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March 20, 2009
LIC-09-0018

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

References: 1. Docket No. 50-285
2. NRC Regulatory Issue Summary 2001-07, Rev. 1, "10 CFR 50.75 Reporting and Record Keeping for Decommissioning Planning," January 8, 2009

SUBJECT: Fort Calhoun Station, Unit No. 1, 2009 Biennial Decommissioning Funding Status Report

In accordance with the requirements of 10 CFR 50.75(f), attached is the, 2009 Biennial Decommissioning Funding Status Report for Fort Calhoun Station, Unit No. 1.

As requested by Reference 2, the Omaha Public Power District (OPPD) is clarifying the costs and accumulated funds required by the NRC from other costs and accumulated funds associated with cleaning up the site.

No commitments to the NRC are made in this letter. If you should you have any questions regarding this matter, please contact Mr. John W. Thurber at (402) 636-3056.

Sincerely,

T. C. Matthews
Manager - Nuclear Licensing

TCM/mle

Attachment

c: E. E. Collins, NRC Regional Administrator, Region IV
A. B. Wang, NRC Project Manager
J. D. Hanna, NRC Senior Resident Inspector

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2009 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, 2009 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 2009 estimated NRC minimum decommissioning amount to decommission Fort Calhoun Station Unit No. 1 is **\$338,940,000**. See Attachment A for detailed decommissioning cost calculation.

In addition to the minimum NRC decommissioning amount calculation, OPPD employs a consultant to complete a decommissioning cost update every five years. Based on the escalation of the consultant's most recent study, the total estimated cost to decommission Fort Calhoun Station Unit No. 1 is **\$809,200,000**. Of that total cost estimate, the current site-specific cost estimate for radiological decommissioning of Fort Calhoun Station Unit No. 1 is **\$538,118,000**, the current separate estimate of site restoration (State costs) is **\$35,605,000** and the current separate estimate of spent fuel management costs is **\$235,477,000**.

B. Current Decommissioning Fund Balance

The total OPPD Decommissioning Fund balance as of December 31, 2008 was **\$278,178,600**. OPPD maintains two separate trust accounts, one for the NRC minimum decommissioning amount as outlined in 10 CFR 50.75 (c) and one for other costs including additional radiological, site restoration and spent fuel management as determined by the cost study. As of December 31, 2008, the balance in the fund for the NRC minimum decommissioning amount was **\$213,224,300**. As of December 31, 2008, the balance in the funds accumulated for other decommissioning costs was **\$64,954,300**. This balance is allocated as follows: **\$22,734,000** for additional radiological costs, **\$5,196,300** for site restoration costs and **\$37,024,000** for spent fuel management costs.

The two trust funds are not commingled. The funds accumulated for the additional decommissioning costs including additional radiological, site restoration and spent fuel management are available for radiological decommissioning without prior approval by a State regulatory authority and are not subject to disapproval for radiological decommissioning by a State regulatory authority.

C. Annual Decommissioning Collections

There was no annual collection for 2007 or 2008 as shown in Attachment B. 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. Global Insight, Inc. of Waltham, 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 2008 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: 3-18-09


J.W. Thurber
Division Manager - Finance

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2009 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT TO NRC**

ATTACHMENT A

**2009 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:

$$.58P + .42F = E \text{ (Energy Factor)}$$

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

$$\text{MDA} = \$75 \text{ million} + \$8800(P) \text{ (where } P = 1500 \text{ MWt)}$$

$$\$75 \text{ million} + \$8800(1500)$$

$$\$75 \text{ million} + \$13.2 \text{ million} = \mathbf{\$88.2 \text{ million}} \text{ (1986 Dollars)}$$

$$\text{OPPD Escalation of MDA} = \$88.2 \text{ million} \times (.65L + .13E + .22B)$$

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

"L" = Labor Index Change

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

$$\begin{array}{l} 12-2008 \quad \frac{107.6}{48.6} = 2.2132 \text{ (an increase of 121.399\%)} \\ 1-1986 \end{array}$$

"E" = Energy Index Change

$$\text{Energy Index Change} = (\text{Electric Power Index Change} \times 58\%) + (\text{Light Fuel Oils Index Change} \times 42\%)$$

Producer Price Indices

$$\begin{array}{l} \text{Industrial Electric Power} \quad 1-2009 \quad \frac{188.9}{114.2} = 65.41\% \text{ increase change} \\ 1-1986 \end{array}$$

$$\begin{array}{l} \text{Light Fuel Oils} \quad 1-2009 \quad \frac{161.0}{82.0} = 96.34\% \text{ increase change} \\ 1-1986 \end{array}$$

Application of the formula to 1-2009 leads to

$$\begin{aligned} \text{Energy} &= ((188.9/114.2) \times .58) + ((161.0/82.0) \times .42) \\ \text{Energy} &= 0.9594 + 0.8246 \\ \text{Energy} &= 1.784 \text{ (an increase of 78.40\%)} \end{aligned}$$

"B" = Waste Burial Index Change
NUREG-1307 (Revision 13)

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 Generic LLW Disposal Site Index in calculating the NRC Minimum Decommissioning Amount.

Generic LLW Disposal Site Index 1-08 $\frac{9.872}{1.000} = 9.872$ (an increase of 887.2%)
(Waste Vendor Index) 1-86 1.000

The escalated cost formula is as follows:

Generic LLW Disposal Site Index

$\$88.2 \text{ million} \times (.65(2.21399) + .13(1.7840) + .22(9.872)) = \mathbf{\$338.94 \text{ million}}$

In summary, OPPD's Fort Calhoun Station Unit No. 1 NRC Minimum Decommissioning Amount estimate escalated to **January 2009** is **\$338,940,000**.

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2009 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 |
|------|--|-------------------|------------------|
| 2008 | \$0 | 2.20% | 2.40% |
| 2009 | \$0 | 1.90% | 3.11% |
| 2010 | \$0 | 1.90% | 4.90% |
| 2011 | \$0 | 1.90% | 4.93% |
| 2012 | \$0 | 1.90% | 4.93% |
| 2013 | \$0 | 1.90% | 4.93% |
| 2014 | \$0 | 2.00% | 5.03% |
| 2015 | \$0 | 1.90% | 4.93% |
| 2016 | \$0 | 1.90% | 4.93% |
| 2017 | \$0 | 1.90% | 4.93% |
| 2018 | \$0 | 1.90% | 4.93% |
| 2019 | \$0 | 1.90% | 4.93% |
| 2020 | \$0 | 1.90% | 4.93% |
| 2021 | \$0 | 1.80% | 4.83% |
| 2022 | \$0 | 1.80% | 4.83% |
| 2023 | \$0 | 1.80% | 4.83% |
| 2024 | \$0 | 1.80% | 4.83% |
| 2025 | \$0 | 1.80% | 4.83% |
| 2026 | \$0 | 1.90% | 4.93% |
| 2027 | \$0 | 1.90% | 4.93% |
| 2028 | \$0 | 1.90% | 4.93% |
| 2029 | \$0 | 1.90% | 4.93% |
| 2030 | \$0 | 1.90% | 4.93% |
| 2031 | \$0 | 1.90% | 4.93% |
| 2032 | \$0 | 1.90% | 4.93% |
| 2033 | \$0 | 1.90% | 4.93% |