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PE&RAS 01-027
March 30, 2001

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

H. B. ROBINSON STEAM ELECTRIC PLANT, UNIT 2
DOCKET NO. 50-261 / LICENSE NO. DPR-23

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NOS. 1 AND 2
DOCKET NOS. 50-325 AND 50-324 / LICENSE NOS. DPR-71 AND DPR-62

SHEARON HARRIS NUCLEAR POWER PLANT, UNIT NO. 1
DOCKET NO. 50-400 / LICENSE NO. NPF-63

CRYSTAL RIVER UNIT 3 NUCLEAR GENERATING PLANT
DOCKET NO. 50-302 / LICENSE NO. DPR-72

DECOMMISSIONING FUNDING STATUS REPORT

Dear Sir/Madam:

Carolina Power & Light (CP&L) Company submits this report concerning the status of its financial assurance mechanisms for decommissioning its nuclear plants in accordance with 10 CFR 50.75(f)(1). The decommissioning funding status for each CP&L unit is provided in Attachments 1 through 4.

CP&L is a regulated electric utility and utilizes a trust fund with annual contributions to provide decommissioning funding assurance. CP&L expects the current electric utility rate regulated structure to be in effect for the next several years. The North and South Carolina legislatures are taking a cautious and deliberate approach to the issue of potentially deregulating the electric generation industry. Both states have been studying the issue since 1997, but neither has made a decision to move forward.

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Retail funding for the CP&L units is based on decommissioning estimates approved in the last retail general rate cases in 1988. CP&L's total annual decommissioning contributions meet the required NRC minimum; however, the current annual retail contributions are insufficient to meet the estimated minimum required funding on a unit specific basis. As a first step to address this issue, CP&L is seeking to redistribute future funding contributions among the units. CP&L has already requested reallocation approval from the North Carolina Utilities Commission (NCUC) and the Public Service Commission of South Carolina (PSCSC). In addition, CP&L supplements the annual retail contribution to the external fund.

Further, CP&L notes that on November 3, 1998, the NCUC issued an order approving Decommissioning Guidelines (Guidelines) and requiring utilities operating nuclear facilities to file decommissioning cost and funding reports (Docket No. E-100, Sub 56). Site-specific decommissioning cost studies are required to be performed every 5 years. A Decommissioning Cost and Funding Report must be filed which includes decommissioning cost estimates, NRC minimum costs, earning/costs assumptions and fund balance information. The Guidelines require CP&L to submit proposed changes if the newly computed total annual expense level calculation varies by more than 15% from the current expense level.

With respect to the annual real rate of return for decommissioning funding calculations, on June 18, 1999, CP&L filed a Decommissioning Cost and Funding Report with the NCUC. In this report, CP&L indicated an assumed earnings rate of 7.75% and a cost escalation rate of 4% (real rate of return of 3.75%). The Public Staff reviewed the CP&L study and report in depth, including detailed reviews of the earnings and cost escalation rates. In the Public Staff's report to the NCUC filed on January 7, 2000, they stated: "The Public Staff's review of CP&L's Annual Nuclear Decommissioning Trust Fund Report indicates that CP&L's investment practices for external investment funds appear to be reasonable." CP&L's current North Carolina assumed earnings rate and cost escalation rate are 7.25% and 4%, respectively. Therefore, CP&L assumes a real rate of return of 3.25% for the NC portion of the trust fund. For the remaining portion, CP&L assumes a 2% real rate of return in accordance with 10 CFR 50.75(e)(ii).

CP&L will continue to address issues related to decommissioning funding with the respective utility commissions to provide reasonable assurance that sufficient decommissioning funds will be available at license termination. CP&L will provide the NRC an update of decommissioning funding status, as required, in the 2003 10 CFR 50.75 decommissioning funding status report.

In addition, a decommissioning funding status for Crystal River Unit 3 (CR3) was submitted on March 28, 2000, in accordance with the 10 CFR 50.75(f)(1) requirement for plants involved in mergers or acquisitions. The next CR3 financial assurance report will be submitted on or before March 28, 2002.

As a convenience, the North Carolina Eastern Municipal Power Agency (NCEMPA) financial assurance report is also provided.

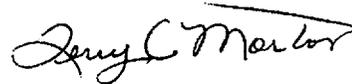
The following are actions committed to by CP&L in this document.

- (1) CP&L will supplement the annual deposits to the decommissioning external sinking funds for the H. B. Robinson Steam Electric Plant, Unit No. 2, by \$1.45 million above the amount approved by the NCUC and the PSCSC for calendar years 2001 and 2002.
- (2) CP&L will supplement the annual deposits to the decommissioning external sinking funds for the Brunswick Steam Electric Plant, Unit No. 1, by \$1.40 million above the amount approved by the NCUC and the PSCSC for calendar years 2001 and 2002.
- (3) CP&L will supplement the annual deposits to the decommissioning external sinking funds for the Brunswick Steam Electric Plant, Unit No. 2, by \$1.65 million above the amount approved by the NCUC and the PSCSC for calendar years 2001 and 2002.

Any other actions discussed in this submittal represent intended or planned actions by CP&L. They are described for the NRC's information and are not regulatory commitments.

Please notify John Caves at 919-546-4579 of any questions regarding this document or any associated regulatory commitments.

Sincerely,



Terry C. Morton
Manager – Performance
Evaluation & Regulatory Affairs

RGH

Attachments

- c (w/att.): L. A. Reyes, Regional Administrator - Region II
T. A. Easlick, USNRC Senior Resident Inspector - BSEP, Unit Nos. 1 and 2
D. J. Ashley, NRR Project Manager - BSEP, Unit Nos. 1 and 2
J. B. Brady, USNRC Senior Resident Inspector - SHNPP, Unit No. 1
R. J. Laufer, NRR Project Manager - SHNPP, Unit No. 1
USNRC Resident Inspector - HBRSEP, Unit No. 2
R. Subbaratnam, NRR Project Manager - HBRSEP, Unit No. 2
USNRC Resident Inspector – CR-3
J. M. Goshen, NRR Project Manager – CR-3
J. Sanford, North Carolina Utilities Commission
R. S. Wood (Mail Stop 011-F1)

Attachment 1
Status of Financial Assurance Mechanism

H. B. Robinson Steam Electric Plant, Unit No. 2

Docket No. 50-261 / License No. DPR-23

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 9

\$281 million at expiration of current license, July 31, 2010

- The fund balance for the amount accumulated as of December 31, 2000

\$110,209,427

- Annual amounts remaining to be collected

NRC Required Minimum	\$12.55 million
Currently Allowed by the NCUC and PSCSC:	\$6,768,755
Proposed Reallocation:	\$9,436,965
CP&L Supplement:	\$1.45 million

- Assumptions

Rate of escalation in decommissioning costs =	0%
Rate of earnings on decommissioning funds =	3.25% (North Carolina)
	2% (All Other Contributions)

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

None

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

The North Carolina portion of funds assumes a real rate of return of 3.25% versus 2% as previously reported.

CP&L will supplement the external fund with an annual contribution of \$1.45 million.

- Material changes to trust agreements

None

Attachment 2
Status of Financial Assurance Mechanism

Brunswick Steam Electric Plant, Unit No. 1

Docket No. 50-325 / License No. DPR-71

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 9

\$379 million; CP&L share (81.67%) = \$309 million at expiration of current license, September 8, 2016

- The fund balance for the amount accumulated as of December 31, 2000

\$106,502,931

- Annual amounts remaining to be collected

NRC Required Minimum	\$7.38 million
Currently Allowed by the NCUC and PSCSC:	\$6,331,017
Proposed Reallocation:	\$6,075,477
CP&L Supplement:	\$1.4 million

- Assumptions

Rate of escalation in decommissioning costs =	0%
Rate of earnings on decommissioning funds =	3.25% (North Carolina)
	2% (All Other Contributions)

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

None

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

The North Carolina portion of funds assumes a real rate of return of 3.25% versus 2% as previously reported.

CP&L will supplement the external fund with an annual contribution of \$1.40 million.

- Material changes to trust agreements

None

Attachment 3
Status of Financial Assurance Mechanism

Brunswick Steam Electric Plant, Unit No. 2

Docket No. 50-324 / License No. DPR-62

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 9

**\$379 million; CP&L share (81.67%) = \$309 million at expiration of current license,
December 27, 2014**

- The fund balance for the amount accumulated as of December 31, 2000

\$127,081,324

- Annual amounts remaining to be collected

NRC Required Minimum	\$7.15 million
Currently Allowed by the NCUC and PSCSC:	\$7,969,060
Proposed Reallocation:	\$4,455,309
CP&L Supplement:	\$1.65 million

- Assumptions

Rate of escalation in decommissioning costs =	0%
Rate of earnings on decommissioning funds =	3.25% (North Carolina)
	2% (All Other Contributions)

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

None

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

The North Carolina portion of funds assumes a real rate of return of 3.25% versus 2% as previously reported.

CP&L will supplement the external fund with an annual contribution of \$1.65 million.

- Material changes to trust agreements

None

Attachment 4
Status of Financial Assurance Mechanism

Shearon Harris Nuclear Power Plant, Unit No. 1

Docket No. 50-400 / License No. NPF-63

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 9

**\$294 million; CP&L share (83.83%) = \$246 million at expiration of current license,
October 24, 2026**

- The fund balance for the amount accumulated as of December 31, 2000

\$75,165,306

- Annual amounts remaining to be collected

NRC Required Minimum	\$2.46 million
Currently Allowed by the NCUC and PSCSC:	\$4,115,580
Proposed Reallocation:	\$5,216,661

- Assumptions

Rate of escalation in decommissioning costs =	0%
Rate of earnings on decommissioning funds =	3.25% (North Carolina)
	2% (All Other Contributions)

- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v)

None

- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report

The North Carolina portion of funds assumes a real rate of return of 3.25% versus 2% as previously reported.

- Material changes to trust agreements

None



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File-4275.2
March 30, 2001

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

BRUNSWICK STEAM ELECTRIC PLANT, UNITS NOS. 1 AND 2
DOCKET NOS. 50-325 AND 50-324/LICENSE NOS. DPR-71 AND DPR-62

SHEARON HARRIS NUCLEAR POWER PLANT, UNIT NO. 1
DOCKET NO. 50-400/LICENSE NO. DPR-63

SUBJECT: STATUS REPORT FOR DECOMMISSIONING FINANCIAL ASSURANCE

Dear Sirs/Madam:

North Carolina Eastern Municipal Power Agency (NCEMPA) submits the attached report concerning the status of its financial assurance mechanisms for decommissioning in accordance with 10CFR50.75(c) for its ownership portion of the above referenced nuclear plants which it jointly owns with Carolina Power & Light Company (CP&L). NCEMPA utilizes exclusively the external sinking fund method to provide financial assurance in accordance with 10CFR50.75(e)(1)(ii). These payments are recovered through rates established by the Board of Directors and Board of Commissioners of NCEMPA in accordance with 10CFR50.75(e)(1)(ii)(A).

This transmittal has been included along with that of CP&L as a convenience to the NRC, however, NCEMPA is not responsible for any information contained in CP&L's submittal of their status report. The attachments for NCEMPA are numbered 2 through 4 so as to correspond to those of CP&L for the units jointly owned.

No new commitments are being made in this submittal.

Should you have any questions regarding this matter, please contact Al M. Conyers at (919) 760-6319.

Sincerely,

A handwritten signature in cursive script that reads "Al M. Conyers".

Al M. Conyers
Chief Financial Officer
Assistant Secretary and Assistant Secretary-Treasurer

Attachment

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL

Attachment 2 Status of Financial Assurance Mechanism

Brunswick Steam Electric Plant, Unit No. 1 (BNP)

Docket No. 50-325 / License No. DPR-71

The following information is submitted in accordance with 10 CFR 50.75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) an NUREG-1307, Rev. 9:
\$379.0 million; NCEMPA Share (18.33%) = \$69.5 million
- The fund balance for the amount accumulated as of December 31, 2000:
\$29,752,157
- Sum of the annual amounts remaining to be collected:
\$36,632,554 (through September 8, 2016)
- Assumptions:
Rate of escalation in decommissioning costs = 4.0%
Rate of earnings on decommissioning funds = 6.0%
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).
None
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.
None
- Material changes to trust agreements.
None

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL

**Attachment 3
Status of Financial Assurance Mechanism**

Brunswick Steam Electric Plant, Unit No. 2 (BNP)

Docket No. 50-324 / License No. DPR-62

The following information is submitted in accordance with 10 CFR 50.75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) an NUREG-1307, Rev. 9:
\$379.0 million; NCEMPA Share (18.33%) = \$69.5 million
- The fund balance for the amount accumulated as of December 31, 2000:
\$33,004,078
- Sum of the annual amounts remaining to be collected:
\$33,859,461 (through December 27, 2014)
- Assumptions:
Rate of escalation in decommissioning costs = 4.0%
Rate of earnings on decommissioning funds = 6.0%
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).
None
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.
None
- Material changes to trust agreements.
None

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY SUBMITTAL

Attachment 4 Status of Financial Assurance Mechanism

Shearon Harris Nuclear Power Plant, Unit No. 1 (HNP) Docket No. 50-400 / License No. DPR-63

The following information is submitted in accordance with 10 CFR 50.75(c):

- Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) and NUREG-1307, Rev. 9:
\$293.7 million; NCEMPA Share (16.17%) = \$47.5 million
- The fund balance for the amount accumulated as of December 31, 2000:
\$14,323,318
- Sum of the annual amounts remaining to be collected:
\$34,714,818 (through October 24, 2026)
- Assumptions:
Rate of escalation in decommissioning costs = 4.0%
Rate of earnings on decommissioning funds = 6.0%
- Contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).
None
- Modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.
None
- Material changes to trust agreements.
None