



FPL

Florida Power & Light Company, 700 Universe Boulevard, P.O. Box 14000, Juno Beach, FL 33408-0420

MAY 25 2010

L-2010-104
10 CFR 50.4
10 CFR 50.75

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

Re: Florida Power and Light Company
St. Lucie Units 1 and 2
Docket Nos. 50-335, 50-389
Turkey Point Units 3 and 4
Docket Nos. 50-250, 50-251

NextEra Energy Seabrook, LLC
Seabrook Station
Docket No. 50-443

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

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

Response to Request for Additional Information

By letter dated May 12, 2010, the Nuclear Regulatory Commission (NRC) Staff issued Requests for Additional Information (RAIs) related to the decommissioning funding status for Point Beach Units 1 and 2, Turkey Point Units 3 and 4, and St. Lucie Units 1 and 2. Responses to the Staff's RAIs are provided in the Enclosure to this letter.

Should you have questions regarding the responses to the Staff's RAIs, 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,

Larry Nicholson
Director of Licensing

Enclosure

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Enclosure - NRC Staff's Requests for Additional Information

The following requests for additional information are in response to the Biennial Decommissioning Funding Status Report, dated March 27, 2009, from Florida Power & Light Company (FPL). Since the licensee and its management are in possession of all facts relating to a licensee's decommissioning trust funds, they are responsible for the completeness and accuracy of the information they provide under the provisions of Title 10 of the Code of Federal Regulations (10 CFR) Part 50.9.

Per 10 CFR 50.75(e)(2)

The NRC [Nuclear Regulatory Commission] reserves the right to take the following steps in order to ensure a licensee's adequate accumulation of decommissioning funds: review, as needed, the rate of accumulation of decommissioning funds; and, either independently or in cooperation with the FERC [Federal Energy Regulatory Commission] and the licensee's State PUC [Public Utility Commission], take additional actions as appropriate on a case-by-case basis, including modification of a licensee's schedule for the accumulation of decommissioning funds.

Question 1

As part of the 2009 Biennial Decommissioning Report, FPL reported fund balances for decommissioning trusts as of December 31, 2008, as follows:

Point Beach Unit 1: \$180.9 million

Point Beach Unit 2: \$170.5 million

As part of the 2007 Biennial Decommissioning Report, Nuclear Management Company, LLC reported fund balances for decommissioning trusts as of December 31, 2006, as follows:

Point Beach Unit 1: \$438.6 million

Point Beach Unit 2: \$442.9 million

Please explain, in sufficient detail, the reasons for the declines in fund values of 58 percent for Point Beach Unit 1 and 61 percent for Point Beach Unit 2.

FPL/NextEra Response to Question 1

The declines in the reported decommissioning trust values from 2007 to 2009 for the Point Beach decommissioning trusts were caused by two factors: (1) the 2007 license transfer associated with the sale of the two Point Beach units from Wisconsin Electric Power Company (WEPCO) to NextEra Energy Point Beach, LLC (formerly FPL Energy Point Beach, LLC); and (2) market losses suffered as a result of the financial market downturn of 2008-2009.

The WEPCO trust fund values reported in 2007 for Point Beach Units 1 and 2 were \$438.6 million and \$442.9 million, respectively. In approving the transfer of the Point Beach licenses to NextEra Energy Point Beach, the NRC required only that an amount sufficient to meet the NRC minimum funding requirement under 10 CFR 50.75 be transferred and deposited into the NextEra Energy Point Beach decommissioning trusts. The NRC's July 31, 2007 "Order Approving the Transfer of Licenses and Conforming Amendments" (Reference 1) approved the license transfer, subject to several conditions. One of those conditions was the following:

At the time of the closing of the transfer of the licenses from Wisconsin Electric Power Company (WEPCO) to FPLE Point Beach, WEPCO shall transfer to FPLE Point Beach WEPCO's decommissioning funds in an aggregate minimum value of \$200.8 million for Point Beach, Unit 1 and \$189.2 million for Point Beach, Unit 2. FPLE Point Beach shall deposit such funds in an external decommissioning trust fund established by FPLE Point Beach for Point Beach Units 1 and 2. The trust agreement shall be in a form acceptable to the NRC.

Accordingly, \$200.8 million and \$189.2 million were transferred at the closing of the sale in September 2007 and deposited in the NextEra Energy Point Beach external decommissioning trust funds for Units 1 and 2, respectively. In the fall of 2008, one year after the closing of the sale, international financial markets experienced a historic downturn, which had an impact on Point Beach decommissioning trust balances. By December 31, 2008, the fund values for Units 1 and 2 were \$180.9 and \$170.5 million, respectively, as reported in the March 2009 Decommissioning Funding Status Report (Reference 2).

On October 27, 2009, NextEra Energy Point Beach submitted updated market values for the two Point Beach units as of August 31, 2009 - \$215.5 million for Unit 1 and \$203 million for Unit 2 (Reference 3). This demonstrated that the market recovery allowed the trust values to return to levels sufficient to meet NRC funding requirements. By letters dated December 16, 2009, the NRC concluded that no further action was required to demonstrate adequate decommissioning funding assurance for Point Beach Units 1 and 2. (Reference 4 and 5). The trust funds experienced continued recovery through December 31, 2009, with the balances increasing approximately \$16 and \$15 million for Unit 1 and Unit 2, respectively, from the reported August 31 balances. The response to Question No. 7 provides the trust fund balances as of December 31, 2009.

Question 2

As part of the 2009 Biennial Decommissioning Report, FPL reported fund balances for decommissioning trusts as of December 31, 2008, as follows:

St. Lucie Unit 1: \$561.8 million

St. Lucie Unit 2: \$535.1 million

As part of the 2007 Biennial Decommissioning Report, FPL reported fund balances for decommissioning trusts as of December 31, 2006, as follows:

St. Lucie Unit 1: \$342.6 million

St. Lucie Unit 2: \$381.9 million

Please explain, in sufficient detail, the reasons for the increases in fund values.

FPL/NextEra Response to Question 2

Florida Power & Light Company (FPL) is a rate-regulated electric utility, subject to the authority of the Florida Public Service Commission (FPSC). Decommissioning accruals for the four FPL reactors (Turkey Point Units 3 and 4 and St. Lucie Units 1 and 2) are subject to FPSC review every five years. Decommissioning funding accruals for FPL were suspended in 2005 as the result of a rate settlement. An additional decommissioning funding review is scheduled to occur in late 2010.

Historically, the FPSC authorized accruals for license termination costs, spent fuel management costs, and site restoration costs. These funds are commingled and are not earmarked or otherwise divided into subaccounts. Prior to 2009, FPL reported a specific portion of the total fund to the NRC, representing the amount allocated to license termination costs based upon the latest site-specific cost study submitted to the FPSC. This method is described in further detail in the response to Question 6.

On November 26, 2008, the NRC sent a letter to FPL (Reference 6) stating that "[b]ecause FPL does not earmark the three cost components, FPL should be reporting all funds within the external trust to the NRC as radiological decommissioning (license termination costs)." Accordingly, in the March 2009 Decommissioning Funding Status Report (Reference 2), FPL reported the entire trust balances for the St. Lucie and Turkey Point units instead of reporting the portion attributable to license termination costs under the cost study. This reporting method was described in the cover letter of the decommissioning funding status report and also in a footnote in the report for each Turkey Point and St. Lucie unit. This modified reporting method accounts for the large increase in the reported trust values from 2007 to 2009.

Question 3

As part of the 2009 Biennial Decommissioning Report, FPL reported fund balances for decommissioning trusts as of December 31, 2008, as follows:

Turkey Point Unit 3: \$479.2 million

Turkey Point Unit 4: \$538 million

As part of the 2007 Biennial Decommissioning Report, FPL reported fund balances for decommissioning trusts as of December 31, 2006, as follows:

Turkey Point Unit 3: \$348.4 million

Turkey Point Unit 4: \$366.2 million

Please explain, in sufficient detail, the reasons for the increases in fund values.

FPL/NextEra Response to Question 3

See answer to Question 2, above.

Question 4

Please provide the name and address of the fund manager or managers who provide investment oversight for the trust funds for the above referenced plants. Also provide the annual asset allocation of each trust fund, including a general description of each asset class and the percentage of the fund allocated to that class for each trust fund for calendar years 2006, 2007 and 2008.

FPL/NextEra Response to Question 4

Point Beach Units 1 & 2

Fund Managers -

BlackRock Institutional Trust Company, N.A.
400 Howard Street
San Francisco, CA 94105

Delaware Investments
2005 Market Street
Philadelphia, PA 19103

The Bank of New York Mellon
One Wall Street
New York, NY 10005

Fund Allocation-

December 31, 2006

- NextEra Energy Point Beach, LLC acquired the two units in September 2007.

December 31, 2007

- 100% cash and cash equivalents

December 31, 2008

- 39% U.S. equity
- 13% Non-U.S. equity
- 26% Fixed Income
- 22% Cash and cash equivalents

St. Lucie Units 1 & 2 (FPL Share) and Turkey Point Units 3 & 4

Fund Managers -

The Bank of New York Mellon
One Wall Street
New York, NY 10005

SSgA
State Street Financial Center
One Lincoln Street
Boston, MA 02111

NISA Investment Advisors
150 North Meramec, Suite 640
St. Louis, MO 63105-3753

JP Morgan
383 Madison Ave
New York, NY 10179

Delaware Investments
2005 Market Street
Philadelphia, PA 19103

Pyramis Global Advisors
900 Salem Street
Mail Zone OT3N1
Smithfield, RI 02917

Fund Allocation-

December 31, 2006

- 45% U.S. equity
- 55% Fixed Income

December 31, 2007

- 45% U.S. equity
- 55% Fixed Income

December 31, 2008

- 32% U.S. equity
- 68% Fixed Income

General description of the asset classes:

Cash and cash equivalents are assets that are short-term, generally with an average maturity of 90 days or less, and of high quality, generally rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services.

U.S. equities represent investments in publicly traded stocks of American companies included on U.S. stock exchanges.

Non-US equities are investments in publicly traded stocks of companies included on stock exchanges based outside of the United States.

Fixed Income assets are investments in bonds issued by governments, corporations, or mortgage and asset-backed issues.

Orlando Utilities Commission (St. Lucie Unit 2)

Fund Manager –

Orlando Utilities Commission
Reliable Plaza at 100 West Anderson St.
Orlando, FL 32801

Fund Allocation -

December 31, 2006

- U.S. Agencies – 77.2%
- Treasuries – 19.4%
- Money Market – 3.4%

December 31, 2007

- U.S. Agencies – 99.1%
- Money Market – 0.9%

December 31, 2008

- U.S. Agencies – 97.6%
- Money Market – 2.4%

Florida Municipal Power Agency (St. Lucie Unit 2)

Fund Manager –

Michell Ramos and Janet Davis
Florida Municipal Power Agency
8553 Commodity Circle
Orlando, FL 32819-9002

Fund Allocation –

December 31, 2006

- Commercial Paper - 61.1351%
- US Agencies – 24.564%
- Treasuries – 13.9319%
- Money Market – 0.3690%

December 31, 2007

- Commercial Paper – 67.0217%
- US Agencies – 29.2211%
- Treasuries – 2.6974%
- Money Market – 1.0598%

December 31, 2008

- Commercial Paper – 65.1315%
- US Agencies – 30.3543%
- Treasuries – 2.4651%
- Money Market – 2.0491%

General description of the asset class for OUC and FMPA:

U.S. Agencies - Bonds, notes or other indebtedness issued or guaranteed by United States Government Agencies which are non-full faith and credit agencies including, but not limited to the following: Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Banks, and Federal Home Loan Mortgage Corporation.

Question 5

Indicate if any withdrawals were made from any of the above referenced decommissioning trust funds for the period of December 31, 2006, to December 31, 2008.

FPL/NextEra Response to Question 5

Point Beach Units 1 & 2

No withdrawals were made in 2007 (following establishment of the NextEra Energy Point Beach, LLC Decommissioning Trust) or 2008, other than for customary fees, expenses and taxes.

St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 (FPL)

No withdrawals were made in 2006 or 2007, other than for customary fees, expenses and taxes. In 2008, one withdrawal was made in addition to those for customary fees, expenses and taxes. On March 27, 2008, a deposit of \$17,507.50 that was intended to be deposited into the FPL Storm Fund was inadvertently deposited into the FPL non-qualified decommissioning trust fund because the incorrect account number was

provided with the deposit. On April 8, 2008, the \$17,507.50 was withdrawn from the FPL non-qualified decommissioning trust fund to correct the mistaken deposit. FPL has entered this event into its corrective action process to ensure that any withdrawals, including withdrawals intended to correct a mistaken deposit, be made only following NRC notification.

Orlando Utilities Commission (St. Lucie Unit 2)

No withdrawals have been made from this fund.

Florida Municipal Power Agency (St. Lucie Unit 2)

No withdrawals have been made from this fund.

Question 6

Indicate if any transfers were made to any of the above referenced decommissioning trust funds for the period of December 31, 2006, to December 31, 2008. Describe the structure of the overall decommissioning trust fund, including but not limited to: if and how the funds are divided into sub-funds or subaccounts, which and how many funds are qualified or non-qualified, how the funds collected are allocated to any sub-fund or subaccount, etc.

FPL/NextEra Response to Question 6

Point Beach Units 1 & 2

NextEra Energy Point Beach, LLC established a non-qualified decommissioning trust for each Point Beach Unit in September 2007, following the closing of its acquisition of the two Point Beach units. Decommissioning of the unit, as defined in 10 CFR 50.2, is the exclusive purpose of each trust and so the trusts do not contain subaccounts. Following the establishment of the trust, no additional transfers have been made to the trust for either unit.

Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2 (FPL)

FPL maintains a single non-qualified decommissioning trust fund for Turkey Point Units 3 & 4, St. Lucie Unit 1, and FPL's share of St. Lucie Unit 2. FPL accounting maintains records demonstrating the correct allocation of these funds and their earnings for each unit based upon the original accrual schedules approved by the FPSC. The percentages allocated to the non-qualified trust amount by unit are based on the actual reserve/fund balances as of December 31, 2009. In addition to the shared non-qualified trust, FPL also maintains an individual qualified decommissioning trust for each of Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2.

The balances for the qualified and non-qualified funds as of December 31, 2009 are provided in Table 1:

TABLE 1

	Non-Qualified % Allocation	Non-Qualified (\$)	Qualified (\$)	Total (\$) Per Unit
St. Lucie Unit 1	26.4	130,903,434	500,508,545	631,411,979
St. Lucie Unit 2 (FPL Share)	12.9	63,964,178	457,262,775	521,226,953
Turkey Point Unit 3	29.3	145,282,978	386,549,014	531,831,992
Turkey Point Unit 4	31.4	155,695,751	442,710,192	598,405,943
Total	100	495,846,341		

Each FPL trust contains funds collected for NRC license termination costs, spent fuel management costs, and site restoration costs, as authorized by the FPSC. The FPL trusts do not contain sub-funds or sub-accounts. As described in the response to Question #2 above, until the 2009 Decommissioning Funding Status Report, FPL reported fund balances by allocating the appropriate percentage of the trust balance to license termination, spent fuel management, and site restoration, as determined in the latest FPSC Cost Study. The 2005 Cost Study percentage allocations are provided below in Table 2.

TABLE 2

	St. Lucie Unit 1	St. Lucie Unit 2	Turkey Point Unit 3	Turkey Point Unit 4
License Termination %	69.57	81.44	83.04	77.72
Spent Fuel Management %	23.24	9.07	11.16	14.28
Site Restoration %	7.19	9.50	5.79	8.00

Table 3 applies the cost study license termination cost allocation to the FPL fund balances as of December 31, 2009, in the manner FPL utilized for its decommissioning funding status reports prior to 2009. Table 3 demonstrates that the percentage of the total fund that would be attributable under the cost study to NRC license termination costs is sufficient to meet the 10 CFR 50.75(c) minimum requirement. FPL acknowledges, however, that until such funds are earmarked or segregated into subaccounts, the entire fund balance is to be provided in biennial decommissioning funding status reports.

TABLE 3

	St. Lucie Unit 1	St. Lucie Unit 2 (FPL Share)	Turkey Point Unit 3	Turkey Point Unit 4
12/31/2009 Qualified + Non-qualified Fund Balance	631,411,979	521,226,953	531,831,992	598,405,943
License Termination Allocation (Cost Study Percentage)	439,273,314 (69.57)	424,487,231 (81.44)	441,663,286 (83.04)	465,081,099 (77.72)
50.75 (c) Minimum 12/31/2009	380,393,892	324,114,996	366,835,908	366,835,908

As discussed above, decommissioning funding accruals for FPL were suspended in 2005 as the result of a rate settlement. Therefore, FPL made no transfers into the trusts during the requested time frame, other than the inadvertent deposit described above in the response to Question 5.

Orlando Utilities Commission (St. Lucie Unit 2)

In November 2006, OUC transferred \$531,000 into the decommissioning trust fund.

Florida Municipal Power Agency (St. Lucie Unit 2)

No transfers were made into the decommissioning trust during this time frame.

TABLE 4
(St. Lucie Unit 2 Joint Owners)

	OUC (6.08951% share)	FMPA (8.80600% share)
12/31/2009 Fund Balance	34,454,909	49,138,086
License Termination Allocation (Cost Study Percentage)	28,060,078 (81.44)	40,018,057 (81.44)
50.75 (c) Minimum 12/31/2009	23,007,668	33,271,228

Question 7

Based on the results of a spot check review of FPL bank statements on January 13, 2010, the reviewer noted several discrepancies between the financial/bank statements and decommissioning trust fund balances reported to the NRC in March 2009 as part of the Biennial decommissioning funding report. Please indicate trust fund balances for all FPL units as of December 31, 2009.

FPL/NextEra Response to Question 7

See Attachment 1.

References:

1. Letter from P. Milano, NRC to D. Koehel, Nuclear Management Company and R. Kundalkar, FPL Energy Point Beach, LLC, "Order Approving Transfer of License and Conforming Amendment Relating to the Point Beach Nuclear Plant, Units 1 and 2," dated July 31, 2007. (ML071560124)
2. Letter L-2009-055 from M. Nazar, Florida Power & Light Company, to NRC, "Decommissioning Funding Status Reports," dated March 27, 2009. (ML090900306)
3. Letter L-2009-242 from R. Hughes, NextEra Energy Point Beach, LLC, to NRC, "Response to Request for Additional Information," dated October 27, 2009. (ML093030277)
4. Letter from J. Poole, NRC to L. Meyer, NextEra Energy Point Beach, LLC, "Point Beach Nuclear Plant, Unit 1 -Status of Decommissioning Funding Assurance," dated December 16, 2009. (ML093420557)
5. Letter from J. Poole, NRC to L. Meyer, NextEra Energy Point Beach, LLC, "Point Beach Nuclear Plant, Unit 2 -Status of Decommissioning Funding Assurance," dated December 16, 2009. (ML093420561)
6. Letter from B. Mozafari, NRC to J.A. Stall, Florida Power & Light Company, "St. Lucie Plant, Unit Nos. 1 and 2 – Biennial Decommissioning Funding Report" dated November 26, 2008. (ML082800278)

Attachment No. 1
Question No. 7
Trust Fund Balances as of 12/31/09

Unit	Ownership %	Balance
<u>St. Lucie Unit 1:</u>		
FPL	100%	\$631,411,979
<u>St. Lucie Unit 2:</u>		
FPL	85.10449%	\$521,226,953
FMPA	8.80600%	\$ 49,138,086
OUC	6.08951%	\$ 34,454,909
Total St. Lucie Unit 2	100%	\$604,819,948
<u>Turkey Point Unit 3:</u>		
FPL	100%	\$531,831,992
<u>Turkey Point Unit 4:</u>		
FPL	100%	\$598,405,943
<u>Seabrook:</u>		
Next Era	88.22889%	\$323,502,387
MMWEC	11.5934%	\$ 31,952,480
Taunton	0.10034%	\$ 438,671
Hudson	0.07737%	\$ 336,145
Total Seabrook	100%	\$356,229,683
<u>Duane Arnold:</u>		
Next Era	70%	\$191,555,496
CIPCO	20%	\$ 33,827,836
Corn Belt	10%	\$ 16,825,491
Total Duane Arnold	100%	\$242,208,823
<u>Point Beach Unit 1:</u>		
Next Era	100%	\$231,878,619
<u>Point Beach Unit 2:</u>		
Next Era	100%	\$218,483,241