



GPU Nuclear, Inc.
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Tel 717-944-7621

E910-00-0018
December 4, 2000

U.S. Nuclear Regulatory Agency
Attention: Document Control Desk
Washington, DC 20555

Gentlemen,

Subject: Saxton Nuclear Experimental Corporation (SNEC), Operating License No.,
DPR-4, Docket No. 50-146
Partial Response to Request for Additional Information, RE: License
Termination Plan, (TAC NO. MA8076) dated November 8, 2000

The attachments to this letter contain a partial response to your request for additional information regarding: License Termination Plan (TAC NO. MA8076). Specifically, this response provides information related to question 10 of your request: "Update of the Site-Specific Decommissioning Costs". This response has been executed in a signed original under oath or affirmation for the SNEC Facility License.

In addition, it is understood that the material contained herein will be utilized for the review of the pending Application for Indirect Transfers of Control related to the proposed merger between GPU, Inc. and FirstEnergy Corp.

If you have any questions or require additional information regarding this response, please contact Mr. James Byrne at (717) 948-8461.

Sincerely,

A handwritten signature in black ink, appearing to read "G. A. Kuehn, Jr.", written over a printed name.

G. A. Kuehn, Jr.
Director, SNEC Facility

Attachment

Cc: Alexander Adams
Thomas Dragoun

A 001

Response to NRC Question 10

- A. The update of the decommissioning cost estimate should only address the cost to decommission the remaining part of the facility. Based on the information provided in Section 7.1 of the LTP, it is not clear if the total initial cost to decommission the facility was \$35.5 million or if the \$35.5 million is the estimated cost to complete decommissioning of the facility as required by the regulation. Please clarify the scope of the estimate.

GPU Nuclear Response:

The \$35.5 million provided in Section 7.1 was the estimate, at the time of the submittal of the License Termination Plan (LTP), for the total cost of the Saxton Nuclear Experimental Corporation (SNEC) Facility Decommissioning Project. Information acquired since the submittal of the LTP will require a re-estimate of the cost. Based on current expenditures, \$37.5 million will have been spent by December 31, 2000. Preliminary estimates for the remainder of the work indicate a remaining cost of \$14.8 million, without contingency. TLG Services Inc. has been contracted by GPU Nuclear to develop a detailed estimate to complete the remaining work. This estimate will be provided to the NRC when it is available which is currently projected to be in mid-January 2001.

- B. Section 7.1 refers to a cost estimate prepared by TLG Services, which is included in Appendix 7.1. The cost estimate does not include the cost to remediate the Saxton Steam Generating Station Discharge Tunnel which has been estimated to cost an additional \$4.0 million. To evaluate the validity of the estimate, please provide the bases for the estimate and include this additional cost in the total cost estimate. Also the cost estimate does not include the cost to remediate the Saxton Steam Generating Station basement. Please provide a cost estimate and bases for basement remediation.

GPU Nuclear Response:

Since the time of the LTP submittal, several conditions have been discovered at the SNEC Facility which will require a re-estimate of the decommissioning cost and a revision to Chapters 3 & 4 of the LTP. The two most significant cost increases are associated with Containment Vessel concrete removal and the Saxton Steam Generating Station (SSGS) footprint remediation.

Containment Vessel Concrete Removal

At the time of LTP submittal, first pass scabbling of the Containment Vessel concrete was nearing completion and GPU Nuclear was in the process of identifying areas of "high activity" that required more extensive concrete removal. Due to groundwater pressure acting on the containment vessel shell, limits were placed on the amount of concrete that could be removed without creating a concern for structural stability. When these limits were established and more aggressive concrete removal efforts commenced it was discovered that due to a variety of as-built conditions, contaminated water from the reactor storage well penetrated the concrete to the containment vessel liner and then spread along the liner. Additionally, failure of the original construction water stops allowed this contamination to spread into the primary and auxiliary compartments. As a result, contamination well above the

proposed DCGL's has been found on the containment vessel liner in areas where the surface concrete has been cleaned to levels well below the proposed DCGL's. As a result a decision has been made to remove all of the concrete inside the containment vessel. The cost associated with the removal of this concrete and the necessary extension of the project schedule adds about 90% of the projected \$14.8 million needed to complete the SNEC Facility Decommissioning Project.

Saxton Steam Generating Station Footprint

The Saxton Steam Generating Station (SSGS) was constructed in the 1920's. One of the reasons for building the SNEC Facility at this site was the ability to use one of the SSGS turbines and associated auxiliaries for the production of electricity. The SSGS was demolished in 1975 and its basement was backfilled with demolition debris. As noted in the above question, one of the areas of concern with the SSGS footprint was the discharge tunnel. During 2000, much of the work needed to remediate the discharge tunnel was completed and work in this area is not expected to add significantly to remaining project work. As part of preliminary characterization, however, contamination well in excess of the proposed DCGL's was discovered in two sumps located in the SSGS basement. A decision has been made, and is in the process of being implemented, to excavate the SSGS basement so that the entire basement can be characterized and remediated as necessary. The cost of the ongoing work in the SSGS footprint adds about 10% of the projected \$14.8 million to complete the SNEC Facility Decommissioning Project.

- C. To provide a consistent basis for analysis, please adjust the remaining decommissioning costs to current year (2000) dollars.

GPU Nuclear Response

The \$14.8 Million preliminary estimate provided above is in year 2000 dollars. Additionally TLG Services Inc. has been requested to provide their cost estimate in year 2000 dollars.

- D. You have committed to fund the additional shortfall for the cost to remediate the Discharge Tunnel. The LTP states that the basis for this commitment is documented in GPU letter 1920-99-20304. Please describe the mechanism for increasing the Trust Fund if the tunnel remediation exceeds the estimate, or if additional areas (such as the Steam Generating Station basement) are discovered during decommissioning that were not included in the revised cost estimate.

GPU Nuclear Response:

As described in GPU letter 1920-99-20304, GPUN's affiliates - - the GPU operating electric companies (Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company), who are the sole shareholders of SNEC - - have been providing funding on an annual basis for budgeted amounts that are expended in connection with the Saxton decommissioning project. This funding comes from the general funds of the GPU operating companies.

The budgets for the project are prepared by GPUN (the licensee), reviewed and approved by the SNEC Board of directors and subsequently by the GPUN Board of

Directors. The most recent budget approval by these boards took place on November 28, 2000. This budget includes the \$14.8 million amount discussed previously in the above question responses. As evidence of the commitment to complete Saxton decommissioning, Attachment 1 is an authorization by the SNEC Board of Directors funding the expenditures for Saxton decommissioning through 2001 and providing an updated forecast through completion. This authorization permits GPU Nuclear, Inc. to perform the decommissioning work.

- E. The TLG cost estimate summary table entitled "4.0 Cost Estimate" summarizes the estimate cost to decommission the Saxton Facility. Included in the 1998 Cost Estimate is a contingency factor of approximately \$2.0 million. Based on the resulting cost increase to remediate the Tunnel (or any other discovered additional areas not included in the cost estimate) at a cost of \$4.0 million, the contingency factor should be increased to the same percentage of the new total cost expressed in 2000 dollars.

GPU Nuclear Response:

The \$14.8 million preliminary estimate provided above does not include contingency. As part of the cost estimate TLG Services Inc. is developing for GPU Nuclear a new contingency factor will be developed and provided with the estimate.

- F. Although you have committed to cover the additional cost to complete decommissioning of the Tunnel from the general revenue of the Saxton owners, it is not clear that you have committed to cover all additional shortfalls from the Saxton general revenue. If you commit in the LTP to fund any additional increases in decommissioning cost from the Saxton general revenue, this approach may be acceptable to assure sufficient funds are available because completion of the decommissioning effort is near-term. Please clarify.

GPU Nuclear Response:

See the response to Question 10.D above. We also refer you to GPU letter 1920-99-20304. By way of an update to that letter we provide Attachment 2 that indicates an estimated decommissioning trust shortfall of \$14.8 million. This amounts to less than .4% of the total 1999 annual revenues of the GPU Operating companies. Any additional increases in the costs of the decommissioning project will likewise be covered by the general funds of the Operating Companies. In fact, approximately \$4.5 million has already been provided from the general funds of these companies in 2000 to support the Saxton decommissioning work.

All three Operating Companies have a right to request recovery of the Saxton decommissioning costs through their regulated, cost-of-service based rates. However, only Jersey Central Power & Light Company is currently collecting an annual amount in rates for the Saxton decommissioning project, and restructuring proceedings in the two states in which these companies operate have imposed certain rate caps that prevent such companies from increasing rates for several years. Therefore, any requests for rate recovery of the additional decommissioning

costs that will be funded by the Operating Companies out of their general funds will likely not occur until after the completion of the Saxton decommissioning project.

Accordingly, GPUN believes the foregoing demonstrates an approach and the commitment to assure sufficient funds are available for completion of the decommissioning work, which as you mention remains near-term. This approach includes the commitment of the Operating Companies to fund any increase in the Saxton decommissioning costs out of their general funds.

Attachment 1

Funding Authorization for the SNEC Facility Decommissioning Project

Attachment 2

Decommissioning Financial Assurance for the Saxton Nuclear Experimental Corporation Facility

Memorandum

Subject: Funding Authorization for the SNEC
Facility Decommissioning Project

Date: November 28, 2000

From: G. A. Kuehn II, VP/Program Director,
SNEC Facility

Location: TMI/SOB
E910-00-017

To: SNEC Board of Directors

It is requested that the SNEC Board of Directors authorize additional funding of \$6.6 million to support year 2001 activities described below. When combined with the previously authorized \$2.9 million for 2001, the total 2001 estimate will be \$9.5 million.

The requested increase for 2001 is necessary due to expanded work scope, including complete removal of Containment Vessel (CV) concrete and remediation of Saxon Steam Generating Station (SSGS) structures. These recently discovered challenges were described to the Board in the 11/16/00 Sandy Levin memo and were further discussed during the SNEC staff presentation to the Board on 11/28/00.

2001 Work Activities include:

- Design, install and operate a CV exterior dewatering system
- Complete remediation and Final Status Survey (FSS) of all structures and impacted land area outside the CV
- Commence concrete removal inside the CV
- Ship for disposal all waste produced from CV and external remediation

SNEC Board of Directors
November 28, 2000
E910-00-017
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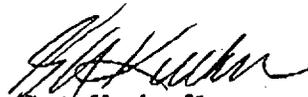
The following is forecasted spending for the SNEC decommissioning project:

ACTUAL	FORECAST		PROJECT TOTAL
<u>Thru 12/31/00</u>	<u>2001</u>	<u>2002</u>	
37.5	9.5	5.3	52.3

(\$ million)

This plan assumes project completion December 2002.

A 2002 funding request will be presented to the SNEC Board at the end of 2001.



G. A. Kuehn, II
Extension 8720

GAK/pld

Distribution

SNEC Board of Directors:

- F. D. Hafer – Chairman, President and Chief Executive Officer, GPU Service
- M. J. Chesser – President, GPU Service
- M. B. Roche – Senior Vice President, New Jersey, GPU Service
- S. Levin – Chief Nuclear Officer, GPU Nuclear



U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Office of Nuclear Regulatory Research
Washington, D.C. 20555

Subject: Decommissioning Financial Assurance for the Saxton
Nuclear Experimental Corporation Facility

To Whom It May Concern:

The following is provided as evidence of Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company's (Saxton owners) commitment to assure the continued financial support of the decommissioning efforts of the Saxton Nuclear Experimental Corporation (SNEC) Facility. This decommissioning effort is scheduled for completion in 2002.

Based upon current estimates, \$37.5 million will have been spent on decommissioning efforts at the SNEC facility by December 31, 2000. Preliminary estimates for the remainder of the work indicates a cost of \$14.8 million, without contingency. This amounts to about .4% of the total 1999 annual revenues of the Saxton owners. As a result of restructuring proceedings, there are rate caps in both states that prevent the owners from increasing revenues to cover the shortfall until after Saxton decommissioning is scheduled to be completed. The estimated shortfall will be covered by the general funds of the owners and, in fact, we have already funded approximately \$4.5 million from the general funds in 2000 to support the Saxton decommissioning work.

As a result of the information provided herein, GPU Nuclear, Inc. believes that financial assurance for decommissioning the Saxton Nuclear Experimental Corporation Facility is met.

If you have any questions, please contact Sander Levin at 973-401-8017.

Sincerely yours,

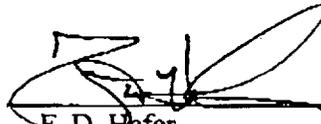
A handwritten signature in dark ink, appearing to read "P. E. Maricondo". The signature is written in a cursive style with a large, sweeping "P" and "M".

P. E. Maricondo
Comptroller, GPU Nuclear, Inc.

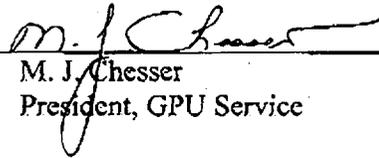
Peter E. Maricondo
Vice President, Comptroller
Chief Accounting Officer
November 30, 2000

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pmaricondo@gpu.com

We the SNEC Board of Directors authorize additional funding in the amount of \$6,600,000 for the year 2001.



F. D. Hafer
Chairman, President and Chief Executive
Officer, GPU Service



M. J. Chesser
President, GPU Service



11/29/2000

M. B. Roche
Senior Vice President, New Jersey,
GPU Service



S. Levin
Chief Nuclear Officer, GPU Nuclear