

MAY 17 2006



LR-N06-0249

United States Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555

**NRC DECOMMISSIONING FUNDING STATUS REPORT
SALEM, HOPE CREEK AND PEACH BOTTOM GENERATING STATIONS
DOCKET NOS. 50-272, 50-311, 50-354, 50-277, AND 50-278
FACILITY OPERATING LICENSE NOS. DPR-70, 75, NPF-57 AND DPR-44, 56**

This letter submits the status report of the decommissioning funds for the subject facilities in accordance with 10CFR50.75(f)(1).

1. The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).

<u>Plant</u>	<u>NRC Minimum Decommissioning Funding Requirements (PSEG Nuclear Share) (\$ Thousands)</u>
Hope Creek	465,476
Salem Unit #1	201,636
Salem Unit #2	201,636
Peach Bottom Unit #2	242,049
Peach Bottom Unit #3	<u>242,049</u>
Total	1,352,846

2. Amount accumulated as of December 31, 2005.

The amount accumulated in both Qualified and Non-Qualified Trusts on December 31, 2005, for each respective Unit, is disclosed in the following Table:

<u>Plant</u>	(\$ Thousands)		<u>Total</u>
	<u>Qualified Trust</u>	<u>Non-Qualified Trust</u>	
Hope Creek	333,714	5,205	338,920
Salem Unit #1	170,324	50,831	221,154
Salem Unit #2	187,290	16,558	203,848
Peach Bottom Unit #2	149,239	36,569	185,808
Peach Bottom Unit #3	<u>159,476</u>	<u>28,945</u>	<u>188,421</u>
Total	1,000,043	138,109	1,138,152

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3. Annual amounts remaining to be collected as of December 31, 2005.

None¹

4. Assumptions used regarding escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.

For the purpose of determining if the NRC's minimum requirements are met, PSEG has calculated that the current fund balances and annual funding levels, together with earnings at a 2% annual rate of return, as permitted by 10CFR50.75(e)(1)(ii), satisfy NRC's minimum funding assurance requirements.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

The licensee is not relying upon contracts in this regard.

6. Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report.

PSEG Nuclear has prepaid its nuclear decommissioning liability in the amount (aggregate) by \$390.7 million, as of December 31, 2005. The calculation is supported in Appendix A.

Appendix A calculates an accumulated funding requirement based upon annual contributions requirements since first filing in 1991. This method is consistent with previous submittals and provides an accurate measure for annual growth requirements of the funds.

7. Any material changes to trust agreements.

None.

Should you have any questions regarding this report, please contact Justin Wearne at 856-339-5081

Sincerely,



Darin M. Benyak
Director – Regulatory Assurance

Appendix A

¹ New Jersey Board of Public Utilities (BPU) decision dated July 9, 2003.

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USNRC Senior Resident Inspector – Salem (X24)
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Calculation of NRC Funding Requirements for Year 2005

Appendix A

Dollars in (000's)

PSEG NUCLEAR SHARE		Remaining	NRC Decommissioning	Accumulated	Fair Market Value
Sation and Unit	Operating License Expiration Date	Years to End of Operating License Life	Funding Requirements IAW 10CFR50.75 (note 1, 2)	Funding Requirements as of December 31, 2005 (note 1, 3)	of External Fund as of December 31, 2005 (note 1)
Hope Creek Unit No. 1	April 11, 2026	21	\$465,476	\$221,101	\$338,920
Salem Unit No. 1	August 13, 2016	11	\$201,636	\$146,186	\$221,154
Salem Unit No. 2	April 18, 2020	15	\$201,636	\$126,023	\$203,848
Peach Bottom Unit No. 2	August 8, 2033	28	\$242,049	\$129,093	\$185,808
Peach Bottom Unit No. 3	July 2, 2034	29	\$242,049	\$125,059	\$188,421
			<u>\$1,352,846</u>	<u>\$ 747,461</u>	<u>\$1,138,152</u>

note 1:

Amounts represent PSEG Nuclear's share of funding and are in year 2004 dollars

note 2:

Funding Requirements calculated using guidance in Regulatory Guide 1.159 Revision 1 and Draft Regulatory Guide DG-1085

note 3:

$$\text{Accumulated Funding Requirements}^* = \frac{\text{NRC Decommissioning Funding Requirements IAW 10CFR50.75} \times \frac{40 \text{ year Licensed Life} - \text{Remaining Years to End of Operating License Life}}{40 \text{ year Licensed Life}}}{}$$

* Consistent with method in GAO/RCED-99-75 "Better Oversight Needed to Ensure Accumulation of Funds to Decommission Nuclear Power Plants" and NRC Document SECY-99-170 "Summary of Decommissioning Fund Status Reports."

Peach Bottom Units Only

$$\text{Accumulated Funding Requirements}^* = \frac{\text{NRC Decommissioning Funding Requirements IAW 10CFR50.75} \times \frac{60 \text{ year Licensed Life} - \text{Remaining Years to End of Operating License Life}}{60 \text{ year Licensed Life}}}{}$$

NRC FORM 8C

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