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June 30, 2000

Ms. Blanca Bayo
Director of Records and Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 000543 - Proposed Decommissioning Rule

Dear Ms. Bayo:

As requested at the Workshop on June 7, 2000, Florida Power & Light has attached its recommended changes to the proposed decommissioning rule.

If you have any questions regarding the comments, please call me at (305) 552-4790.

Sincerely,

Donald L. Babka
Donald L. Babka
Director, Regulatory and Tax Accounting

Attachment

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25-6.04365 Nuclear Decommissioning.

1 (1) Purpose. The purpose of this rule is to codify the
2 Commission's procedures associated with establishing appropriate
3 decommissioning accruals policy of requiring each utility that owns
4 a nuclear generating plant to maintain a nuclear decommissioning
5 trust fund to ensure there are sufficient funds on hand at the time
6 of decommissioning to meet all required expenses at the lowest cost
7 to the utility's ratepayers. This rule requires each utility to file
8 a Nuclear Decommissioning Study on a regular basis, the purpose of
9 which is to obtain sufficient information to update cost estimates
10 based on new developments, additional information, technological
11 improvements, and forecasts; to reevaluate alternative
12 methodologies; and to revise the annual accrual needed to recover
13 the costs.

14 (2) Definitions. For the purpose of this rule, the following
15 definitions shall apply:

16 (a) "Contingency." A specific provision for unforeseeable
17 elements of cost within the defined project scope, which is
18 particularly important where previous experience relating estimates
19 and actual costs have had shown that unforeseeable events which
20 will increase costs are likely to occur.

21 (b) "Decommissioning." The process used to safely remove a
22 nuclear facility or site safely from service dismantling and
23 removing materials and equipment that remain at the nuclear
24 generating unit following its retirement and are no longer used and
25 useful.

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~~struck through~~ type are deletions from existing law.

(3) Nuclear Decommissioning Study. Each utility shall file a site-specific nuclear decommissioning study at least once every five years from the submission date of the previous study unless otherwise required by the Commission. At a minimum, each utility's nuclear decommissioning study shall include:

(a) A narrative describing each nuclear unit, including the in-service date and the date of operating license expiration.

(b) A list of all entities owning an interest in each nuclear unit, the percent ownership of each entity, and documentation showing ~~that~~ the status of each entity ~~is~~ in providing its share of the total decommissioning costs.

(c) A narrative explaining plans for spent nuclear fuel storage and removal at each nuclear unit, including, at a minimum, the date on-site spent fuel pool storage capacity will be lost, the date spent nuclear fuel is expected to be removed from the plant site, and the estimated costs for on-site dry storage to accommodate the decommissioning of the unit.

(d) The decommissioning study methodology.

(e) A summary of the major assumptions used in the study.

(f) The methodology selected to decommission each nuclear unit and support for the selection.

(g) The method of providing financial assurance. If funding ~~is~~ selected, show the amounts qualified and non-qualified for each year since the prior study, and also the method assumed in the calculation of the proposed annual accrual.

(h) The total utility and jurisdictional decommissioning cost

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estimates in current dollars for each unit.

1 (i) The total utility and jurisdictional decommissioning cost
2 estimates in future dollars for each unit.

3 (j) For each year, the estimated amount of the nuclear trust
4 fund to be expended.

5 (k) The projected date each nuclear unit will no longer be
6 included in rate base for ratemaking purposes.

7 (l) For each nuclear unit, a comparison of the current
8 approved annual decommissioning accruals with those proposed.
9 Current accruals shall be identified as to the effective date and
10 proposed accruals to the proposed effective date.

11 (m) The assumed fund earnings rate, net of tax, used in the
12 calculation of the decommissioning accrual and supporting
13 documentation for the rate proposed by the utility. ~~The rate shall
14 be at least the rate of inflation measured by the long term average
15 Consumer Price Index at the time of the decommissioning study.~~

16 (n) The methodology and escalation rate used in converting
17 the current estimated decommissioning costs to future estimated
18 decommissioning costs and supporting documentation and analyses.

19 (o) The annual revenue requirement of the proposed
20 decommissioning cost estimates.

21 (p) A reconciliation of the decommissioning fund balance and
22 the decommissioning reserve balance as of the effective date of the
23 revised decommissioning accruals proposed by the utility. The
24 reconciliation shall show the fund balances for the qualified fund,
25 the nonqualified fund, and the total fund. The fund balance may

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involve estimates.

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

4 (r) ~~All~~ Supporting schedules, analyses, and data used in
5 developing the decommissioning cost estimates and ~~annual~~ accruals
6 proposed by the utility. Supporting schedules shall include the
7 inflation and funding analyses.

8 (4) Accumulation of Annual Accruals.

9 (a) The decommissioning annual accrual shall be calculated
10 using the current cost estimates, external sinking fund method. In
11 ~~determining the annual decommissioning accrual, the current cost~~
12 ~~estimate is~~ escalated to the expected dates of actual
13 decommissioning. ~~A sinking fund annuity is then calculated to~~
14 ~~determine the annual accrual. The annual accrual plus the earnings~~
15 ~~on the annuities, net of taxes, will grow to the escalated~~
16 ~~decommissioning amount.~~

17 (b) Decommissioning ~~annual~~ accruals shall be accumulated
18 monthly based on a Commission approved method in an externally
19 ~~funded reserve~~ to assure that the costs for decommissioning are
20 available provided for at the expiration of the nuclear unit's
21 operating license. ~~Contributions to the decommissioning trust fund~~
22 ~~shall be made on a monthly basis.~~

23 (c) A utility shall not change its annual nuclear
24 decommissioning accruals without prior Commission approval.

25 (5) Nuclear Decommissioning Fund Performance. The Commission

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will review and evaluate each utility's investment performance to
1 determine ~~whether the appropriateness of~~ the decommissioning fund
2 ~~earnings at least the rate of inflation.~~

3 (6) License Renewal. Each utility shall provide the Director
4 of the Division of ~~Economic Regulation Auditing and Financial~~
5 ~~Analysis~~ with a ~~copy of any~~ written summary of license renewal
6 major milestones communication between the Nuclear Regulatory
7 Commission and the utility concerning license renewal within 21 ~~15~~
8 days of receipt or mailing. Major milestones include: (1) notice
9 of intent to request a license renewal, (2) the submittal of a
10 renewal license application to the NRC, (3) issuance of the renewal
11 license by the NRC to the applicant, and (4) the utility's economic
12 decision to extend the operation of the nuclear unit during the
13 renewal term or to cease operation during the current license term.
14 ~~Written communications include correspondence, petitions,~~
15 ~~pleadings, and electronic filings.~~

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

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

18 History: New.

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