

From: Peter Tam
To: David Distel; David Helker; David Robillard; Thomas Loomis
Date: 11/10/04 10:58AM
Subject: Request for Telecon - Oyster Creek and 10 CFR 50.54(bb)

Dave:

For the DECON option, your April 14, 2004, preliminary costs estimate for radiological decommissioning of the plant was \$480 million in 2003 dollars. Your October 29, 2004, submittal lists the amount necessary for radiological decommissioning of the facility at \$422 million assuming a real rate of return of 2 percent through the decommissioning period.

Question 1: Please explain the difference in these two estimates, and how the fund will grow over each year such that sufficient funds will be available to cover the preliminary cost estimate. In addition, discuss the discount rate used in the April 14, 2004-preliminary cost estimate to compute the \$480 million estimate.

The NRC compared the amount necessary to support radiological decommissioning to the minimum cost required by the NRC formula amount of \$393.4 million to confirm that the preliminary cost estimate was equal to or greater than the minimum required by the formula. To address construction inflation, a four-percent escalation rate was applied to escalate the amount to 2004 dollars, resulting in a minimum cost estimate of \$409 million. The four percent was used since the waste disposal updated information is not available.

Question 2: Your October 29, 2004, submittal stated the amount in the decommissioning trust fund for radiological decommissioning is approximately \$531 million as of August 30, 2004, and assuming a real rate of return of 2 percent, the decommissioning trust would be approximately \$586 million by 2009. Depending on which amount is used for estimating the radiological decommissioning cost of Oyster Creek, the trust fund may have up to a \$100 million in excess of the required amount for radiological decommissioning. Currently, Oyster Creek proposes to use any excess funds to support spent fuel management costs as well as AmerGen operating revenue. Oyster Creek has estimated the spent fuel management cost at approximately \$142 million in 2003 dollars. Please confirm that AmerGen intends to leave the \$530 million in the trust fund to support radiological decommissioning, and acknowledge that none of that money would be spent to support spent fuel management prior to shut down. In addition, confirm that if a significant upward change in decommissioning costs arises, AmerGen would be required by 10 CFR 50.54(bb) to provide a revised program addressing how the spent fuel funding shortfall would be addressed.

Please call me to set up a conference call with our reviewer Larry Pittiglio. **This e-mail does not formally request for information, nor does it state a formal NRC staff position. Disposition of the 2 questions above will be discussed in the telecon.**

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