



JUL 27 2009

L-2009-172
10 CFR 50.4
10 CFR 50.75

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

Re: NextEra Energy Duane Arnold, LLC
Duane Arnold Energy Center
Docket No. 50-331

NextEra Energy Point Beach, LLC
Point Beach Nuclear Plant, Units 1 and 2
Docket Nos. 50-266, 50-301

Subject: Decommissioning Funding Status and Financial Assurance Plan

The purpose of this letter is (1) for the above-referenced NextEra Energy project companies to provide information to the Nuclear Regulatory Commission (NRC) that was requested during a telephone conference on June 30, 2009, regarding the decommissioning funding status for NextEra Energy's ownership interests in the Duane Arnold Energy Center (DAEC) and the Point Beach Nuclear Plant, Units 1 and 2 (PBNP); and (2) to provide the decommissioning funding status and financial assurance plan for Central Iowa Power Cooperative's (CIPCO) interests in DAEC, also as requested by NRC on the June 30, 2009 telephone conference.

A. NextERA Interests in DAEC and PBNP

1. Decommissioning Funding Status for NextEra Interests in DAEC and PBNP

As of June 30, 2009, the following is the decommissioning funding status for the subject NextEra Energy nuclear plants:¹

DAEC (70% ownership interest)

Present value of NRC Minimum Calculation pursuant to 10 CFR 50.75:	\$299,948,183
Trust Balance as of 6/30/09:	\$167,502,632
Funding Difference:	(\$132,445,551)

¹ In calculating the funding status for the NextEra Energy nuclear plants, NextEra has used the same methodology used in (then) FPL Energy's license transfer applications for DAEC (2005) and PBNP (2007).

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PBNP Unit 1 (100% ownership interest)

Present value of NRC Minimum Calculation pursuant to 10 CFR 50.75:	\$209,310,315
Trust Balance as of 6/30/09:	\$196,376,577
Funding Difference:	(\$12,933,739)

PBNP Unit 2 (100% ownership interest)

Present value of NRC Minimum Calculation pursuant to 10 CFR 50.75:	\$199,497,823
Trust Balance as of 6/30/09:	\$185,032,113
Funding Difference:	(\$14,465,710)

2. Proposed Decommissioning Financial Assurance Plans for NextEra Interests in DAEC and PBNP

DAEC: In order to address the funding difference for DAEC, NextEra Energy Duane Arnold will cause FPL Group Capital Inc to amend the existing decommissioning funding parent guaranty for \$93 million to increase the value of that parent guaranty to \$132.5 million, representing the difference between the adjusted value of the decommissioning funds on hand and NextEra Energy Duane Arnold's share of the amount required by NRC regulations. The revised parent guaranty will be in compliance with the NRC's financial test for parent guarantees, in accordance with 10 CFR § 50.75(e)(1)(iii)(B) and 10 CFR Part 30, App. A. Absent a further sale or transfer requiring NRC approval, this parent guaranty will not terminate until DAEC permanently ceases commercial operation or unless terminated in accordance with the cancellation provisions specified in NRC regulations, and may not be modified or amended without 30 days prior written notice to the NRC. NextEra Energy Duane Arnold will recalculate the required decommissioning funding assurance level each year, as required by 10 CFR 50.75(b)(2), and if necessary each year will obtain an appropriate adjustment in the amount of the parent guarantee or otherwise provide for decommissioning funding assurance in the amount required.

PBNP Unit 1: In order to address the funding difference for PBNP Unit 1, NextEra Energy Point Beach will cause FPL Group Capital Inc to issue a decommissioning funding parent guaranty for \$13 million, representing the difference between the adjusted value of the decommissioning funds on hand and the NRC formula minimum amount required by NRC regulations. This parent guaranty will be in compliance with the NRC's financial test for parent guarantees, in accordance with 10 CFR § 50.75(e)(1)(iii)(B) and 10 CFR Part 30, App. A. Absent a further sale or transfer requiring NRC approval, this parent guaranty will not terminate until PBNP Unit 1 permanently ceases commercial operation or unless terminated in accordance with the cancellation provisions specified in NRC regulations, and may not be modified or amended without 30 days prior written notice to the NRC. NextEra Energy Point Beach will recalculate the required decommissioning funding assurance level for PBNP Unit 1 each year, as required by 10 CFR 50.75(b)(2), and if necessary each year will obtain an appropriate adjustment in the amount of the parent guarantee or otherwise provide for decommissioning funding assurance in the amount required.

PBNP Unit 2: In order to address the funding difference for PBNP Unit 2, NextEra Energy Point Beach will cause FPL Group Capital Inc to issue a decommissioning funding parent guaranty for \$14.5 million, representing the difference between the adjusted value of the decommissioning funds on hand and the NRC formula minimum amount required by NRC regulations. This parent guaranty will be in compliance with the NRC's financial test for parent guarantees, in accordance with 10 CFR § 50.75(e)(1)(iii)(B) and 10 CFR Part 30, App. A. Absent a further sale or transfer requiring NRC approval, this parent guaranty will not terminate until PBNP Unit 2 permanently ceases commercial operation or unless terminated in accordance with the cancellation provisions specified in NRC regulations, and may not be modified or amended without 30 days prior written notice to the NRC. NextEra Energy Point Beach will recalculate the required decommissioning funding assurance level for Point Beach Unit 2 each year, as required by 10 CFR 50.75(b)(2), and if necessary each year will obtain an appropriate adjustment in the amount of the parent guarantee or otherwise provide for decommissioning funding assurance in the amount required.

Timing: NextEra Energy plans to implement the proposed decommissioning financial assurance plan for DAEC and PBNP Units 1 and 2 by no later than December 31, 2009.

The detailed calculations supporting NextEra's conclusions regarding the NRC formula amounts and the adjusted trust fund balances are set forth in the Enclosures to this letter (Enclosure 1 for DAEC; Enclosure 2 for PBNP Unit 1; and Enclosure 3 for PBNP Unit 2).

B. CIPCO Interests in DAEC

1. Decommissioning Funding Status for CIPCO Interests in DAEC

As of June 30, 2009, the following is the decommissioning funding status for CIPCO's interests in DAEC:

DAEC (20% ownership interest)

NRC Minimum Calculation (10 CFR 50.75): \$100,709,303

Trust Balance adjusted per 10 CFR 50.75: \$101,632,438 (revised – see Enclosure 4)

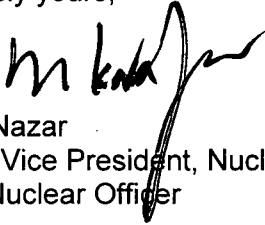
Funding Difference: \$923,135

2. Proposed Decommissioning Financial Assurance Plan for CIPCO Interests in DAEC

In order to ensure decommissioning funding assurance for CIPCO's 20% ownership interest in DAEC, CIPCO has changed its decommissioning trust contribution schedule to ensure that CIPCO's decommissioning obligations are met at the time that DAEC is permanently shut down. The detailed calculations supporting CIPCO's conclusions regarding the NRC formula amounts and the adjusted trust fund balances are set forth in Enclosure 4 to this letter. CIPCO's decommissioning funding assurance is immediately effective.

Should you have any questions concerning this letter, please contact Mitchell Ross, Vice President and General Counsel – Nuclear at 561-691-7126, or Lisa Fuca, Nuclear Business Operations, at 561-691-7604.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Mano Nazar', written over a horizontal line.

Mano Nazar
Senior Vice President, Nuclear and
Chief Nuclear Officer

cc: Robert Norcross – Public Service Commission of Wisconsin

Enclosures

Enclosure 1

Decommissioning Funding Status
Duane Arnold Energy Center
NextEra 70% Ownership Interest

NRC Minimum: 70% Share \$ 352,482,561

Assumptions:

Real Rate of Return	2%
License Expiration	2/21/2014
Years Until Decommissioning	4.65
Decom Period Years	7
Years Assumed for Present Value Calculation (includes 50% Decom Period)	8.15
Trust Balance as of 6/30/09	\$ 167,502,632

Calculation of NRC Minimum and Funding Assurance:

Next Era Duane Arnold's 70% Share of DAEC	\$ 352,482,561
Years Until Decommissioning including 50% Decom Period Years	8.15
Real Rate of Return	2%
Present Value of NRC Minimum for Next Era 70% Share of DAEC	\$ 299,948,183
Balance as of 6/30/09	\$ 167,502,632
Amount of Surplus (Deficit) Covered by Corporate Guarantee	\$ (132,445,551)

Enclosure 2
Decommissioning Funding Status
Point Beach Nuclear Plant, Unit 1
NextEra 100% Ownership Interest

NRC Minimum

341,899,272

Assumptions:

	<u>Unit 1</u>
Real Rate of Return	2%
License Expiration	10/5/2030
Years Until Decommissioning	21.3
Post Shut Down Years	7
Years Assumed for Present Value Calculation (includes 50% Decom Period)	24.8
Trust Balance as of 6/30/09	196,376,577

Calculation of NRC Minimum and Funding Assurance:

Point Beach NRC Minimum	341,899,272
Real Rate of Return	2%
Present Value of NRC Minimum	209,310,315
Balance as of 6/30/09	196,376,577
Amount of Surplus (Deficit) Covered by Corporate Guarantee	<u>(12,933,739)</u>

Enclosure 3
Decommissioning Funding Status
Point Beach Nuclear Plant, Unit 2
NextEra 100% Ownership Interest

NRC Minimum

341,899,272

Assumptions:

	<u>Unit 2</u>
Real Rate of Return	2%
License Expiration	3/8/2033
Years Until Decommissioning	23.7
Post Shut Down Years	7
Years Assumed for Present Value Calculation (includes 50% Decom Period)	27.2
Trust Balance as of 6/30/09	185,032,113

Calculation of NRC Minimum and Funding Assurance:

Point Beach NRC Minimum	341,899,272
Real Rate of Return	2%
Present Value of NRC Minimum	199,497,823
Balance as of 6/30/09	185,032,113
Amount of Surplus (Deficit) Covered by Corporate Guarantee	<u>(14,465,710)</u>

Enclosure 4

Decommissioning Funding Status
Duane Arnold Energy Center
CIPCO 20% Share

NRC Minimum: 20% Share \$ 100,709,303

Assumptions:

Real Rate of Return	4%
License Expiration	2/21/2014
Years Until Decommissioning	4.65
Decom Period Years	7
Trust Balance as of 6/30/09	\$ 27,493,944

Future Value:

Trust Fund Balance as of 2/21/2014	\$ 32,994,263
Accumulated Annuity as of 2/21/2014	\$ 54,773,813
Total Decomm Funds as of 2/21/2014	\$ 87,768,076
Decom Period Earnings	\$ 13,864,362
Total	\$ 101,632,438
NRC Minimum	\$ 100,709,303
Over	\$ 923,135

Central Iowa Power Cooperative Annuity Calculation

Termination of Operations: 2/21/2014

Year	Annuity	Real Rate of Return	Total Accumulation
2009	\$ 500,000	4%	\$ 600,027.83
2010	\$ 1,000,000	4%	\$ 1,176,525.15
2011	\$ 15,000,000	4%	\$ 16,969,112.76
2012	\$ 15,000,000	4%	\$ 16,316,454.57
2013	\$ 15,000,000	4%	\$ 15,688,898.63
2014	\$ 4,000,000	4%	\$ 4,022,794.52
			<u>\$ 54,773,813.46</u>