



OCT 27 2009

L-2009-242
10 CFR 50.4
10 CFR 50.75

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

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

Subject: Response to Request for Additional Information

By letter dated September 30, 2009, the Nuclear Regulatory Commission Staff (NRC) issued a Request for Additional Information (RAI) related to the decommissioning funding status for NextEra Energy's ownership interests in the Point Beach Nuclear Plant, Units 1 and 2 (PBNP). NextEra Energy's response to the Staff's RAI is provided in the Enclosure to this letter.

Should you have questions regarding NextEra Energy's response to the Staff's RAI, 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 'M. Nazar', is written over the typed name and title.

Mano Nazar
Senior Vice President, Nuclear and
Chief Nuclear Officer

cc: Robert Norcross – Public Service Commission of Wisconsin

Enclosure

A001
NRR

Enclosure – NRC Staff Request for Additional Information – Point Beach Nuclear Plant, Units 1 and 2

The NRC staff has reviewed your submittal, dated July 27, 2009, outlining FPL Energy Point Beach, LLC's (FPL Energy) proposed plan of action to cover the shortfall in decommissioning funding assurance. Based on the Biennial Decommissioning Funding Report submitted on or about March 31, 2009, the NRC staff estimated a projected shortfall of approximately \$43 million for Unit 1 and \$46 million for Unit 2, as of December 31, 2008.

In your July 27, 2009 submittal, FPL Energy states that the decommissioning trust fund balance as of June 30, 2009, has grown to \$196.4 million, an increase of \$15.4 million for Unit 1, and has grown to \$185.0 million, an increase of \$14.5 million for Unit 2 from the December 31, 2008 balance indicated in the Biennial Decommissioning Funding Report that was submitted on or about March 31, 2009, by FPL Energy Point Beach, LLC.

FPL Energy has also proposed the use of a Parent Company Guarantee, based on a value derived by discounting the Minimum Decommissioning Funding Formula amount from the projected value at the time of permanent secession of operations, to a present value at the end of calendar 2009. FPL Energy proposed that the combination of the increased decommissioning trust fund balance as of June 30, 2009, along with the proposed discounted Parent Company Guarantee, will provide adequate decommissioning funding assurance.

On July 27, 2009 FPL submitted a plan on behalf of the licensed owner FPL Energy, the 100 percent owner of Point Beach Nuclear Plant, Units 1 and 2, as part of the concurrent 2009 Biennial Decommissioning Review process, which describes how and when it intends to make adjustments to financial assurance mechanisms such that any shortfalls in decommissioning funding assurance for Point Beach Nuclear Plant, Units 1 and 2 are covered.

On page 2 of the decommissioning funding plan submitted, the licensee stated:

In order to address the funding difference for Point Beach 1, FPL Energy will cause FPL Group Capital Inc. to issue a decommissioning funding parent (company) guaranty for \$13 million for Unit 1 and \$14.5 million for Unit 2 [which is based on a] present value of NRC Minimum Calculation pursuant to 10 CFR 50.75.

10 CFR 50.75 (b)(1) states:

(b) Each power reactor applicant for or holder of an operating license, and each applicant for a combined license under subpart C of 10 CFR part 52 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 10 CFR 50.33(k).

(1) For an applicant for or holder of an operating license under part 50, the report must contain a certification that financial assurance for decommissioning will be (for a license applicant), or has been (for a license holder), 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 using a rate at least equal to that stated in paragraph (c)(2) of this section. (Emphasis added.)

NRC recognizes that if \$13 million for Unit 1 and \$14.5 million for Unit 2 were deposited in cash into the prepaid account, the increased balance would provide adequate financial assurance, as of June 30, 2009. The reason is that actual funds in a prepaid account can generate earnings.

However, FPL Energy's plan to provide a parent company guarantee (PCG) in the amount of \$13 million for Unit 1, and \$14.5 million for Unit 2, does not meet the requirements of 10 CFR 50.75(e)(1)(i). The PCG is a promise by the parent company to pay the decommissioning obligations of the licensee in the event the licensee fails to pay for decommissioning costs. By its nature, the PCG has no funds from which earnings can be generated. Your plan would generate earnings only on the actual balance in the account. The sum of the \$196,376,577 balance plus earnings on the balance plus a \$13 million for Unit 1 PCG and the sum of the \$185 million balance plus earnings on the balance plus a \$14.5 million for Unit 2 PCG would not cover the minimum NRC requirement of 10 CFR 50.75(c), as of July 31, 2009.

In view of the above, provide a revised plan to cover the projected shortfall using a method that conforms to one of the methods provided in 10 CFR 50.75.

NextEra Response to RAI:

As described in NextEra letter L-2009-207, the funding differences for the PBNP decommissioning trusts between the adjusted value of the decommissioning trusts on hand and the NRC minimum formula amount required by NRC regulations have become positive due to earnings on those funds. Accordingly, no additional form of funding assurance is required. This result is the same whether the present value method is used or whether the NRC's current method that does not permit a present value calculation is used. Accordingly, NextEra respectfully submits that NextEra's decommissioning funding plan for PBNP Units 1 and 2 is in compliance with NRC decommissioning funding regulations.

Without conceding that the NRC's position that the present value of the NRC formula minimum amount cannot be used is correct, the following are decommissioning funding calculations for PBNP Units 1 and 2 using the NRC's position.

	<u>Unit 1</u>	<u>Unit 2</u>
Point Beach: NRC Minimum ⁽¹⁾	342,997,317	342,997,317

Assumptions:

Real Rate of Return	2%	2%
License Expiration	10/5/2030	3/8/2033
Years Until Decommissioning (as of 8/31/09)	21.11	23.53
Post Shut Down Years	7	7
Trust Balance as of 8/31/09	215,515,628	203,065,522

Future Value:

Fund Balance	327,359,433	323,619,554
Decom Period	24,336,828	24,058,795
Total	351,696,261	347,678,348
NRC Minimum	(342,997,317)	(342,997,317)
Amount of Surplus (Deficit)	8,698,944	4,681,032

⁽¹⁾ Bureau of Labor Statistics Data:

- Employment Cost Index - Series ID: CIU0000000230I (Midwest Region) 2nd quarter 2009
- Producer Price Index - Commodities :
 Series ID: wpu0573 (light fuel oils) and wpu0543 (industrial electric power) - Preliminary July 2009