POLICY ISSUE

(NEGATIVE CONSENT)

March 11, 1987

SECY-87-66

For: The Commissioners

From: Victor Stello, Jr.
Executive Director for Operations

Subject: PARTIAL EXEMPTIONS FROM 10 CFR PART 171, ANNUAL FEE FOR POWER REACTOR OPERATING LICENSES

Purpose: To inform the Commission of my proposed partial exemptions from the annual fee for the Yankee (Rowe) Nuclear Power Station, the Big Rock Point Plant, and the La Crosse Boiling Water Reactor.

Discussion: On September 18, 1986, the Commission adopted a final new rule, 10 CFR Part 171, Annual Fee for Power Reactor Operating Licenses (51 FR 33224). The rule, which became effective October 20, 1986, provides that an annual fee shall be paid by the licensed owner for each power reactor holding an operating license. The rule implements the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), which requires the Commission to collect annual charges not to exceed 33 percent of its FY 1987 budgeted costs. As published in the final rule, the fee was to be $950 thousand per reactor. This was based on a FY 87 budget of $405 million. With the approved budget of $401 million, the fee is now $940 thousand per license.

As discussed in the Resolution of Comments on the Proposed Rule, it was not the intent of the Commission to promulgate a fee schedule that would have the effect of imposing fees at such a level that the owners of the handful of small, older reactors would find it in their best economic interest to shut their reactors down. Thus, the rule also contained a provision (171.11) for exemption from the annual fee, which states:

"The Commission may, upon application, grant an exemption, in part, from the annual fee required pursuant to this part. An exemption under this provision may be granted by

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49-27225

the Commission taking into consideration the following factors:

a. Age of the reactor;
b. Size of the reactor;
c. Number of customers in rate base;
d. Net increase in KWh cost for each customer directly related to the annual fee assessed under this part; and
e. Any other relevant matter which the licensee believes justifies the reduction of the annual fee."

This paper addresses those applications for exemptions that have been received from licensees for the three small, older reactors; these are provided in Enclosures 1 through 3. As the first step in the process, each application was evaluated using the criteria of Part 171.11 to determine whether a reduction was appropriate. The factors considered for each plant are summarized at Enclosure 4.

For these plants, the staff notes that the annual fee, on top of other fees already required by Part 170, provides a significant increase in power production costs. Because of the smaller generating capacity, the impact on individual customers is greater than for the same fee applied to large plants, and the ability to absorb such costs by the utility is similarly limited. The staff concludes that these three plants meet the criteria of Section 171.11; that imposition of the full annual fee would be a disproportionate burden for these plants; and, therefore, that a reduction should be granted for Big Rock Point, La Crosse and for Yankee.

As the second step in the process, the staff tried various approaches to determine an equitable method of adjusting the affected plant fees. Those approaches are summarized at Enclosure 5. The approaches considered included a fee based on: (1) thermal megawatt power rating (We note that this form of adjustment is considered <u>only</u> when a plant is determined to meet the criteria established by Section 171.11. <u>All</u> remaining plants which do not qualify for an exemption continue to be subject to the annual fee assessed by the rule.); (2) relative impact of the fee on requestors; (3) comparison of mill rate increases; and (4) licensed operating life. The results using these approaches were relatively close in dollar amounts. Nevertheless, the amounts were averaged resulting in the following adjusted fees:

La Crosse Boiling Water Reactor	$ 56,000
Big Rock Point	81,000
Yankee	183,000

Recommendation: That the Commission:

Note that it is my intention to grant partial exemptions from the Part 171 annual fee requirements for La Crosse, Big Rock Point and Yankee, as reflected in the above cited adjusted fees within 10 working days of the date of this paper unless otherwise instructed by the Commission.

Victor Stello, Jr.
Executive Director
for Operations

Enclosures:
1. Letter dated October 21, 1986 from A. R. Soucy (Yankee Atomic Electric Company) to V. Stello (NRC)
2. Letter dated October 28, 1986 from J. W. Taylor (Dairyland Power Cooperative) to Director, NRR
3. Letter dated November 7, 1986 from K. W. Berry (Consumers Power Company) to Executive Director for Operations
4. Summary Sheets (3)
5. Computation of Proposed Adjusted Annual Fee

SECY NOTE: In the absence of instructions to the contrary, SECY will notify the staff on Thursday, March 26, 1987 that the Commission by negative consent, assents to the action proposed in this paper.

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ENCLOSURE 1

Ltr dated October 21, 1986 from A. R. Soucy (Yankee Atomic Electric Company) to V. Stello (NRC)

Telephone 617 872-8100

YANKEE ATOMIC ELECTRIC COMPANY

1671 Worcester Road Framingham, Massachusetts 01701

A. R. SOUCY
TREASURER AND
CHIEF FINANCIAL OFFICER

Enclosure 1

October 21, 1986
FYR 86-102

Mr. Victor Stello, Jr.
Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Stello:

Enclosed is an original and four copies of Yankee Atomic Electric Company's application for partial exemption from the 10 C.F.R. Part 171 annual fee. See Annual Fee for Power Reactor Operating Licenses and Conforming Amendment, 51 Fed. Reg. 33224 (September 18, 1986). The bases for Yankee's request for a partial exemption are set forth in the enclosed application. As we mention in the application, Yankee would be pleased to meet with the Staff regarding the application. Also, if any additional information is needed in connection with the application please feel free to call me.

Finally, one additional copy of Yankee's application for exemption is enclosed as well. Please have that copy marked and dated received by the Commission and returned to our messenger.

Very truly yours,

A. R. Soucy

A. R. Soucy
Treasurer

ARS/kg
Enclosures

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In The Matter of YANKEE ATOMIC ELECTRIC COMPANY (Yankee Plant)	Docket No. 50-29 License No. DPR-3

APPLICATION FOR PARTIAL EXEMPTION

Pursuant to 10 CFR Section 171.11, Yankee Atomic Electric Company ("Yankee") hereby applies for a partial exemption from the requirements of Section 171.15 of the Commission's rules and regulations.

Supporting Statement

In support of this application, Yankee submits the following:

1. Yankee is a Massachusetts corporation organized in 1954 and is an "electric utility" as defined in 10 CFR Section 2.4(s). Yankee is the holder of NRC License No. DPR-3, dated July 19, 1960.

2. Sections 171.11 and 171.15 were recently adopted by the Commission, and Section 171.15 imposes an annual license surcharge on power reactor licensees, which for fiscal 1987 is $950,000. This surcharge is in addition to the Commission's Part 170 license fees, which are use related. See Annual Fee for

Power Reactor Operating Licenses and Conforming Amendment, 51 Fed. Reg. 33,224 (September 18, 1986) (Final Rule).[1] Section 171.11 provides for exemptions from that annual fee. The exemption provision states as follows:

> An exemption under this provision may be granted by the Commission taking into consideration the following factors:
>
> (a) Age of the reactor;
> (b) Size of the reactor;
> (c) Number of customers in rate base;
> (d) Net increase in KWh cost for each customer directly related to the annual fee assessed under this part; and
> (e) Any other relevant matter which the licensee believes justifies the reduction of the annual fee.

These criteria are addressed in the paragraphs that follow.

3. The Yankee plant is a 175 net MWe pressurized water reactor that began operating on November 10, 1960. Yankee is the oldest operating commercial nuclear power plant in the United States. Yankee's operating license expires in 11 years, and its current power contracts expire in only 5 years.[2]

1/ Yankee is seeking judicial review of the final rule imposing the Part 171 license fee, and submission of this exemption application is not intended to waive any of Yankee's objections to the rule.

2/ Pursuant to the power contracts referred to in the text, Yankee sells all of its energy production to 10 New England utilities, each of which sponsored Yankee's construction in the 1950's and are today Yankee's sole shareholders. Those sponsoring utilities, in turn, resell energy purchased from

(Footnote 2 Continued on Next Page

4. Aside from being the oldest commercial reactor, Yankee is one of the smallest commercial nuclear power plants in the United States.

5. A surcharge of $950,000 in license fees will increase Yankee's power costs by nearly 1 mill per kilowatt hour (KWH) (a charge comparable to the entire cost of waste disposal, as presently assessed by DOE). Please note that this surcharge is on top of our current Part 170 license fees of more than $200,000 per year.

6. An increase of this magnitude is unreasonable for such a small reactor. The impact on Yankee power costs will be approximately six times as great as it will be for a typical large, current vintage plant.

7. The decision to renew the Yankee power contracts in 1991 will be based on economics, which for a small plant like Yankee are at best marginal. Current Yankee production costs are nearly 4 cents/KWH, whereas many plants in New England have pro-

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(Footnote 2 Continued from Previous Page)
Yankee to their own wholesale and retail markets. Yankee has no other customers.

In this connection, it should also be noted that Yankee is often referred to as a "single asset" utility. Yankee was formed for the exclusive purpose of constructing and operating New England's first nuclear plant. Unlike other utilities, Yankee will not construct any future generating facilities, nuclear or otherwise. Once the Yankee plant is removed from service and decommissioned, Yankee Atomic will cease to operate as a utility company.

duction costs of less than three cents. An increase of $950,000 in license fees on a small plant like Yankee will widen this gap still further. The intent of the Section 171.11 exemption provision is to avoid such adverse impacts on the operators of small, older reactors. See 51 Fed. Reg. at 33,227, col. 2.[3]

8. The sensitivity of a small reactor to increased expenses is clear in a recent analysis of 1985 nuclear utility operating and maintenance (O&M) costs (Attachment A). The study shows that despite an excellent capacity factor (80%), and tight budget controls, Yankee's O&M costs are close to the highest in the industry.

9. Furthermore, because of its small size, Yankee poses less of a potential hazard than most other commercial plants (inventory of fission product is proportional to size). Moreover, Yankee is located in a very remote area, which reduces the hazard to the public still further.

3/ Section 171.11 also refers to "[n]umber of customers in rate base" and "[n]et increase in KWh cost for each customer directly related to the annual fee assessed under this part." Yankee has no retail customers; as noted, all of its energy production is sold to the 10 New England utilities that own Yankee as energy supply for their respective systems. And, as indicated above, Yankee estimates that the Part 171 license fee will increase Yankee's cost per kilowatt hour by approximately 1 mill, which is about 6 times greater than the increase that will be experienced by more recent vintage plants.

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10. The requested exemption is also justified in view of the fact that many of the generic costs underlying the Part 171 annual fee are not relevant to Yankee Atomic. See generally, 51 Fed. Reg. 24,078, 24,079 (1986) (Proposed Rule). This includes costs associated with the following:

- NRC research directed to future plant designs (id. at 24,079, col. 3) (as explained previously, Yankee is a single-asset utility and will not construct any generating plant, nuclear or otherwise, in the future);

- NRC research directed toward verified thermal hydraulic computer codes (id. at col. 2), development of probabilistic risk assessment (PRA) technology (id. at col. 3) and earth sciences research (id. at 24,080, col. 1) (since its inception, Yankee has independently developed substantial in-house, state-of-the-art analytical capabilities for plant engineering and design, including NRC-approved thermal hydraulic codes, fuel performance models and methods to assess seismological risk -- examples of reports which describe these capabilities are YAEC 1234, YAEC 1274P, YAEC 1300 and YAEC 1331); indeed, Yankee was licensed as an Atomic Energy Act section 104(b) power reactor demonstration project for, among other things, research and development of power reactor technology. See 1 A.E.C. 26 (1957);

- NRC research and regulation directed to large, contemporary plants and advanced future designs (id. 24,079 at col. 2 and 24,080 at col. 3), e.g., plant siting criteria, construction quality assurance and vendor topical reports related to standard designs;

- Review of applications for licenses to operate nuclear power reactors (id. at 24,080, col. 3);

- Specialized inspection and enforcement measures (id. at 24,081, col. 1) (Yankee Atomic has an excellent overall record of high performance and reliability and receives consistently high SALP ratings, see Attachment B).

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11. The different status of small, older generation plants has been recognized in other regulatory contexts as well, e.g., the Commission's property insurance and backfitting rules (10 C.F.R. §§ 50.54(w) and 50.109). Simply put, because kilowatt hour production for small, older generation plants is an order of magnitude lower than that of more recent plants, the different cost-benefit relationship of various expenses, including the new Part 171 fees, must be recognized.

12. Therefore, Yankee submits that a surcharge of $950,000 on top of our current license fees (approximately $200,000 per year) is unreasonable for the small Yankee plant, which is located in a rural area and has an excellent safety, regulatory and enforcement record. Yankee requests that the Part 171 fee imposed on it not exceed $50,000. We feel that this amount should be more than adequate to recognize the benefit to Yankee of the various costs that are to be recovered through the Part 171 fees.

13. In addition, repeating the exemption application process each year would be costly and time consuming for the Staff as well as Yankee. For that reason, the partial exemption requested here should be made permanent. The facts that support this application will not change in any way that would undermine the validity of the exemption.

14. Finally, Yankee would welcome the opportunity to meet at the Staff's convenience to discuss this application; if additional information is needed in connection with the application, please contact the undersigned.

Conclusion

Based upon the foregoing, Yankee respectfully requests that it be granted a permanent, partial exemption from the requirements of 10 CFR Section 171.15. It is Yankee's position that the surcharge levied on top of our Part 170 license fees should not exceed $50,000.

Respectfully submitted,

YANKEE ATOMIC ELECTRIC COMPANY

By A. R. Soucy

A. R. Soucy
Treasurer and
Chief Financial Officer

1671 Worcester Road
Framingham, Massachusetts 01701

Telephone: 617-872-8100

Dated: October 21, 1986

U.S. UTILITY OPERATING AND MAINTENANCE COSTS 1985

Utility	Plant	Vendor	1985 Net MW	1985 Net MWH	1985 Capacity Factor	Maintenance Cost	Maintenance Mills/KWH	O&M less fuel Cost	O&M less fuel Mills/KWH	Total 1985 Costs	Total 1985 Mills/KWH	1984 Mills/KWH
Union Electric	Callaway	W	1,120	8,029,574	81.84%	$13,325,457	1.660	$57,674,015	7.183	$63,064,456	7.854	
Virginia Power	North Anna	W	1,786	12,612,517	80.62%	$22,844,640	1.811	$55,487,251	4.399	$120,514,447	9.555	12.832
Niagara Mohawk Power	Nine Mile Point-1	G	610	4,932,333	92.30%	$4,957,575	1.005	$17,567,344	3.562	$48,066,096	9.745	13.245
Northern States Power	Monticello	G	536	4,286,986	91.30%	$7,333,591	1.711	$30,266,060	7.060	$50,458,443	11.770	164.46
Kansas Gas & Electric	Wolf Creek	W	1120	2,942,100	90.57%	$2,484,149	0.844	$8,566,434	2.912	$35,602,736	12.101	
Wisconsin Elec.Power	Point Beach	W	970	6,955,765	81.86%	$19,687,250	2.830	$41,412,820	5.954	$85,043,757	12.226	14.591
Northern States Power	Prairie Island	W	1,003	7,285,464	82.92%	$23,171,399	3.180	$49,014,093	6.728	$91,337,369	12.537	9.936
Portland Gen. Electric	Trojan	W	1,080	6,910,774	73.05%	$18,338,908	2.654	$46,171,791	6.681	$86,750,566	12.553	16.000
Virginia Power	Surry	W	1,556	9,690,725	71.10%	$25,637,668	2.646	$56,892,023	5.871	$122,247,833	12.615	13.220
Commonwealth Edison	Quad Cities	G	1,538	10,629,185	78.89%	$17,050,580	1.604	$64,638,744	6.081	$136,422,868	12.835	14.494
Indiana & Michigan Elec.	Cook	W	2,080	12,913,018	70.87%	$24,543,431	1.901	$80,435,162	6.229	$171,321,565	13.267	13.267
Commonwealth Edison	Zion	W	2,080	9,927,984	54.49%	$22,198,940	2.236	$69,753,340	7.026	$132,221,487	13.318	10.350
Maine Yankee APC	Maine Yankee	C	810	5,354,407	75.46%	$15,185,836	2.836	$35,759,964	6.679	$71,454,041	13.345	13.162
Baltimore G&E	Calvert Cliffs	C	1,650	9,925,994	68.67%	$26,466,085	2.666	$72,238,896	7.278	$135,126,434	13.613	11.602
Pacific Gas & Electric	Diablo Canyon-1	W	1,073	6,530,138	69.47%	$4,415,861	0.676	$41,217,269	6.312	$89,531,217	13.710	
Rochester G&E	Ginna	W	470	3,613,104	87.76%	$9,039,582	2.502	$31,609,327	8.749	$49,772,450	13.776	15.910
Duke Power	Oconee	B	2,580	16,981,975	75.14%	$65,678,620	3.868	$123,707,389	7.285	$236,447,326	13.923	11.277
Florida P&L	Turkey Point	W	1,332	8,548,211	73.26%	$38,690,808	4.526	$73,203,059	8.564	$123,205,229	14.413	12.413
Duke Power	McGuire	W	2,360	12,377,612	59.85%	$50,254,446	4.062	$102,463,683	8.281	$183,038,871	14.794	12.277
Wisc.Public Service	Kewaunee	W	503	3,699,176	83.95%	$10,159,392	2.746	$31,605,251	8.544	$55,099,366	14.895	12.972
Louisiana P&L	Waterford 3	C	1104	2,436,762	25.20%	$3,434,955	1.410	$13,788,333	5.658	$36,496,782	14.978	
Florida P&L	St. Lucie	C	1,664	11,975,070	82.15%	$40,162,210	3.354	$79,393,730	6.630	$182,966,217	15.279	14.979
Commonwealth Edison	Dresden	G	1,545	7,476,134	55.24%	$15,832,007	2.118	$67,523,443	9.032	$116,259,511	15.551	15.769
TVA	Sequoyah	W	2,296	12,159,737	60.46%	$35,214,340	2.896	$88,979,224	7.318	$190,917,686	15.701	12.97
Arkansas P&L	Arkansas Nuclear I	B	1,694	9,887,139	66.64%	$26,348,422	2.664	$77,771,284	7.864	$160,528,014	16.233	15.526
Commonwealth Edison Co.	LaSalle	G	2,072	8,240,293	45.40%	$29,620,818	3.595	$74,800,803	9.077	$135,019,112	16.385	14.591
Alabama Power Co.	Farley	W	1,623	11,338,990	79.75%	$49,527,644	4.367	$97,054,241	8.559	$185,928,694	16.397	14.123

ATTACHMENT A

Utility	Plant	Vendor	1985 Net MW	1985 Net MWH	1985 Capacity Factor	Maintenance Cost	Maintenance Mills/KWH	O&M less fuel Cost	O&M less fuel Mills/KWH	Total 1985 Costs	Total 1985 Mills/KWH	1984 Mills/KWH
Consolidated Edison	Indian Point-2	W	864	6,650,209	87.87%	$16,961,783	2.551	$58,850,522	8.849	$109,246,994	16.428	35.474
Omaha Public Power	Fort Calhoun	C	478	3,066,256	73.23%	$6,168,465	2.012	$30,459,087	9.934	$52,533,182	17.133	15.733
Carolina P&L	Robinson-2	W	665	5,239,913	89.95%	$18,770,367	3.582	$52,079,482	9.939	$94,022,685	17.944	387.332
Pa. Power & Light	Susquehanna	G	2,064	12,219,022	67.58%	$39,292,010	3.216	$119,578,257	9.786	$220,633,961	18.057	19.270
Duke Power	Catawba-1	W	1145	3,440,514	67.30%	$13,095,288	4.039	$35,840,240	10.417	$63,960,632	18.590	
Northeast Utilities	Connecticut Yankee	W	569	4,638,105	91.05%	$6,972,987	1.503	$45,550,432	9.821	$86,491,813	18.648	25.673
Boston Edison	Pilgrim	G	670	4,950,971	84.36%	$19,290,891	3.896	$61,244,784	12.370	$93,767,916	18.939	
Public Service E&G	Salem	W	2,185	14,024,518	73.27%	$66,116,910	4.714	$168,287,463	12.000	$271,592,321	19.366	46.289
Duquesne Light Co.	Beaver Valley-1	W	810	5,901,460	83.17%	$12,602,931	2.136	$54,630,169	9.257	$117,093,911	19.842	21.653
Consumers Power	Palisades	C	730	5,291,419	82.75%	$19,415,738	3.669	$58,496,148	11.055	$105,570,314	19.951	82.379
South Carolina E&G	Summer	W	885	5,230,522	67.47%	$22,916,112	4.381	$71,305,650	13.633	$110,765,232	21.177	22.227
WPPSS	WNP-2	G	1,100	2,554,559	26.53%	$12,834,004	5.020	$40,298,965	15.763	$54,306,052	21.242	
Georgia Power	Hatch	G	1500	5,075,177	38.62%	$39,438,089	7.771	$69,907,327	13.774	$109,668,010	21.609	32.073
Northeast Utilities	Millstone-1	G	654	3,714,347	64.83%	$15,968,969	4.299	$43,825,231	11.799	$80,432,628	21.655	19.195
N.Y.Power Authority	Fitzpatrick	G	810	4,166,520	58.72%	$20,987,418	5.037	$56,859,260	13.647	$91,610,910	21.987	17.687
Vermont Yankee	Vermont Yankee	G	504	2,999,402	67.94%	$16,135,137	5.379	$46,416,147	15.475	$67,187,313	22.400	19.380
Commonwealth Edison	Byron	W	1129	2,828,562	97.52%	$7,845,789	2.774	$34,430,565	12.172	$65,632,555	23.204	
N.Y.Power Authority	Indian Point-3	W	965	4,730,307	55.96%	$32,456,862	6.861	$78,283,392	16.549	$119,641,863	25.293	17.692
Toledo Edison Co.	Davis-Besse	R	860	1,942,921	25.79%	$31,887,384	16.412	$41,745,087	21.486	$51,306,060	26.407	20.625
Carolina P&L	Brunswick	G	1,580	6,910,329	50.07%	$79,034,889	11.404	$143,044,998	20.640	$183,182,977	26.432	26.221
TVA	Browns Ferry	G	3,195	5,543,822	19.81%	$29,227,528	5.271	$99,913,079	18.022	$151,050,722	27.247	19.373
Florida Power Corp.	Crystal River-3	R	821	2,563,794	35.65%	$14,144,844	5.517	$61,322,595	23.919	$79,317,660	30.938	17.315
Northeast Utilities	Millstone-2	C	857	2,833,135	37.74%	$26,327,236	9.293	$57,103,743	20.156	$89,001,076	31.414	
GPU Nuclear	Oyster Creek	G	620	3,744,664	68.95%	$29,295,585	7.823	$101,788,390	27.182	$121,133,585	32.348	311.523
Yankee Atomic Power	Yankee	W	167	1,181,669	80.77%	$2,699,078	2.284	$36,594,913	30.969	$43,895,478	37.147	37.109
Mississippi P&L	Grand Gulf	G	1,108	2,654,149	38.21%	$21,774,000	8.204	$68,253,540	25.716	$100,975,291	38.044	
Iowa Electric L&P	Duane Arnold	G	515	1,926,887	42.71%	$20,049,103	10.405	$56,023,200	29.074	$75,644,195	39.257	21.327
Phila. Electric Co.	Peach Bottom	G	2,086	5,611,396	30.72%	$83,302,610	14.840	$160,413,715	28.577	$221,442,663	39.449	22.524
Southern Calif. Edison	San Onofre	W	2,586	11,318,442	49.96%	$135,991,420	12.015	$294,533,765	26.022	$480,395,390	42.444	44.863

Utility	Plant	Vendor	1985 Net MW	1985 Net MWH	1985 Capacity Factor	Maintenance Cost	Maintenance Mills/KWH	O&M less fuel Cost	O&M less fuel Mills/KWH	Total 1985 Costs	Total 1985 Mills/KWH	1984 Mills/KWH
Nebraska Public Power	Cooper	G	764	1,067,748	15.959	$11,729,874	10.986	$40,304,695	37.747	$47,481,272	44.469	13.710
Consumers Power Co.	Big Rock Point	G	69	360,774	59.699	$3,798,869	10.530	$13,603,146	37.705	$16,683,432	46.243	38.733
Sacramento MUD	Rancho Seco	B	873	1,889,885	24.719	$39,678,563	20.995	$95,787,077	50.685	$108,263,286	57.286	22.179
GPU Nuclear	TMI-1	B	776	811,660	11.949	$15,846,336	19.523	$68,587,012	84.502	$71,832,068	88.500	
Public Service Colo.	Fort St. Vrain	GA	330	0	0.009	$24,851,823	N/A	$52,948,283	N/A	$52,948,283	N/A	576.279

Sources:
Only units in commercial service for the year are included.
Net Capacity listed is Net Maximum Dependable Capacity as reported in NRC NUREG-0020, "Licensed Operating Reactors," January 1986.
Net Generation was taken from FERC Form 1 and EIA Form 412.
1984 Mills/KWH was taken from DOE/EIA-0455(84), "Historical Plant Cost and Annual Production Expenses for Selected Electric Plants 1984.
Dairyland Power Cooperative did not report figures specific to LaCrosse.

OUTAGES CONTINUE TO BE BIGGEST COST FACTOR *(continued from page 4)*

figure of 9.745 mills/KWH, down substantially from the 1984 cost figure of 13.245 mills/KWH. The drop corresponded to a rise in capacity factor from 66.6% in 1984 to 92.3% in 1985, which a utility spokesman attributed to the 24-month fuel cycle. "We have found distinct benefits in the longer cycle; our outage time is not significantly longer than plants on 18 or even 12-month cycles," the spokesman said.

High mills/KWH production costs for 1985 were largely due to outages, as was the case in 1984. Nebraska Public Power District's (NPPD) Cooper, with costs of 44.469 mills/KWH in 1985, scheduled an outage from September 1984 to August 1985 to replace the recirculation pipes. During the outage, "a lot of valve repacking and turbine generator maintenance" was done, a utility spokesman said, adding that an unscheduled turbine outage occurred in November 1985 for about one month. GPU Nuclear Corp.'s Oyster Creek, with costs of 311.573 mills/KWH in 1984 and 32.348 mills/KWH in 1985, accomplished a major refurbishment from February 1983 to October 1984, with 1985 "a regular operating year," a GPU spokesman said.

At Public Service Co. of Colorado's Fort St. Vrain, no electricity was generated during most of 1984 and 1985 because of refueling, engineering modifications, and environmental qualification activity. Thus the nuclear plant had costs in 1984 of 576.279 mills/KWH, and "so little generation in 1985 that no one figured it out," a utility spokesman said. Fort St. Vrain therefore ranked highest in 1985 production costs on a per KWH generated basis.

Philadelphia Electric Co.'s Peach Bottom-2 and -3 were down from September 1984 to early July 1985 for replacement of recirculation piping, a utility spokesman said. In 1984, the units' production costs were 20.574 mills/KWH; in 1985, 39.449 mills/KWH.

Florida Power Corp.'s Crystal River-3 incurred 1984 costs of 19.315 mills/KWH compared with 1985 costs of 30.938 mills/KWH. A utility spokesman said the nuclear plant's 1984 "positive performance" included the generation of almost 7-million MWH, the second highest generation of electricity of any nuclear plant in the U.S. But in 1985, the plant was out of service for 27 weeks for refueling and 250 major NRC-mandated design modifications, the spokesman said.

Iowa Electric Light & Power Co.'s Duane Arnold had an outage during 1985 that lasted half the year, a utility spokesman said. He said "a lot of contractor help" added to costs, such as extra pipefitters and electricians for a 10-year equipment inspection. The utility's 1984 costs were 21.327 mills/KWH compared with 1985 costs of 39.449 mills/KWH.

Rochester Gas & Electric Co.'s (RG&E) Ginna, ranked 16th in 1985 at 13.776 mills/KWH compared to 1984 costs of 15.910 mills/KWH, cut costs because of operational fine tuning. During 1984, a spokesman said, the utility completed a redesign modification of the moisture separator reheater and cleaned the secondary feedwater trains, which contributed to better performance. Ginna's net 1985 capacity factor was 87.76% compared with 78.7% in 1984, the spokesman said, adding that a reduction in trip outage time during 1985 also added to the plant's performance.

—Dick Maggrett, Washington; Charles Thurston, New York

ATTACHMENT B

EXCERPT FROM SYSTEMATIC ASSESSMENT OF LICENSEE PERFORMANCE (SALP) REPORT NO. 50-29/85-99

B. Facility Performance

Functional Area	Last Period (May 1, 1982) August 31, 1983	This Period (September 1, 1983 January 31, 1985)	Recent Trend
A. Plant Operations	1	1	Consistent
B. Radiological Controls	2	2	Consistent
C. Maintenance	1	1	Consistent
D. Surveillance	1	1	Consistent
E. Fire Protection and Housekeeping	1	1	Consistent*
F. Emergency Preparedness	1	1	Consistent
G. Security and Safeguards	2	2	Improving
H. Refueling	1	1	Consistent
I. Design Control/Quality Assurance	2	2	Improving
J. Licensing Activities	1	1	Consistent

*A declining trend has been noted in the area of personnel adherence to Fire Protection procedures.

ENCLOSURE 2

Ltr dated October 28, 1986 from J. W. Taylor
(Dairyland Power Cooperative) to Director, NRR

Enclosure 2

DAIRYLAND POWER COOPERATIVE • P.O. BOX 817 • 2615 EAST AVE. SO. • LA CROSSE, WISCONSIN 54602-0817
(608) 788-4000

JAMES W. TAYLOR
General Manager

October 28, 1986

Director, Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

RE: Dairyland Power Cooperative
La Crosse Boiling Water Reactor (LACBWR)
Provisional Operating License Number DPR-45
Application for Exemption from Annual
Fees Imposed Under 10 CFR Part 171

Dear Sir:

Pursuant to 10 CFR Part 171.11, Dairyland Power Cooperative (DPC), hereby respectfully requests that the Nuclear Regulatory Commission (the "Commission") exempt the La Crosse Boiling Water Reactor (LACBWR), owned and operated by DPC, from the annual fee imposed under 10 CFR Part 171 on nuclear power reactors. For the reasons set forth below, DPC believes that it is entitled to this exemption under the criteria set forth in 10 CFR Part 171.11 and that it would be in the public interest to grant this exemption request.

10 CFR Part 171, which became effective on October 20, 1986, imposes an annual fee of $950,000 on each power reactor licensed to operate as of October 1, 1986, in addition to the licensing fees already being imposed under 10 CFR Part 170. In adopting this new rule, the Commission specifically indicated that it was "not the intent of the Commission to promulgate a fee schedule that could have the effect of imposing fees at such a level that the owners of the handful of small, older reactors would find it in their best economic interest to shut their reactors down." The Commission indicated that it would consider exemption requests submitted in connection with such reactors and take the following factors into consideration in reviewing such exemption requests:

a. Age of the reactor.
b. Size of the reactor.
c. Number of customers in rate base.
d. Net increase in kWh cost for each customer directly related to the annual fee assessed under this Part.
e. Any other relevant matter which the licensee believes justifies the reduction of the annual fee. 10 CFR Part 171.11.

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See Attached

The Commission also indicated that it would grant exemption relief under Part 171.11 if the licensee could demonstrate on the basis of these factors that NRC's regulatory costs for the plant in question are reduced and that the benefits bestowed on the licensee are below that of other plant reactors. This exemption request will address each of the factors set forth in Part 171.11, and demonstrate (1) that DPC is entitled to favorable consideration under all of these factors, and (2) that the fee requirements of Part 171 should be waived in full with respect to LACBWR or alternatively reduced to an annual fee of no more than $55,000.

a. Age of the Reactor - LACBWR has been in operation for 17 years. It is one of the four oldest nuclear power reactors subject to the provisions of Part 171. LACBWR was originally built as a demonstration nuclear plant for the Atomic Energy Commission (AEC) under the Cooperative Power Reactor Development Program. LACBWR went on line in November 1969, and in 1973 title to LACBWR was transferred from the AEC to DPC. LACBWR is a mature plant with a proven record of operating experience and the Commission is no longer incurring the types of "start-up" regulatory costs associated with new reactor designs and systems. Moreover, LACBWR is an Allis-Chalmers BWR and DPC receives little, if any, direct benefit from the "generic" regulatory costs associated with Commission-sponsored research activities involving advanced reactor designs and PWR's and BWR's designed by manufacturers of the reactors utilized by other nuclear utilities. These research costs constitute more than half of the regulatory costs that the Commission is attempting to recover under Part 171. In addition, because DPC has made significant upgrades to LACBWR over the past ten years in order to meet current regulatory requirements, it is not expected that extensive modifications, like those required in the past, will be undertaken for the remainder of plant life which might require intensive internal review actions by the NRC.

b. Size of the Reactor - LACBWR is the smallest nuclear power reactor subject to the provisions of Part 171. The vast majority of U.S. power reactors range in size from 500 to 1200 MW electric. At a rated capacity of 50 MW electric and 165 MW thermal, LACBWR is less than 10% of the size of approximately 90% of all other U.S. power reactors and it is less than 70% of the size of the next largest reactor subject to the new fee schedule. Charging the same fee for LACBWR that is charged to reactors that generate more than 20 times as much power as LACBWR imposes an unfair and disproportionate burden on DPC vis-a-vis other nuclear utilities. The flat fee does not accurately reflect the lower regulatory costs attributable to the smaller physical size of LACBWR and the reduced number and complexity of systems and components in the plant. Again, there are few, if any, benefits bestowed upon DPC from generic NRC regulatory programs that benefit all other nuclear utilities because they involve General Electric, Westinghouse, Babcock & Wilcox, and Combustion Engineering reactors which are an order of magnitude larger in size and more complex than LACBWR.

c. <u>Number of Customers in Rate Base</u> - DPC's service area includes parts of four states in the upper north central region of the U.S. (i.e. Wisconsin, Minnesota, Iowa and Illinois). DPC, as a generation and transmission cooperative, provides electric service to 29 distribution cooperatives which are members of DPC and which in turn provide electric service to 170,000 customers in this region. DPC's customer base is considerably smaller than the customer base served by other nuclear utilities, particularly those serving major metropolitan areas, and also considerably less diversified. DPC's customer base is primarily rural in character and has already been under severe economic strain due to the problems besetting the U.S. farm economy in recent years. DPC's system has essentially been in a zero growth mode over the past several years. These new fees would further aggravate the financial problems confronting DPC's member cooperatives and their customers. The additional fees imposed under Part 171 would also place a disproportionate share of the Commission's regulatory costs on DPC's relatively small customer base that receives the benefit of only 50 MW of power production from nuclear energy compared with the customer bases of other nuclear utilities which (1) are much larger, (2) receive the benefit of much more power from nuclear energy, and (3) are in a much better position to absorb the additional costs associated with these fees.

d. <u>Net Increase in kWh Cost</u> - LACBWR currently has the highest unit power costs of any base load plant on the DPC system. During 1985, the total production costs for power generated at LACBWR were in excess of $0.054 per kWh compared to total production costs of less than $0.023 per kWh from DPC's most efficient coal-fired unit and average revenues of $0.046 per kWh from DPC's member cooperatives. The addition of a $950,000 annual fee under Part 171 would result in approximately a 5.4% increase in LACBWR's unit production costs, or 3 mills more per kWh, which would further increase the cost differential between LACBWR costs, the average costs of its coal-fired units and average system revenues. The increase in cost per kWh at LACBWR will be approximately 15-20 times greater than the increase that will be experienced at other nuclear utilities operating larger reactors where total production costs are already much higher. An increase of this magnitude will have a significant adverse impact on DPC's member cooperatives and customers. LACBWR contributes less than 8.5% of DPC's installed base load generating capacity, but it does reduce DPC's dependence on coal as the primary fuel source for base load plants. However, the proposed ten-fold cost increase for regulatory services under Part 171, versus the average fees paid under 10 CFR Part 170 in recent years, will -- unless waived or substantially reduced by the Commission -- drastically impact the economics associated with the operation of LACBWR.

e. Other Relevant Matters - As noted previously, LACBWR was constructed by the AEC under the Cooperative Power Reactor Development Program - a government-sponsored program designed to stimulate the development of the nuclear power industry and encourage widespread participation in this development by demonstrating that small-scale nuclear power plants could be economically operated. DPC participated in LACBWR at the urging of the AEC and became subject to licensing pursuant to the contractual arrangements with the AEC transferring ownership of the plant and operational responsibilities for the plant to DPC. The imposition of unduly burdensome and disproportionate fees on LACBWR at this juncture could have an adverse impact on the willingness of other utilities to participate in similar government-sponsored energy projects in the future. In addition, LACBWR is unique in many respects. It is the only nuclear power reactor in the United States that is entirely owned and operated by a rural electric generation and transmission cooperative. The continued operation of LACBWR enables DPC to lessen its dependence on coal-fired generating capacity and maintain a more diversified fuel mix for its base load plants. However, the impact of the new fees on the economics associated with continued operation of LACBWR could ultimately force DPC to increase its dependence on coal-fired capacity. Such a development would not be in the best interest of DPC's member cooperatives or the consuming public.

To DPC's knowledge, every other fee imposed upon nuclear utilities by regulatory agencies, other government entities, and private trade associations and industry groups to administer their programs and recover their costs is based upon the number and size of the reactors involved, the gross revenues or total power production of the utility involved, or the total production of the nuclear power plants involved (e.g. the DOE High Level Waste Fund, charges imposed by the Wisconsin Public Service Commission, EEI, EPRI, INPO, etc.). Yet, the new rule would impose the same $950,000 fee on LACBWR that is imposed on a typical large reactor such as the 1250 MWe Grand Gulf reactor. Based on the relative size of these two reactors, DPC should only be required to pay 4% of the amount paid for a larger reactor or $38,000. DPC recognizes that the NRC's goal is to recover $96 million this year under 10 CFR Part 171. This $96 million amounts to approximately $1,111 per MWe of installed nuclear generating capacity in the United States. At 50 MWe, the fee imposed on LACBWR would only be around $55,000 if reactor size were the criteria utilized to assess fees. Absent this exemption, DPC will, therefore, be required to pay over 17 times the amount that it would otherwise be required to pay under the generally-accepted fee criteria utilized throughout the government and industry.

In summary, DPC believes that its situation is unique in many respects, in light of LACBWR's size, DPC's status as a rural electric cooperative, the size and character of the DPC system and customer base, and the origins of DPC's participation in the nuclear industry. DPC believes that it is entitled to favorable consideration under all five factors set forth in 10 CFR Part 171.11. DPC should simply not be subjected to the same annual fee imposed on other much larger utilities that operate nuclear plants generating far more power than LACBWR and serving much larger and more diverse customer bases which receive far more benefits from nuclear power and which are far more capable of absorbing the fees imposed under Part 171.

For all the foregoing reasons, DPC therefore respectfully requests that the Commission grant DPC a permanent exemption from the annual fees imposed under 10 CFR Part 171 and waive these fees altogether insofar as they apply to DPC or, in the alternative, reduce these fees to no more than $55,000 per year.

DPC also respectfully requests that DPC not be required to make the first quarterly installment of any payment due under the new rule with respect to LACBWR until ten (10) days after the issuance of a final decision by the Commission on this exemption request.

Sincerely,

James W. Taylor

JWT/RES/cls

STATE OF WISCONSIN }
}
COUNTY OF LA CROSSE }

Personally came before me this 28 day of October, 1986, the above named James W. Taylor to me known to be the person who executed the foregoing instrument and acknowledged the same.

Ann J. Malin

Ann J. Malin
Notary Public
La Crosse County, Wisconsin

My Commission Expires 02/21/88

ENCLOSURE 3

Ltr dated November 7, 1986 from K. W. Berry (Consumers Power Company) to Executive Director for Operations

Enclosure 3

Consumers Power
POWERING MICHIGAN'S PROGRESS
General Offices: 1945 West Parnell Road, Jackson, MI 49201 • (517) 788-1636

Kenneth W Berry
Director
Nuclear Licensing

November 7, 1986

Executive Director for Operations
US Nuclear Regulatory Commission
Washington, DC 20555

DOCKET 50-155 - LICENSE DPR-6 - BIG ROCK POINT PLANT -
10CFR171 ANNUAL FEE EXEMPTION REQUEST

Pursuant to 10CFR171.11, for the reasons set forth herein, Consumers Power Company requests an exemption from the annual fee requirements of 10CFR171.15 for Big Rock Point. As stated in the Federal Register notice which published the new fee rule, the NRC recognizes the problem that some licensees of smaller reactors may have in paying substantially increased fees and therefore has provided for fee exemptions.

In support of this request, Consumers Power Company submits the following:

1. Big Rock Point is the holder of NRC License No. DPR-6, dated May 1, 1964. The plant is the oldest operating General Electric boiling water reactor and one of the oldest operating commercial nuclear generating plants in the United States. Big Rock Point's operating license expires on May 31, 2000. This leaves less than 14 years of plant operation remaining. Because of Big Rock Point's age, many of the generic costs underlying the new fee rule are not relevant to Big Rock Point.

2. In addition to being one of the oldest commercial reactors, Big Rock Point is the second smallest operating commercial nuclear generating plant in the United States. Big Rock Point's output is 69 MWe net. This output is more than one order of magnitude less than the average modern vintage commercial generating plant.

3. A surcharge of $950,000 in annual license fees would incrementally increase Big Rock Point's cost of electrical production by approximately 2.5 mills per kilowatt-hour. This surcharge would be in addition to our current average 10CFR170 fees of approximately $130,000 per year. An

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increase of this magnitude is unreasonable for a generating plant of this small size. The impact of this surcharge would be approximately 12 times as great as it will be for a typical modern vintage plant. Even without increased license fees, recent industry analyses have shown Big Rock Point's operating costs on a kilowatt-hour basis to be among the highest in the industry.

4. Because our current electric rates do not reflect the new fee, it could not be passed on to our customers without filing a new rate case with the Michigan Public Service Commission. At the present time, the regulatory climate within the state is volatile, and the outcome of any new rate case filing would be unpredictable. This is due in part to Consumers Power Company's recent financial problems and the visibility these problems have created in the state regulatory arena. Also, intervenors in a fuel and purchased power cost recovery proceeding are presently contending that Big Rock Point should not be allowed to remain in the rate base due to high operating and maintenance costs of the facility.

5. Big Rock Point's small size and rural location is less of a potential hazard to public health and safety than most other commercial nuclear generating plants. Plant age, size and location have also been recognized by the NRC in other regulatory contexts. These include the emergency planning zone, insurance and backfitting rules.

6. Over the last several years, Big Rock Point performance has been above average in SALP ratings, capacity factor and availability. This has resulted in less NRC regulatory effort being spent on Big Rock Point.

Because Big Rock Point's kilowatt-hour output is small and the plant is old, the cost-benefit of the new fee should be recognized. As stated in the Federal Register notice which published the new rule, it is not the intent of the NRC to promulgate a fee schedule at such a level that smaller, older reactors would find it in their best economic interest to shut down. We feel that the majority of the regulatory costs and benefit gains associated with Big Rock Point would reasonably be collected under the existing 10CFR170 fee structure.

In conclusion, Consumers Power Company contends that because of the tenuous economic viability of Big Rock Point, any increase in licensing fees is unreasonable and overly burdensome. We request that an exemption be granted that requires Big Rock Point to pay not more than $27,000 in annual licensing fees under 10CFR171. This amount is based on the fact that Big Rock Point is 69/850 the size of the average plant and has only 14/40 years of operation left [(69/850) x (14/40) x ($950,000) = $27,000]. The average plant size was calculated from NUREG 0020, June 1986 data [85,190 Mwe/100 plants = 850 average MWe/plant]. We believe that establishing an annual fee on the basis of plant size and age is appropriate justification.

To reduce the administrative costs of filing an annual exemption request, we also request the exemption be made permanent. Pursuant to NRC Invoice F0085 dated November 19, 1986, a full quarterly installment of $237,500 will be remitted for Big Rock Point. Subsequent to NRC action on this exemption request, and if the exemption is granted, a refund of the difference is hereby requested.

Kenneth W Berry

Kenneth W Berry
Director, Nuclear Licensing

CC Director, Nuclear Reactor Regulation
Administrator, Region III, USNRC
NRC Resident Inspector - Big Rock Point

ENCLOSURE 4

Summary Sheets (3)

YANKEE NUCLEAR POWER STATION

YANKEE ATOMIC ELECTRIC COMPANY

DOCKET NO. 50-029

FACILITY OPERATING LICENSE NO. DPR-3

Age of Reactor

Yankee is the oldest commercial operating reactor at 26 years old. (License issued July 19, 1960, expiration date is November 4, 1997).

Size of Reactor

Yankee is about one-fifth the size of the average plant at 600 MW thermal, 175 MW electrical.

Number of customers in rate base

Net increase in Kwh cost for each customer directly related to the annual fee assessed.

Yankee was formed for the exclusive purpose of constructing and operating New England's first nuclear plant. Yankee has no retail customers; the energy production is sold to the 10 New England utilities that own Yankee. The annual fee will increase costs per Kilowatt hour by approximately 1 mill, which is about six times greater than the increase that will be experienced by more recent vintage plants.

Other relevant matters

Smaller plants are more sensitive to increasing costs, as evidenced by the relatively high operating and maintenance costs even with good plant capacity factors. Such sensitivity has been acknowledged in other regulatory contexts, such as the insurance rule and backfitting.

SALP ratings have been consistently high, thus, special inspections and reviews of operating experience costs are lower.

Yankee poses less of a potential hazard than most other plants because of its simpler design, diversity of heat removal systems, design margins, small core size and the remote siting.

Because of the older design, many of the generic activities covered by the rule are not applicable, such as thermal-hydraulics codes and earth science research.

BIG ROCK POINT PLANT

CONSUMERS POWER COMPANY

DOCKET NO. 50-155

FACILITY OPERATING LICENSE NO. DPR-6

Age of Reactor

Big Rock Point is the oldest operating General Electric boiling water reactor and one of the oldest commercial operating reactors at 22 years old. (License issued May 1, 1964, expiration date is May 31, 2000).

Size of Reactor

Big Rock Point is the second smallest commercial operating plant with an output of 69 MW electrical. This output is less than one-tenth the size of the average modern plant.

Number of customers in the Big Rock Point rate base

20,600 at 85% Capacity Factor.

Net increase in KWh cost for each customer directly related to the annual fee assessed

The annual fee will increase costs per kilowatt hour by approximately 2.5 mills, which is about 12 times greater than the increase that will be experienced by more recent vintage plants.

Other relevant matters

Smaller plants are more sensitive to increasing costs, as evidenced by the relatively high operating and maintenance costs even with good plant capacity factors. Even without increased license fees, recent industry analyses have shown Big Rock Point's operating costs on a kilowatt-hour basis to be among the highest in the industry.

Because of the older design, many of the generic activities covered by the rule are not applicable, such as thermal-hydraulics codes and earth science research.

Big Rock Point's small size and rural location is less of a potential hazard than other plants because of its simpler design, design margins, small core size, and the remote siting.

SALP ratings have been above average over the last several years.

Current electric rates do not reflect the new fee. A new rate case with the Michigan Public Service Commission would have to be undertaken. The current state regulatory climate is volatile due in part to Consumers Power Company's recent financial problems.

LA CROSSE BOILING WATER REACTOR

DAIRYLAND POWER COOPERATIVE

DOCKET NO. 50-409

PROVISIONAL OPERATING LICENSE NO. DPR-45

Age of Reactor

La Crosse Boiling Water Reactor (LACBWR) is one of the four oldest commercial operating reactors subject to the provisions of Part 171. The unit began commercial operation in November 1969.

Size of Reactor

LACBWR is the smallest commercial nuclear power unit in the U.S. Its net generating capacity is 50 MWe.

Number of Customers in Rate Base

Dairyland Power Cooperative (DPC), owner and operator (licensee) is a generation and transmission cooperative whose 29 distribution cooperative provides service to 170,000 customers in the DPC region. This customer base is considerably less than that of other nuclear utilities, and is primarily of a rural nature.

Net Increase in KWh Cost

LACBWR currently has the highest unit power cost of any base load plant in the DPC system. The annual fee required by Part 171 will increase the cost of production by approximately 3 mills per KWh. The increase would be 15-20 times greater for La Crosse than the increase that will be experienced at other (larger) reactors.

Other Relevant Matters

LACBWR was constructed for the AEC to demonstrate the economic feasibility of small nuclear power generating plants. At the urging of the AEC, DPC took ownership of LACBWR and assumed operational responsibility under a licensing agreement with AEC. The unit provides diversification to avoid complete dependency by DPC on coal. The economics are such that unless substantial relief from the fee required by Part 171 is provided, DPC could be forced to become entirely dependent on coal.

The sensitivity of small plants to increasing operational costs has historically been recognized, in that most if not all other fees imposed by regulatory agencies, other government entities and private trades associations and industry groups to administer their programs and recover costs are based upon generating capacities of the plants.

As a very small nuclear unit, LACBWR poses less of a potential hazard than other nuclear units because of its small core size, simpler design, and over-designed safety margins, and thus has historically required less regulatory attention than larger nuclear units.

ENCLOSURE 5

Computation of Proposed Adjusted Annual Fee

Enclosure 5

COMPUTATION OF PROPOSED ADJUSTED ANNUAL FEE TO BE ASSESSED USING THE AVERAGE OF TWO METHODS SHOWN BELOW[1/]

	La Crosse	Big Rock Point	Yankee Rowe
Methods Used to Determine Adjusted Fee:			
1. Thermal Megawatt Rating Ratio Plant/Average Plant[2/]	$\frac{165 \text{ MWt}}{2671 \text{ MWt}}$ $58,000	$\frac{240 \text{ MWt}}{2671 \text{ MWt}}$ $84,000	$\frac{600 \text{ MWt}}{2671 \text{ MWt}}$ $211,000
2. Comparable impact of Annual Fee on Plant Kilowatt hour costs[3/]	$55,000	$78,000	$156,000
3. Proposed Adjusted Annual Fee - Average of methods 1 and 2 (% of Unadjusted Annual Fee)	$56,000 (6%)	$81,000 (9%)	$183,000 (19%)

Other Items For Comparison:

Increase in mill rate[4/]	3 mills per KWh	2.5 mills per KWh	1 mill per KWh
Remaining years of operation	16/40 40%	16/40 40%	14/40 35%
Licensee suggested fee	not to exceed $55,000	not to exceed $27,000	not to exceed $50,000

1/ Once the determination is made that a partial exemption, in the form of an adjusted fee, is appropriate and after applying the factors in 10 CFR 171.11, several possible methods may be used to determine the adjusted fee either singly or in combination. Using these two methods, the resultant dollar amounts were averaged to arrive at the adjusted annual fee for each plant. The adjusted fee under Part 171 is collected in addition to fees collected under 10 CFR 170.

2/ Under this method, the adjusted fee is determined by multiplying the unadjusted annual fee ($940,000) by the thermal megawatt rating of the plant divided by the average thermal megawatt rating of the 101 licensed plants (2671 Mwt).

3/ Under this method, the unadjusted annual fee ($940,000) is adjusted such that the incremental kilowatt-hour costs for the plant are similar to the incremental costs for larger modern plants. Incremental kilowatt-hour costs for each of the three plants are presented at Enclosure 4.

4/ The amount of increase if the 10 CFR 171 annual fee of $950,000 were to be used.