUND EARNINGS AFTER TAX	(11) END OF YEAR FUND BALANCE
1	34.00%	\$17,740	\$17,740	\$	\$17,740	\$17,740	\$6,032	\$11,708	\$	\$11,708
2	34.00%	17,740	17,740	1,064	36,544	17,740	6,032	11,708	703	24,119
3	34.00%	17,740	17,740	2,193	56,476	17,740	6,032	11,708	1,447	37,274
4	34.00%	17,740	17,740	3,389	77,404	17,740	6,032	11,708	2,236	51,218
5	40.00%	17,740	17,740	4,656	100,000	17,740	7,096	10,644	3,074	64,936
TAX BENEFIT OF DEDUCTION					0					40,000
TOTAL		\$88,700	\$88,700	\$ 11,300	\$100,000	\$88,700	\$31,224	\$57,476	\$7,460	\$104,936