

March 10, 2005

Mr. Stephen M. Quennoz
Vice President, Generation
Portland General Electric Company
Trojan Nuclear Power Plant
71760 Columbia River Highway
Rainier, OR 97048

SUBJECT: FEDERAL REGISTER NOTICE PUBLISHING AN ENVIRONMENTAL
ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT FOR A PARTIAL
EXEMPTION FROM THE REQUIREMENTS OF 10 CFR 72.30(c)(5) (TAC NO.
L23737)

Dear Mr. Quennoz:

By letter dated April 29, 2004, Portland General Electric (PGE) filed a request for U.S. Nuclear Regulatory Commission (NRC) approval of a partial exemption from the provision of 10 CFR 72.30(c)(5) that requires an independent spent fuel installation (ISFSI) licensee to additionally hold a Part 50 license in order to use an external sinking fund as the exclusive means of financial assurance for decommissioning costs of an ISFSI.

Pursuant to 10 CFR 51.35, the NRC has completed an Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) for the proposed action. The partial exemption from the provisions of 10 CFR 72.30(c)(5) would permit PGE, the Trojan ISFSI licensee, to use an external sinking fund as its exclusive method of providing financial assurance for the Trojan ISFSI. PGE would continue to provide financial assurance conforming to the requirements of 10 CFR 50.75(e) and (h), although it may reserve the right to change to another method as provided in other sections of 10 CFR 72.30(c).

Enclosed is a copy of the Notice of Issuance of an Environmental Assessment and Finding of No Significant Impact regarding this action for your information. The Notice of Issuance of the Environmental Assessment and Finding of No Significant Impact has been forwarded to the Office of the Federal Register for publication.

S. Quennoz

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If you have any questions concerning this action, please contact me at (301) 415-8500.

Sincerely,

/RA/

Christopher M. Regan, Senior Project Manager
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards

Docket No. 72-17

TAC No. L23737

Enclosure: Notice of Issuance of Environmental Assessment
and Finding of No Significant Impact

cc: Mailing List (w/o enclosure)

S. Quennoz

-2-

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UNITED STATES NUCLEAR REGULATORY COMMISSION
NOTICE OF ISSUANCE OF ENVIRONMENTAL ASSESSMENT
AND FINDING OF NO SIGNIFICANT IMPACT REGARDING A PROPOSED EXEMPTION
PORTLAND GENERAL ELECTRIC COMPANY
TROJAN INDEPENDENT SPENT FUEL STORAGE INSTALLATION
DOCKET NO. 72-17

AGENCY: Nuclear Regulatory Commission

ACTION: Issuance of Environmental Assessment and Finding of No Significant Impact

FOR FURTHER INFORMATION CONTACT: Christopher M. Regan, Senior Project Manager, Spent Fuel Project Office, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. Telephone: (301) 415-8500; fax number: (301) 415-8555; e-mail: cmr1@nrc.gov.

SUPPLEMENTARY INFORMATION:

I. BACKGROUND

Portland General Electric Company (PGE) is the licensee and holder of License No. SNM-2509 for the Trojan Independent Spent Fuel Storage Installation (Trojan ISFSI). In addition, PGE holds License No. NPF-1, pursuant to 10 CFR 50, for the Trojan Nuclear Plant (TNP). The licensee will complete decommissioning of the Trojan Nuclear Plant and intends to terminate its Part 50 license for the Trojan Nuclear Plant. The Trojan ISFSI contains the spent fuel removed from the Trojan Nuclear Plant.

Currently, the licensee provides financial assurance for the Trojan ISFSI pursuant to 10 CFR 72.30(c)(5), which allows a Part 50 license holder to use the financial assurance

provisions of Part 50 to provide financial assurance for an ISFSI. The licensee maintains an external sinking fund for decommissioning funds pursuant to 10 CFR 50.75(e). However, when its Part 50 license is terminated, it will no longer meet the condition of 10 CFR 72.30(c)(5) that allows it to use its existing external sinking fund to provide financial assurance for its ISFSI.

On April 29, 2004, PGE filed a request for NRC approval of a partial exemption from the provision of 10 CFR 72.30(c)(5) that requires an ISFSI licensee to additionally hold a Part 50 license in order to use an external sinking fund as the exclusive means of financial assurance for decommissioning costs of an ISFSI.

II. ENVIRONMENTAL ASSESSMENT

Identification of Proposed Action: Pursuant to the requirements of 10 CFR 72.7, PGE requested a partial exemption from the financial assurance requirements of 10 CFR 72.30(c)(5). The exemption request was “partial” because it would apply only to the requirement that the ISFSI licensee also hold a Part 50 license to use an external sinking fund as its exclusive method of providing financial assurance for its ISFSI. The licensee will continue to provide financial assurance conforming to the requirements of 10 CFR 50.75(e) and (h), although it reserved the right to change to another method as provided in other sections of 10 CFR 72.30(c). The licensee pointed out that the wording of 10 CFR 72.30(c)(5) allowed an “electric utility” to use an external sinking fund as the exclusive method of providing financial assurance when its Part 72 ISFSI license was first issued. However, the rule was amended effective on December 24, 2003, which resulted in the change of the condition from “electric utility” to “a Part 50 licensee.” PGE stated that it will remain an electric utility after the termination of its Part 50 license, hence it will continue to meet the intent of the rule as originally issued.

The proposed action before the Commission is whether to grant this exemption pursuant to 10 CFR 72.7.

Need for the Proposed Action: The applicant is undertaking decommissioning activities associated with the Trojan Nuclear Plant and has informed the NRC of its intent to terminate the TNP operating license (License No. NPF-1), issued pursuant to 10 CFR 50. PGE's 2003 Annual Financial Statement (Form 10-K, submitted to the U.S. Securities and Exchange Commission (SEC) on March 19, 2004) stated that PGE will collect \$14 million annually, until 2011, from its customers to pay for decommissioning. Those collections will occur whether or not the exemption is granted. However, if the exemption is not granted, PGE will incur higher costs due to the expense of providing a second independent financial assurance instrument, which would lead to unnecessary additional costs. Therefore, the exemption is in the public interest. If PGE were to adhere to the financial assurance requirements of 10 CFR 72.30, without the granting of the partial exemption, an unnecessary financial burden and associated increased overall operating costs would be borne by the applicant. In addition, granting of the partial exemption to the requirements of 10 CFR Part 72.30(c)(5) will facilitate completion of the decommissioning of the TNP site and eventual termination of the 10 CFR Part 50 license.

Environmental Impacts of the Proposed Action: In 1999 the NRC issued a license to PGE to construct and operate the Trojan ISFSI. Prior to this action the NRC examined the environmental impacts of constructing, operating, and decommissioning of the Trojan ISFSI and determined that such impacts would be acceptably small. The staff's conclusions were documented in an environmental assessment and finding of no significant impact and published in the *Federal Register* (61 FR 64378) on December 4, 1996. On the basis that the proposed exemption deals with financial matters that will not affect the physical design or operation of the

Trojan ISFSI, the staff finds that the proposed exemption will not have any significant environmental impact.

Alternative to the Proposed Action: As an alternative to the proposed action, the staff considered denial of the proposed action (i.e., the “no-action” alternative). Approval or denial of the exemption request would result in no change in the environmental impacts described in the staff’s final EA. Therefore, the environmental impacts of the proposed action and the alternative action are similar.

Agencies and Persons Consulted: On March 3, 2005, Mr. Adam Bless of the Oregon Office of Energy, Energy Resources Division, was contacted regarding the environmental assessment for the proposed exemption and had no concerns. The NRC staff previously evaluated the environmental impacts of the Trojan ISFSI in the environmental assessment and finding of no significant impact published in the *Federal Register* (61 FR 64378) on December 4, 1996, and has determined that additional consultation under Section 7 of the Endangered Species Act is not required for this specific exemption which involves financial assurance mechanisms and will not affect listed species or critical habitat. The NRC staff has similarly determined that the proposed exemption is not a type of activity having the potential to cause effects on historic properties. Therefore, no further consultation is required under Section 106 of the National Historic Preservation Act.

III FINDING OF NO SIGNIFICANT IMPACT

The environmental impacts of the proposed action have been reviewed in accordance with the requirements set forth in 10 CFR Part 51. Based upon the foregoing EA, the Commission finds that the proposed action of granting the partial exemption from 10 CFR 72.30(c)(5) that requires an ISFSI licensee to additionally hold a Part 50 license in

order to use an external sinking fund as the exclusive means of financial assurance for decommissioning costs of an ISFSI, will not significantly impact the quality of the human environment. Accordingly, the Commission has determined that a Finding of No Significant Impact is appropriate, and that an environmental impact statement for the proposed exemption is not necessary.

Supporting documentation, with respect to this exemption request, is available for inspection at NRC's Public Electronic Reading Room at <http://www.nrc.gov/reading-rm/ADAMS.html>. A copy of the PGE request for NRC approval of a partial exemption from the provision of 10 CFR 72.30(c)(5), dated April 29, 2004, can be found at this site using the Agencywide Documents Access and Management System (ADAMS) accession number ML041260470. Any questions should be referred to Christopher M. Regan, Spent Fuel Project Office, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington DC 20555, Mailstop O 13D13, telephone (301) 415-8500, fax (301) 415-8555.

Dated at Rockville, Maryland, this 10th day of March, 2005.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Christopher M. Regan, Senior Project Manager
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards

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