



ORIGINAL

**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

October 18, 1999

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

991617-EJ

Re: Petition of Florida Power Corporation to defer the
filing of its nuclear decommissioning cost study

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen copies
each of the Petition of Florida Power Corporation.

Please acknowledge your receipt of the above filing on the enclosed copy of
this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette
containing the above-referenced documents in WordPerfect format. Thank you for
your assistance in this matter.

Very truly yours,

James A. McGee

JAM/ams
Enclosure

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One Progress Plaza (33701) • Post Office Box 14042 • St. Petersburg, Florida 33733-4042 • (727) 820-5184 Fax: (727) 820-5519

A Florida Progress Company

FPSC - RECORDS & REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation to defer the filing of its nuclear decommissioning cost study.

Docket No. _____

Submitted for filing:
October 18, 1999

P E T I T I O N

Florida Power Corporation (Florida Power, or the Company) hereby petitions the Florida Public Service Commission (the Commission) to defer the filing of its nuclear decommissioning cost study for one year, until December 29, 2000. In support of this petition, Florida Power states as follows:

Introduction

1. Petitioner, Florida Power, is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. Florida Power's General Offices are located at One Progress Plaza, St. Petersburg, Florida, 33701.
2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Facsimile: (727) 820-5519

For express deliveries by private courier, the address is:

One Progress Plaza
Suite 1500
St. Petersburg, FL 33701

Background

3. By Order Nos. 10987 and 12356, issued July 13, 1982 and August 12, 1983 in Docket No. 810100-EU(CI), the Commission established a generic requirement for the filing of future nuclear decommissioning cost studies by investor-owned utilities operating nuclear generating facilities of at least once every five years. Florida Power's last decommissioning study was filed December 30, 1994.

4. To satisfy the filing requirement of December 30, 1999 for its next nuclear decommissioning cost study, Florida Power in due course retained the services of decommissioning and financial consultants to begin the analysis of the costs and funding considerations associated with its Crystal River Unit 3 nuclear plant (CR3) and the preparation of the written study on the unit's estimated decommissioning costs. The study has not yet been completed.

5. On August 23, 1999, Florida Power's parent, Florida Progress Corporation, and Carolina Power & Light Company (CP&L), a public utility operating in portions of North and South Carolina, announced a transaction whereby, upon closing, Florida Progress would become a subsidiary of a new holding company for CP&L, subject to certain regulatory approvals that were expected to be obtained within a one-year period. CP&L owns and operates four nuclear generating plants.

Basis for Deferral

6. During the course of preliminary discussions with CP&L representatives regarding the integration and consolidation of various functions within the two utilities, Florida Power became aware that the decommissioning costs for CP&L's nuclear plants were significantly lower on a per unit basis than those indicated for CR3, based on preliminary study information. At this juncture, Florida Power has

not determined the specific reasons for this differential in the two utilities' decommissioning costs, nor whether this lower level of costs is realizable at CR3. However, Florida Power believes that a substantial portion of the differential may be due to differences in study methodology and/or assumptions or to cost savings achievable from multi-unit economies of scale.

7. The requested deferral in the filing of CR3's decommissioning cost study would afford Florida Power the time necessary to analyze the factors responsible for the cost differential between CR3 and CP&L's nuclear units, identify those factors attributable to the study process (methodology and assumptions) and multi-plant economies of scale and determine which of them are appropriate for application in CR3's study, and then prepare a revised decommissioning cost study incorporating these factors.

8. The deferred filing of a decommissioning cost study which has been revised in the manner described above will facilitate the establishment of more realistic and reasonable decommissioning accruals in the future and provide a greater opportunity to reduce the level of decommissioning costs supported by Florida Power's customers.

9. Florida Power proposes to continue the currently approved accruals to its nuclear decommissioning trust funds during the deferral period. Based on current fund balances and projected earnings, this level of funding will be more than adequate to maintain the capability of the funds to meet future decommissioning costs at the time they are incurred, even when the relatively high decommissioning costs indicated by preliminary study information are taken into account. Accordingly, the integrity of Florida Power's nuclear decommissioning funds will not be prejudiced by the requested deferral.

WHEREFORE, Florida Power Corporation respectfully requests that the Commission grant this petition and defer the filing of the Company's next nuclear decommissioning cost study one year, until December 29, 2000.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By


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