

RS-03-073

March 31, 2003

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Braidwood Station, Units 1 and 2
Facility Operating License Nos. NPF-72 and NPF-77
NRC Docket Nos. STN 50-456 and STN 50-457

Byron Station, Units 1 and 2
Facility Operating License Nos. NPF-37 and NPF-66
NRC Docket Nos. STN 50-454 and STN 50-455

Dresden Nuclear Power Station, Units 1, 2 and 3
Facility Operating License Nos. DPR-2, DPR-19 and DPR-25
NRC Docket Nos. 50-10, 50-237 and 50-249

LaSalle County Station, Units 1 and 2
Facility Operating License Nos. NPF-11 and NPF-18
NRC Docket Nos. 50-373 and 50-374

Limerick Generating Station, Units 1 and 2
Facility Operating License Nos. NPF-39 and NPF-85
NRC Docket Nos. 50-352 and 50-353

Peach Bottom Atomic Power Station, Units 1, 2, and 3
Facility Operating License Nos. DPR-12, DPR-44 and DPR-56
NRC Docket Nos. 50-171, 50-277, and 50-278

Salem Generating Station, Units 1 and 2
Facility Operating License Nos. DPR-70 and DPR-75
NRC Docket Nos. 50-272 and 50-311

Quad Cities Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-29 and DPR-30
NRC Docket Nos. 50-254 and 50-265

Zion Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-39 and DPR-48
NRC Docket Nos. 50-295 and 50-304

Subject: Report on Status of Decommissioning Funding for Reactors

Reference: Letter from J. J. McNulty (Pennsylvania Public Utility Commission), "Approval of Restructuring Plan for PECO Energy Company under Section 2806 of the Public Utility Code; Docket No. R-00973953," to B. D. Crowe (PECO Energy Company) dated May 3, 2001

In accordance with 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," paragraph (f)(1), we are submitting a report on the status of decommissioning funding for the reactors owned by Exelon Generation Company, LLC (EGC).

Attachment 1 contains the amount of decommissioning funds for the operating reactors estimated to be required pursuant to 10 CFR 50.75(b) and (c), and for the permanently shutdown reactors based on site specific decommissioning cost estimates. These decommissioning cost estimates do not include the costs of dismantling non-radiological systems and structures or the costs of managing and storing spent fuel onsite. Attachment 2 contains the amount of decommissioning funds accumulated through December 31, 2002. Attachment 3 contains a schedule of annual amounts to be collected through the final year of collection. With respect to each of the above units, there are no contracts relied upon pursuant to 10 CFR 50.75(e)(1)(v), nor have there been any material changes to the trust agreements.

Additional information regarding assumptions used for decommissioning cost escalation rates and trust fund earnings rates, and the method of providing financial assurance is included below.

Byron Station, Braidwood Station, Dresden Nuclear Power Station, LaSalle County Station, Quad Cities Nuclear Power Station, and Zion Nuclear Power Station: For each of these stations, the rate of escalation assumed in decommissioning costs is 4.09%. The rate of earnings assumed on the tax qualified decommissioning funds is 7.49%. The rate of earnings assumed on the non-tax qualified decommissioning funds is 6.83%. The Illinois Commerce Commission (ICC) approved the above escalation and earnings rates in its Amended Order, dated February 21, 2001, in Docket No. 00-0361, "Commonwealth Edison Company, Petition for Approval of a Revised Decommissioning Expense Adjustment Rider." Financial assurance for decommissioning these reactors continues to be provided by the external sinking fund method in accordance with 10 CFR 50.75(e)(1)(ii). The funding mechanism being used as the source of revenues for the external sinking funds is a non-bypassable charge approved by the ICC authorizing Commonwealth Edison Company to continue to collect decommissioning funds for EGC.

Limerick Generating Station, Peach Bottom Atomic Power Station, and Salem Generating Station: For each of these stations, the rate of escalation assumed in decommissioning costs is approximately 3.5% (gross domestic product deflator). The rate of earnings assumed on the decommissioning funds is 6.5%. As documented in the referenced letter, the Pennsylvania Public Utility Commission (PaPUC) approved these escalation and earnings rates as part of the approval of the restructuring plan for PECO Energy Company. Financial assurance for decommissioning these reactors continues to be provided by the external sinking fund method in accordance with 10 CFR

50.75(e)(1)(ii). The funding mechanism being used as the source of revenues for the external sinking funds is a non-bypassable charge approved by the PaPUC authorizing PECO Energy Company to continue to collect decommissioning funds for EGC. On December 31, 2002, PECO Energy Company submitted a request to the PaPUC for approval of a nuclear decommissioning cost adjustment. The request would increase the annual amount of decommissioning fund collections by \$11.2 million for radiological decommissioning.

We recognize that the decommissioning trust fund balances listed in Attachment 2 have been influenced by recent declines in market performance. We are closely monitoring the trust fund balances and are assessing on an ongoing basis the possible need for future actions to maintain adequate decommissioning funding in accordance with NRC requirements.

If you have any questions about this letter, please contact Kenneth A. Ainger at (630) 657-2800.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeffrey A. Benjamin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jeffrey A. Benjamin
Vice President – Licensing and Regulatory Affairs

Attachments

ATTACHMENT 1
AMOUNT OF DECOMMISSIONING FUNDS
ESTIMATED TO BE REQUIRED⁽¹⁾⁽²⁾

<u>Reactor</u>	<u>\$, in millions</u>
Braidwood Station, Unit 1	360.3
Braidwood Station, Unit 2	360.3
Byron Station, Unit 1	360.3
Byron Station, Unit 2	360.3
Dresden Nuclear Power Station, Unit 1	266.2
Dresden Nuclear Power Station, Unit 2	430.6
Dresden Nuclear Power Station, Unit 3	430.6
LaSalle County Station, Unit 1	445.1
LaSalle County Station, Unit 2	445.1
Limerick Generating Station, Unit 1	450.9
Limerick Generating Station, Unit 2	450.9
Peach Bottom Atomic Power Station, Unit 1	72.2
Peach Bottom Atomic Power Station, Unit 2	225.5 ⁽³⁾
Peach Bottom Atomic Power Station, Unit 3	225.5 ⁽³⁾
Quad Cities Nuclear Power Station, Unit 1	323.0 ⁽⁴⁾
Quad Cities Nuclear Power Station, Unit 2	323.0 ⁽⁴⁾
Salem Generating Station, Unit 1	153.5 ⁽⁵⁾
Salem Generating Station, Unit 2	153.5 ⁽⁵⁾

ATTACHMENT 1
AMOUNT OF DECOMMISSIONING FUNDS
ESTIMATED TO BE REQUIRED⁽¹⁾⁽²⁾

Reactor	\$, in millions
Zion Nuclear Power Station, Unit 1	398.6
Zion Nuclear Power Station, Unit 2	497.5

- (1) The amount of decommissioning funds for the operating reactors is determined in accordance with 10 CFR 50.75(b) and the applicable formulas in 10 CFR 50.75(c) and is reported in beginning of year 2003 dollars.
- (2) The amount of decommissioning funds for the permanently shutdown reactors is based upon site specific decommissioning cost estimates and is reported in beginning of year 2003 dollars.
- (3) Since Exelon Generation Company, LLC is a 50% owner of Peach Bottom Atomic Power Station, Units 2 and 3, the value shown is 50% of the amount estimated to be required pursuant to 10 CFR 50.75(b) and (c). The other licensee, PSEG Nuclear, LLC, is submitting decommissioning funding information separately for its 50% ownership interest.
- (4) Since Exelon Generation Company, LLC is a 75% owner of Quad Cities Nuclear Power Station, the value shown is 75% of the amount estimated to be required pursuant to 10 CFR 50.75(b) and (c). The other licensee, MidAmerican Energy Company, is submitting decommissioning funding information separately for its 25% ownership interest.
- (5) Since Exelon Generation Company, LLC is a 42.59% owner of Salem Generating Station, the value shown is 42.59% of the amount estimated to be required pursuant to 10 CFR 50.75(b) and (c). The other licensee, PSEG Nuclear, LLC, is submitting decommissioning funding information separately for its 57.41% ownership interest.

ATTACHMENT 2
AMOUNT OF DECOMMISSIONING FUNDS
ACCUMULATED THROUGH DECEMBER 31, 2002

<u>Reactor</u>	<u>\$, in millions</u>
Braidwood Station, Unit 1	133.8
Braidwood Station, Unit 2	141.5
Byron Station, Unit 1	146.5
Byron Station, Unit 2	141.3
Dresden Nuclear Power Station, Unit 1	138.1
Dresden Nuclear Power Station, Unit 2	285.8
Dresden Nuclear Power Station, Unit 3	271.2
LaSalle County Station, Unit 1	201.0
LaSalle County Station, Unit 2	200.9
Limerick Generating Station, Unit 1	118.6
Limerick Generating Station, Unit 2	79.8
Peach Bottom Atomic Power Station, Unit 1	14.8
Peach Bottom Atomic Power Station, Unit 2	94.4 ⁽¹⁾
Peach Bottom Atomic Power Station, Unit 3	100.9 ⁽¹⁾
Quad Cities Nuclear Power Station, Unit 1	181.8 ⁽¹⁾
Quad Cities Nuclear Power Station, Unit 2	193.5 ⁽¹⁾
Salem Generating Station, Unit 1	57.7 ⁽¹⁾
Salem Generating Station, Unit 2	50.6 ⁽¹⁾
Zion Nuclear Power Station, Unit 1	230.0
Zion Nuclear Power Station, Unit 2	265.4

(1) This amount reflects the percentage of Exelon Generation Company, LLC ownership interest.

ATTACHMENT 3
SCHEDULE OF THE ANNUAL AMOUNTS
REMAINING TO BE COLLECTED

Reactor	Annual Amount \$, in thousands	Final Year Of Collection
Braidwood Station, Unit 1	64	2006
Braidwood Station, Unit 2	845	2006
Byron Station, Unit 1	10	2006
Byron Station, Unit 2	396	2006
Dresden Nuclear Power Station, Unit 1	26,258	2006
Dresden Nuclear Power Station, Unit 2	1,234	2006
Dresden Nuclear Power Station, Unit 3	8,275	2006
LaSalle County Station, Unit 1	920	2006
LaSalle County Station, Unit 2	664	2006
Limerick Generating Station, Unit 1	4,403	2024
Limerick Generating Station, Unit 2	8,043	2029
Peach Bottom Atomic Power Station, Unit 1	2,992	2013
Peach Bottom Atomic Power Station, Unit 2	2,588 ⁽¹⁾	2013
Peach Bottom Atomic Power Station, Unit 3	5,976 ⁽¹⁾	2014
Quad Cities Nuclear Power Station, Unit 1	1,084 ⁽¹⁾	2006
Quad Cities Nuclear Power Station, Unit 2	4,380 ⁽¹⁾	2006
Salem Generating Station, Unit 1	2,651 ⁽¹⁾	2016
Salem Generating Station, Unit 2	2,509 ⁽¹⁾	2020
Zion Nuclear Power Station, Unit 1	15,564	2006
Zion Nuclear Power Station, Unit 2	24,267	2006

(1) This amount reflects the percentage of Exelon Generation Company, LLC ownership interest.