

John Hickman

From: patrick.simpson@exeloncorp.com
Sent: Friday, May 16, 2008 11:01 AM
To: John Hickman
Subject: Responses to NRC Questions Raised During 05/12/08 Conference Call
Attachments: Responses to 05-12-08 NRC LTA RAIs.pdf

John,

Attached file contains our responses to questions the NRC asked during the 05/12/08 conference call held to discuss issues related to the Zion license transfer application. If you have any questions, please contact me.

Pat Simpson

<<Responses to 05-12-08 NRC LTA RAIs.pdf>>

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Responses to NRC's Questions from May 12, 2008 Conference Call Regarding Zion Nuclear Power Station License Transfer Application

During a conference call held on May 12, 2008, between the NRC and Exelon Generation Company, LLC, regarding the Zion Nuclear Power Station (Zion) license transfer application (LTA) dated January 25, 2008, the NRC requested the following information.

- (1) In Enclosure 6 of the LTA, what percentage of the \$714M projected to be spent on radiological decommissioning is contingency?
- (2) Of the Zion decommissioning trust fund balance of \$858.9M (as of April 30, 2008), how much is allocated for radiological decommissioning?
- (3) With respect to the \$200M letter of credit (LOC) mentioned in the Zion LTA, what is the expected cost to secure and carry the LOC, as well as what type of institution will it be secured from? If the actual LOC has been obtained at this point, then provide the specifics related to the requested information.

The response to each question is provided below.

NRC Question 1

In Enclosure 6 of the LTA, what percentage of the \$714M projected to be spent on radiological decommissioning is contingency?

Response

Of the \$714M projected to be spent on radiological decommissioning, the contingency in the estimate is \$52.9M, or 7.4% of the \$714M. Contingency was estimated at 12% of radiological decommissioning services costs (excluding Clive waste disposal costs), that will be incurred after license transfer. A detailed breakdown is provided below for additional clarity:

Radiological Decommissioning Costs	\$714.0M	
Pre-License Transfer Costs	\$69.7M	
Post-License Transfer Costs	\$644.3M	
Contingency (Post-License Transfer)	\$52.9M	Contingency represents 7.4% of \$714.0M
Post-License Transfer Costs	\$644.3M	
Letter of Credit Cost (estimated)	\$29.0M	
Radiological D&D Services (excluding Clive Waste Disposal)	\$439.9M	
Contingency (on Radiological D&D Services portion only)	\$52.9M	12% contingency on Radiological D&D Services (excluding Clive Waste Disposal)
Clive Waste Disposal	\$122.5M	

No contingency was included for Clive waste disposal costs, because under the terms of the Asset Sale Agreement, ZionSolutions is guaranteeing disposal of all Class A wastes from Zion at its Clive, Utah disposal facility for the funds available in the decommissioning trust fund, regardless of actual volumes encountered. Also, ZionSolutions is providing Exelon with an additional backup guarantee of disposal capacity at Clive, Utah for all Class A waste from Zion at no cost, in the unlikely event of a default on the conditions of the Asset Sale Agreement. This provision is included in Exhibit H of the Asset Sale Agreement, entitled, "Disposal Services Agreement."

NRC Question 2

Of the Zion decommissioning trust fund balance of \$858.9M (as of April 30, 2008), how much is allocated for radiological decommissioning?

Response

In Exelon's annual 10 CFR 50.75 decommissioning funding assurance report dated March 28, 2008, Exelon reported radiological decommissioning costs and fund balances for Zion as of December 31, 2007. The radiological decommissioning costs and fund balances as of April 30, 2008 are as follows:

	Total Funds Balance	Radiological Funds Balance	PV (2% Discount) Radiological Decommissioning Costs
Zion Unit 1	380.8	265.8	310.2
Zion Unit 2	478.1	328.9	309.9
Total	858.9	594.7	620.1

NRC Question 3

With respect to the \$200M letter of credit (LOC) mentioned in the Zion LTA, what is the expected cost to secure and carry the LOC, as well as what type of institution will it be secured from? If the actual LOC has been obtained at this point, then provide the specifics related to the requested information.

Response

The cost of securing and carrying the LOC was estimated at \$29.0M, as shown in the table provided in response to Question 1. ZionSolutions is currently engaged in discussions with several financial assurance providers to obtain the \$200M financial assurance instrument, and confirm the actual cost of securing and carrying the financial assurance in accordance with the terms of the Asset Sale Agreement. Market conditions are always subject to change, and the LOC terms available under current conditions in the financial markets vary from those indicated and/or anticipated at the time this cost was first estimated. Therefore, it may not be possible to obtain an LOC within the estimated costs and/or ZionSolutions may need to revise its estimate for this cost. Depending upon evolving market conditions, ZionSolutions will advise NRC later in the year and closer to the time of anticipated transfer, if it concludes that the actual LOC costs are expected to be substantially higher than previously estimated.

In accordance with Section 1.1 of the Asset Sale Agreement, the institution will meet the following criteria:

(128) "Qualified Institution" means a commercial bank or trust company incorporated under the laws of the United States or any state thereof, with an office or branch in the City of New York or the City of Chicago, with aggregate capital and surplus in excess of \$25 Billion, and with senior unsecured debt rated at least "A" by Standard & Poors Corporation or "A2" by Moody's Investors Service.

The terms for the Form of Irrevocable Letter of Credit are set forth in the Exhibit A to the Credit Support Agreement, which is provided as Exhibit F to the Asset Sale Agreement. The Asset Sale Agreement and its exhibits are provided as Enclosure 1 of Attachment 1 to the LTA.