



Florida Power
A Progress Energy Company

C. S. Hinnant
Senior Vice President and
Chief Nuclear Officer

Serial: PE&RAS-02-053
August 8, 2002

United States Nuclear Regulatory Commission
ATTENTION: Document Control Desk
Washington, DC 20555

**CRYSTAL RIVER UNIT 3 NUCLEAR GENERATING PLANT
DOCKET NO. 50-302 / LICENSE NO. DPR-72**

DECOMMISSIONING TRUST FUND CORRECTION

Ladies and Gentlemen:

Florida Power Corporation (FPC) is a rate-regulated utility and is subject to the jurisdiction of the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). To comply with FPSC orders and FERC direction, FPC intends to withdraw excess 2001 decommissioning trust fund contributions and suspend FPSC contributions to the decommissioning trust fund from 2002 through 2005.

On 1/30/02, FPSC Order PSC-02-0136-CO-EI consummated FPSC Order PSC-02-0055-PAA-EI dated 1/7/02. These orders reduced, retroactively, the required calendar year 2001 FPC decommissioning fund contributions for Crystal River Unit 3 (CR3). Similarly, the FERC also retroactively reduced the FERC based CR3 decommissioning fund contributions for calendar year 2001 (FERC Letter Order, Docket Nos. AC02-16-000 and AC02-16-001, dated April 3, 2002).

On 5/14/02, FPSC Order PSC-02-0655-AS-EI directed FPC to suspend FPSC-based contributions to the decommissioning trust fund through 2005. No later than December 2005, FPC is required to file with the FPSC an updated decommissioning cost study. The requirement to perform a cost study every five years is ordered by Rule 25-6.04365, Florida Administrative Code.

The above described changes in decommissioning funding arrangements should amend the information reported by FPC in accordance with 10 CFR 50.75 (f)(1) in our letter to the NRC dated 3/28/02.

The total amount withdrawn will be approximately \$14 million. Conservatively, assuming FPC suspends all future contributions, and using a 2% real rate of return, the remaining trust fund balance satisfies the required 10 CFR 50.75 (c) calculated minimum at the end of licensed operation in 2016. However, it should be noted that the 2% real rate of return, as outlined in the regulation, may vary based on the rate setting authority authorizing the use of another rate, also prescribed in 10 CFR 50.75.

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FPC requests that any reply concerning this intended action be made as soon as possible. In order to comply with federal income tax laws and regulations with respect to the CR3 qualified (pursuant to Treasury Regulation Section 1.468A) decommissioning funds, FPC will withdraw the excess funds by September 15, 2002.

There are no new regulatory commitments made in this submittal. Please contact Robert Hill at (919) 546-6967 if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Stinnant". The signature is fluid and cursive, with the first letter "C" being large and prominent.

RGH

c: L. A. Reyes, Regional Administrator - Region II
USNRC Senior Resident Inspector – CR-3
J. M. Goshen, NRR Project Manager – CR-3
B. E. Thomas, (Mail Stop OWFN 11 F1)
S. L. Uttal, (Mail Stop OWFN 15 D21)