Omaha Public Power District

444 South 16th Street Mall
Omaha NE 68102-2247

March 11, 2005
LIC-05-0029

U. S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

Reference: Docket No. 50-285

SUBJECT: Fort Calhoun Station Unit No. 1, 2005 Biennial Decommissioning Funding Status Report.

In accordance with the requirements of 10 CFR 50.75(f), the Omaha Public Power District has attached the Fort Calhoun Station Unit No. 1, 2005 Biennial Decommissioning Funding Status Report.

No commitments are made in this letter. Should you have any questions regarding this matter, please contact Charles Moriarty at (402) 636-3055.

Sincerely,

J. B. Herman
Manager
Nuclear Licensing

JBH/mle

Attachment

February 2005

OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2005 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT

Based on Nuclear Regulatory Commission (NRC)
Regulation 10 CFR 50.75 (f)

The NRC requires that Omaha Public Power District (OPPD) report by March 31, 2005 and at least once every two years thereafter on the status of its decommissioning funding for Fort Calhoun Station Unit No. 1. Based on the decommissioning funding requirement as outlined in 10 CFR 50.75 (f), OPPD reports the following information:

A. Current Decommissioning Cost Estimate

Pursuant to 10 CFR 50.75 (c), the January 2005 estimated minimum decommissioning amount to decommission Fort Calhoun Station Unit No. 1 is **$315,584,000**. See Attachment A for detailed decommissioning cost calculation.

B. Current Decommissioning Fund Balance

The OPPD Decommissioning Fund balance as of December 31, 2004 is **$191,217,800**.

C. Annual Decommissioning Collections

There was no annual collection for 2003 or 2004 as shown in Attachment B. (Fort Calhoun Station's scheduled license termination was in 2013 as of December 2002. In November 2003, Fort Calhoun Station's license expiration date was extended to 2033.) The revenue source for any collections is "cost-of-service" electric rates.

D. Rates Used to Escalate Decommissioning Costs and Fund Balances

The rates used for the escalation of the decommissioning cost estimate and earnings rates on the Decommissioning Fund are shown in Attachment B. DRI Corporation of Lexington, Massachusetts provides the decommissioning cost estimate inflation and earnings rates forecasts. OPPD's Board of Directors approved both the inflation rates and earnings rates in December 2004 as part of OPPD's Corporate Operating Plan.

E. Contracts to Help Fund Decommissioning

OPPD does not have any contracts pursuant to 10 CFR 50.75 (e)(1)(ii)(C) and is not relying on contracts with a "non-bypassable charge" to fund decommissioning.

F. Modifications to Method of Providing Financial Assurance

There have been no modifications to OPPD's method of providing financial assurance since the decommissioning funding plan began in 1982 and continued pursuant to NRC Regulations in 1990.

G. Changes in the Decommissioning Funding Plan Trust Agreement

There have been no changes to OPPD's Decommissioning Funding Plan Trust Agreement since the Plan began pursuant to NRC Regulations in 1990.

Dated: 3/1/05

C. P. Moriarty
Senior Financial Officer

OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2005 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT TO NRC

ATTACHMENT A

2005 Escalation of the Minimum Decommissioning Amount (MDA) Estimate for Fort Calhoun Station Unit No. 1 Based on Nuclear Regulatory Commission (NRC) Formulas and Application to OPPD

The NRC accepted OPPD's Decommissioning Funding Plan in 1990. As part of the Decommissioning Funding Plan, OPPD annually calculates the MDA as follows:

NRC Formula for MDA

$75 million + $8800(P) = MDA for a Pressurized Water Reactor (PWR) Plant

where: P = MWt reactor rating
Fort Calhoun = 1500
MDA expressed in 1986 Dollars (to be escalated)

Escalation of NRC Formula for MDA

Estimated Decommissioning Cost in Year XX = MDA X (.65L + .13E + .22B)

Where: *"L" is the Labor factor.* The Labor factor is to be obtained from "Monthly Labor Review", published by the U. S. Department of Labor - Bureau of Labor Statistics. Specifically, the appropriate regional data from the table entitled "Employment Cost Index - Private Nonfarm Workers", subtitled "Compensation" is to be used. In OPPD's case, data from the Midwest Region is to be used.

"E" is the Energy factor. The Energy factor is to be obtained from the following two component formula specifically weighted for PWR plants:

.58P + .42F = E (Energy Factor)

where: "P" is the component for electric power, and "F" is the component for fuel oil

Both "P" and "F" can be found in "Producer Price Indices", published by the U. S. Department of Labor - Bureau of Labor Statistics. "P" is to be obtained from the Industrial Electric Power Index and "F" is to be obtained from the Light Fuel Oils Index.

"B" is the Waste Burial factor. The Waste Burial factor is to be obtained from NRC report NUREG-1307, "Report on Waste Burial Charges" or its updates.

OPPD's MDA and Escalation

MDA = $75 million + $8800(P) (where P = 1500 MWt)

$75 million + $8800(1500)

$75 million + $13.2 million = **$88.2 million** (1986 Dollars)

OPPD Escalation of MDA = $88.2 million X (.65L + .13E + .22B)

Where "L", "E", and "B" =

"L" = Labor Index Change

Employment Cost Index - Private Nonfarm Workers - Compensation
Midwest Region (Quarterly Basis Increase)

12-2004 177.9 = 2.0056 (an increase of 100.56%)
1-1986 88.7 (NRC Interpolated from 12/85 - Rebased 6-89)

"E" = Energy Index Change

Energy Index Change = (Electric Power Index Change X 58%) +
(Light Fuel Oils Index Change X 42%)

Producer Price Indices

Industrial Electric Power 1-2005 150.6 = 31.87% increase change
1-1986 114.2

Light Fuel Oils 1-2005 138.5 = 68.90% increase change
1-1986 82.0

Application of the formula to 1-2005 leads to

Energy = ((150.6/114.2)X .58) + ((138.5/82.0) X .42)
Energy = 0.76487 + 0.70939
Energy = 1.47426 (an increase of 47.42%)

"B" = Waste Burial Index Change
NUREG-1307 (Revision 10)

The Waste Burial escalation factor is found in Nuclear Regulation NUREG-1307 and its updates. OPPD's Biennial Decommissioning Funding Status Report will use the South Carolina Index (the only location that OPPD is permitted to send waste) in calculating the NRC Minimum Decommissioning Amount.

South Carolina Index	1-02	9.467 =	9.467 (an increase of 846.7%)
(Waste Vendor Index)	1-86	1.000	

The escalated cost formula is as follows:

South Carolina Burial Index
$88.2 million x (.65(2.00564)+.13(1.47426)+.22(9.467)) = **$315.584 million**

In summary, OPPD's Fort Calhoun Station Unit No. 1 NRC Minimum Decommissioning Amount estimate escalated to **January 2005** is **$315,584,000**.

OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2005 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT TO NRC

ATTACHMENT B

Omaha Public Power District
Minimum Decommissioning Amount Decommissioning Fund
Annual Collections, Inflation Rates and Earnings Rates

YEAR	Decommissioning Fund Annual Collection for NRC MDA	Inflation Rate	Earnings Rate
2003	$0	2.40%	6.05%
2004	$0	2.10%	4.43%
2005	$0	1.40%	3.73%
2006	$0	1.60%	3.93%
2007	$0	2.10%	4.43%
2008	$0	2.20%	4.53%
2009	$0	2.30%	4.63%
2010	$0	2.60%	4.93%
2011	$0	2.70%	5.03%
2012	$0	2.70%	5.03%
2013	$0	2.80%	5.13%
2014	$0	3.00%	5.33%
2015	$0	3.00%	5.33%
2016	$0	3.20%	5.53%
2017	$0	3.40%	5.73%
2018	$0	3.50%	5.83%
2019	$0	3.50%	5.83%
2020	$0	3.60%	5.93%
2021	$0	3.60%	5.93%
2022	$0	3.60%	5.93%
2023	$0	3.60%	5.93%
2024	$0	3.60%	5.93%
2025	$0	3.60%	5.93%
2026	$0	3.60%	5.93%
2027	$0	3.60%	5.93%
2028	$0	3.60%	5.93%
2029	$0	3.60%	5.93%
2030	$0	3.60%	5.93%
2031	$0	3.60%	5.93%
2032	$0	3.60%	5.93%
2033	$0	3.60%	5.93%