



LR-N07-0067

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10CFR50.75(f)

United States Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

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

Hope Creek Generating Station
Facility Operating License No. NPF-57
Docket No 50-354

Peach Bottom Generating Stations Units 2 and 3
Facility Operating License Nos. DPR-44 and 56
Docket Nos. 50-277 and 50-278

Subject: Decommissioning Funding Status Report

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 10CFR50.75(b) and (c).

| <u>Plant</u> | <u>NRC Minimum Decommissioning Funding Requirements (PSEG Nuclear Share (\$ Thousands))</u> |
|----------------------|---|
| Hope Creek | 472,414 |
| Salem Unit #1 | 204,368 |
| Salem Unit #2 | 204,368 |
| Peach Bottom Unit #2 | 245,542 |
| Peach Bottom Unit #3 | <u>265,486</u> |
| Total | 1,392,178 |

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2. Amount accumulated as of December 31, 2006.

The amount accumulated in both Qualified and Non-Qualified Trusts on December 31, 2006, for each respective unit, is disclosed in the following Table:

| <u>Plant</u> | <u>Qualified Trust</u> (\$ Thousands) | <u>Non-Qualified Trust</u> (\$ Thousands) | <u>Total</u> (\$ Thousands) |
|----------------------|--|--|--------------------------------|
| Hope Creek | 369,431 | 6,031 | 375,641 |
| Salem Unit #1 | 187,224 | 58,888 | 246,113 |
| Salem Unit #2 | 205,658 | 19,183 | 224,841 |
| Peach Bottom Unit #2 | 164,598 | 42,366 | 206,965 |
| Peach Bottom Unit #3 | <u>175,933</u> | <u>33,534</u> | <u>209,467</u> |
| Total | 1,102,843 | 160,002 | 1,262,846 |

3. Annual amounts remaining to be collected as of December 31, 2006.

None

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 \$446.3 million, as of December 31, 2006. 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 Francis D. Possessky at (856) 339-1160.

Sincerely,



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USNRC Senior Resident Inspector - Hope Creek (X24)

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Calculation of NRC Funding Requirements for Year 2006

Appendix A

Dollars in (000's)

| PSEG NUCLEAR SHARE | | Remaining | NRC Decommissioning | Accumulated | Fair Market Value | |
|-------------------------|-----------------------------------|--|---|--|---|------------------|
| Station 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, 2006 (note 1, 3) | of External Fund as of December 31, 2006 (note 1) | Prepaid Amounts |
| Hope Creek Unit No. 1 | April 11, 2026 | 19 | \$472,414 | \$244,588 | \$375,461 | \$130,873 |
| Salem Unit No. 1 | August 13, 2016 | 10 | \$204,368 | \$155,194 | \$246,113 | \$90,919 |
| Salem Unit No. 2 | April 18, 2020 | 13 | \$204,368 | \$136,381 | \$224,841 | \$88,460 |
| Peach Bottom Unit No. 2 | August 8, 2033 | 27 | \$245,542 | \$136,595 | \$206,965 | \$70,369 |
| Peach Bottom Unit No. 3 | July 2, 2034 | 28 | \$265,486 | \$143,714 | \$209,467 | \$65,753 |
| | | | <u>\$1,392,178</u> | <u>\$ 816,471</u> | <u>\$1,262,846</u> | <u>\$446,374</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:
$$\text{Accumulated Funding Requirements} = \text{NRC Decommissioning Funding Requirements IAW 10CFR50.75} \times \frac{40 \text{ year Licensed Life} - \text{Remaining Years to End of Operating License Life}}{40 \text{ year Licensed Life}}$$

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