



A Touchstone Energy® Cooperative



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March 30, 2001

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Station OP1-17
Washington, DC 20555

**SUSQUEHANNA STEAM ELECTRIC STATION
DECOMMISSIONING REPORT OF
FINANCIAL ASSURANCE**

**Docket Nos. 50-387
and 50-388**

In accordance with 10 CFR 50.75(f)(1), attached please find the Allegheny Electric Cooperative, Inc. (AEC) decommissioning report of financial assurance for our ten percent interest in Susquehanna Units 1 and 2.

If you have any questions regarding the report, please contact me at (717) 233-5704.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard W. Osborne".

Richard W. Osborne
Vice President
Power Supply and Engineering

Attachment: Decommissioning report

cc: NRC Region I
Mr. R. S. Wood, NRC - OWFN

Attachment 1

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NRC Decommissioning Funding Status Report December 31, 2000

Allegheny Electric Cooperative, Inc. Susquehanna Steam Electric Station

Allegheny Electric Cooperative (AEC) hereby submits this Decommissioning Report in compliance with 10CFR50.75(f)(1) for its 10% share of Susquehanna Unit 1 & 2.

<u>Financial Assurance Information</u>	<u>Unit # 1</u>	<u>Unit #2</u>
1. The minimum amount of decommissioning funds estimated to be required pursuant to 10CFR50.75 (b) and (c).		
At December 31, 2000	\$41,974,875	\$41,974,875
AEC's calculation of the NRC minimum formula is reflected in Exhibit 1.		
2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10CFR50.75 (b) and (c).		
Market Value at Dec. 31, 2000	\$8,191,752	\$8,191,752
3. See Exhibit 2 for a schedule of the annual amounts remaining to be collected.		
4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.		
Estimated Inflation rate for decommissioning costs	4%	4%
Estimated Earnings rates on decommissioning funds	7.5%	7.5%
Rates of other factors used in funding projections	(None)	(None)

Allegheny sets its own rates, subject to the approval of the United States Department of Agriculture, Rural Utilities Service. Allegheny believes the above assumptions are reasonable.

Attachment 1

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- | | | |
|--|-------------|-------------|
| | (see below) | (see below) |
| 5. Any power sale contracts upon which licensee is relying to provide financial assurance. | | |

Allegheny is the wholesale power supplier for the 14 rural electric cooperatives in Pennsylvania and New Jersey. Allegheny has all requirement contracts with its 14 member distribution cooperatives, which is the source for funding the Trust Fund.

- | | | |
|---|------|------|
| 6. Modifications to licensee's method of providing financial assurance since previous report. | None | None |
| 7. Material changes to trust agreement. | None | None |

Exhibit 1.
Page 1 of 2

**Calculation of Escalation Factors
Used in Computation of Minimum Financial Assurance
Amount for Decommissioning
Susquehanna Steam Electric Station Units One And Two**

Boiling Water Reactor (BWR)
Escalation Factor

Formula - $0.65(L) + 0.13(E) + 0.22(B)$

Escalation = $(.65 \times 1.779) + (.13 \times 1.164) + (.22 \times 8.189)$

Escalation = $(1.15635 + 0.15132 + 1.80158) = 3.10925$

(L) - Labor - (Bureau of Labor Statistics, Table 4, Compensation, Employment Cost Index, for total compensation, private industry workers, by bargaining status, region and area size

Northeast region - August 2000 Index Number	232.162
January 1986 Index Number	130.5

$$L = \frac{232.162}{130.5} \text{ equals } 1.779$$

(E) - ENERGY (Producer Price Index Commodities, Series ID: WPU0543 and WPU0573)

$$E = (.54P + .46F)$$

$$E = (.54 \times 1.203) + (.46 \times 1.117)$$

$$E = 0.64962 + 0.51382 = 1.164$$

P - Industrial Power, 500 KW demand - (Commodity 0543)	
August 2000 Index Number	137.4
January 1986 Index Number	114.2 (1)

$$P = \frac{137.4}{114.2} \text{ equals } 1.203$$

F - Light fuel oils - (Commodity 0573)	
August 2000 Index Number	91.6
January 1986 Index Number	82.0

$$F = \frac{91.6}{82.0} \text{ equals } 1.117$$

(B) Waste Burial

NUREG - 1307, REV.9, "NRC Report on Waste Burial Charges"
Table 2.1
South Carolina Factor 8.189

(1) Represents the national base value of P at January 1986. The base value of P is no longer determined on a regional basis.

Exhibit 1.
Page 2 of 2

**Computation of Minimum Financial Assurance Amount for
Decommissioning Susquehanna Steam Electric Station
Units One and Two**

	<u>Unit 1</u>	<u>Unit 2</u>
Base amount for BWR greater than 3,400 MWt=\$135 million The Power Level of Unit 1 and Unit 2 are = 3,441 MWt	\$135,000,000	\$135,000,000
Ownership percentage	10%	10%
Base amount per unit	\$13,500,000	\$13,500,000
Escalation Factor	3.10925	3.10925
Escalated Amount per Unit	\$41,974,875	\$41,974,875
Total Escalated Amount (Unit 1 + Unit 2)		\$83,949,750

Exhibit 2.
Page 1 of 1

AEC Nuclear Decommissioning Trust
Expected Contributions

	<u>Unit 1</u>	<u>Unit 2</u>	<u>Grand Total</u>
2001	\$697,480	\$697,480	\$1,394,960
2002	\$739,329	\$739,329	\$1,478,658
2003	\$783,689	\$783,689	\$1,567,377
2004	\$830,710	\$830,710	\$1,661,420
2005	\$880,552	\$880,552	\$1,761,105
2006	\$933,386	\$933,386	\$1,866,771
2007	\$989,389	\$989,389	\$1,978,777
2008	\$1,048,752	\$1,048,752	\$2,097,504
2009	\$1,111,677	\$1,111,677	\$2,223,354
2010	\$1,178,378	\$1,178,378	\$2,356,756
2011	\$1,249,080	\$1,249,080	\$2,498,161
2012	\$1,324,025	\$1,324,025	\$2,648,051
2013	\$1,403,467	\$1,403,467	\$2,806,934
2014	\$1,487,675	\$1,487,675	\$2,975,350
2015	\$1,576,935	\$1,576,935	\$3,153,871
2016	\$1,671,551	\$1,671,551	\$3,343,103
2017	\$1,771,844	\$1,771,844	\$3,543,689
2018	\$1,878,155	\$1,878,155	\$3,756,310
2019	\$1,990,844	\$1,990,844	\$3,981,689
2020	\$2,110,295	\$2,110,295	\$4,220,590
2021	\$2,236,913	\$2,236,913	\$4,473,826
2022	\$2,371,128	\$2,371,128	\$4,742,255
2023	\$0	\$2,985,652	\$2,985,652
2001-2023	\$30,265,255	\$33,250,907	\$63,516,161