

10 CFR 50.75(f)(1)

RS-09-095

July 29, 2009

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Braidwood Station, Units 1 and 2
Facility Operating License Nos. NPF-72 and NPF-77
NRC Docket Nos. STN 50-456 and STN 50-457

Byron Station, Units 1 and 2
Facility Operating License Nos. NPF-37 and NPF-66
NRC Docket Nos. STN 50-454 and STN 50-455

Clinton Power Station
Facility Operating License No. NPF-62
NRC Docket No. 50-461

LaSalle County Station, Units 1 and 2
Facility Operating License Nos. NPF-11 and NPF-18
NRC Docket Nos. 50-373 and 50-374

Subject: Decommissioning Funding Assurance Plan

References: See Attachment 1

In References 1 through 7, the NRC stated that they believe additional information is needed to demonstrate decommissioning funding assurance for Braidwood Station, Units 1 and 2, Byron Station, Units 1 and 2, Clinton Power Station, and LaSalle County Station, Units 1 and 2. The NRC's position was based on an internal review using the generic decommissioning funding assurance formula from 10 CFR 50.75(c), and the decommissioning trust fund values as of December 31, 2008, as reported by Exelon Generation Company, LLC (EGC) in Reference 8. As requested in References 1 through 7, and a subsequent conference call between EGC and the NRC on July 1, 2009, EGC agreed to submit a plan by July 31, 2009, to show adequate decommissioning funding assurance. The plan to show adequate decommissioning

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funding assurance is described below. The actions detailed in the plan are summarized in Attachment 2.

Braidwood Station, Units 1 and 2, Byron Station, Units 1 and 2

On March 31, 2009 (Reference 8), EGC submitted the amount of funds required for radiological decommissioning based on a site-specific SAFSTOR estimate for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, as allowed by 10 CFR 50.75(e)(1)(i). These site-specific estimates were submitted to the NRC by EGC on December 18, 2006 (Reference 9). The decommissioning funding assurance illustrated by these site-specific estimates was accepted by the NRC on April 24, 2007 (Reference 10). Based on these site-specific cost estimates, and the decommissioning trust fund values as of December 31, 2008, for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, there was a difference in the amount required for decommissioning funding assurance and the trust fund values. EGC calculated the difference as of December 31, 2008 as \$53.5M for Braidwood Station Unit 1, \$35.1M for Braidwood Station Unit 2, \$41.3M for Byron Station Unit 1, and \$40.5M for Byron Station Unit 2. The determinations herein of decommissioning funding assurance differences reflect the difference between fund values as of a specified date and the funding levels determined for NRC decommissioning funding assurance consistent with 10 CFR 50.75(e)(1)(i).

As part of EGC's normal, 5-year cycle for updating decommissioning cost estimates, as specified in Regulatory Guide 1.159, Revision 1, Section 1.4.3, EGC is updating the site-specific cost estimate for both Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, in 2009. EGC expects a reduction in the site-specific SAFSTOR radiological decommissioning costs, based on the results of other EGC estimates completed during this cycle. This reduction is expected mainly due to a reduction in the waste disposal costs for Class A waste, which will now be sent to the EnergySolutions site in Clive, Utah, per EGC's contract with EnergySolutions.

EGC will submit the new site-specific SAFSTOR decommissioning cost estimates to the NRC. Based on the schedule for completing these site-specific cost estimates, the NRC submittals will occur by November 20, 2009, for Byron Station, Units 1 and 2, and by January 15, 2010, for Braidwood Station, Units 1 and 2.

If the site-specific cost estimates for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, coupled with trust fund values, do not illustrate adequate decommissioning funding assurance, EGC will establish additional decommissioning funding assurance using a guarantee method, as allowed by NRC regulations, on or before April 1, 2010, and upon approval by the EGC Board of Directors. The additional funding assurance will be calculated based on the funds required for radiological decommissioning considering the site-specific SAFSTOR estimates and the decommissioning trust fund values as of December 31, 2009.

As stated above, the initial amount of any additional decommissioning funding assurance will be calculated as of December 31, 2009. Any additional funding assurance not in the form of cash contributions directly into the decommissioning trust

funds (10 CFR 50.75(e)(1)(i)), will be provided in the form of a guarantee (10 CFR 50.75(e)(1)(iii)) to be recalculated on an annual basis (as of December 31). The value of the guarantee will be adjusted, if necessary, in accordance with those calculations by April 1 of the following year. Consistent with 10 CFR 30, Appendix A, any financial tests required for the guarantee will also be re-verified on an annual basis, and the form of the guarantee will continue to meet all NRC regulations. As such, decommissioning funding assurance will be provided through a combination of acceptable funding methods.

Also, it is important to note that the value of the decommissioning trust funds has increased to a value of \$177.2M for Braidwood Station Unit 1, \$196.3M for Braidwood Station Unit 2, \$199.1M for Byron Station Unit 1, and \$193.0M for Byron Station Unit 2, as of June 30, 2009, providing additional decommissioning funding assurance margin.

Clinton Power Station

On March 31, 2009 (Reference 8), EGC submitted the amount of funds required for radiological decommissioning based on a site-specific SAFSTOR estimate for Clinton Power Station, as allowed by 10 CFR 50.75(e)(1)(i). Based on this site-specific cost estimate and the decommissioning trust fund value as of December 31, 2008, for Clinton Power Station, there was a very small difference in the amount required for decommissioning funding assurance. Further, in conjunction with the Clinton Power Station license transfer from AmerGen Energy Company, LLC to EGC, EGC established a Parental Guarantee from Exelon Corporation in the amount of \$151,758.34. A copy of this Parental Guarantee is included as Attachment 3.

The site-specific estimate and Parental Guarantee show adequate decommissioning funding assurance exists for Clinton Power Station. EGC will submit the Clinton Power Station site-specific SAFSTOR decommissioning cost estimate to the NRC by August 28, 2009. EGC concludes that no other action is required to show adequate decommissioning funding assurance for Clinton Power Station.

Furthermore, based on the Clinton Power Station trust fund value as of June 30, 2009, of \$303.2M, the Parental Guarantee is no longer required to show adequate decommissioning funding assurance. Therefore, this letter also serves as notice to the NRC that Exelon intends to cancel the Parental Guarantee. This cancellation will not occur until after 120 days of this notice, as specified by 10 CFR 30, Appendix A.

LaSalle County Station, Units 1 and 2

On March 31, 2009 (Reference 8), EGC submitted the amount of funds required for radiological decommissioning based on a site-specific SAFSTOR estimate for LaSalle County Station, Units 1 and 2, as allowed by 10 CFR 50.75(e)(1)(i). This site-specific estimate was submitted to the NRC by EGC on December 18, 2006 (Reference 9). The decommissioning funding assurance illustrated by this site-specific estimate was accepted by the NRC on April 24, 2007 (Reference 10). Based on this site-specific cost estimate and the decommissioning trust fund value as of December 31, 2008, for

LaSalle County Station, Units 1 and 2, there was a small difference in the amount required for decommissioning funding assurance and the trust funds values. EGC calculated the difference as of December 31, 2008 as \$9.5M for LaSalle County Station Unit 1, and \$3.8M for LaSalle County Station Unit 2.

As part of the normal, 5-year cycle for updating decommissioning cost estimates, as specified in Regulatory Guide 1.159, Revision 1, Section 1.4.3, EGC is updating the site-specific cost estimate for LaSalle County Station, Units 1 and 2 in 2009. This cost estimate was completed in June 2009, and shows a reduction in the overall SAFSTOR decommissioning costs. This reduction is mainly due to a reduction in the waste disposal costs for Class A waste, which will now be sent to the EnergySolutions site in Clive Utah, per EGC's contract with EnergySolutions.

The new site-specific estimate provides adequate decommissioning funding assurance for LaSalle County Station, Units 1 and 2. Therefore, EGC will submit the new LaSalle County Station, Units 1 and 2, site-specific SAFSTOR decommissioning cost estimate to the NRC by August 28, 2009. EGC concludes that no other action is required to show adequate decommissioning funding assurance for LaSalle County Station, Units 1 and 2.

Also, it is important to note that the value of the decommissioning trust funds has increased to a value of \$276.8M for LaSalle County Station, Unit 1, and \$269.4M for LaSalle County Station, Unit 2, as of June 30, 2009, providing additional decommissioning funding assurance margin.

In summary, EGC's plan is to put the above actions in place to meet NRC minimum funding assurance requirements. EGC remains confident that sufficient funds will be available to decommission all EGC sites when required. For these sites, the current license expiration dates are at least 13 years away. Further, up to an additional 60 years can be used to safely decommission these sites. This additional time allows for the accumulation of earnings on the funds, as permitted by NRC regulations, such that adequate decommissioning funding assurance is provided for each of the above plants. Furthermore, EGC intends to pursue a 20-year license extension for all of these sites, allowing yet an additional 20 years of fund returns before decommissioning commences; thereby, providing further decommissioning funding assurance.

Regulatory commitments are contained in Attachment 2 of this letter.

If you have any questions about this letter, please contact Patrick Simpson at (630) 657-2823.

Respectfully,



Keith R. Jury
Vice President – Licensing and Regulatory Affairs
Exelon Generation Company, LLC

Attachments

ATTACHMENT 1

REFERENCES

1. Letter from Marshall J. David (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for Braidwood Station, Unit 1," dated June 18, 2009
2. Letter from Marshall J. David (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for Braidwood Station, Unit 2," dated June 18, 2009
3. Letter from Marshall J. David (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for Byron Station, Unit 1," dated June 18, 2009
4. Letter from Marshall J. David (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for Byron Station, Unit 2," dated June 18, 2009
5. Letter from Stephen P. Sands (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for Clinton Power Station, Unit 1," dated June 18, 2009
6. Letter from Stephen P. Sands (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for LaSalle County Station, Unit 1," dated June 18, 2009
7. Letter from Stephen P. Sands (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Exelon Generation Company, LLC's Status of Decommissioning Funding Assurance for LaSalle County Station, Unit 2," dated June 18, 2009
8. Letter from Patrick R. Simpson (Exelon Generation Company, LLC) to U.S. NRC, "Report of Status of Decommissioning Funding for Reactors," dated March 31, 2009
9. Letter from Kenneth A. Ainger (Exelon Generation Company, LLC) to U.S. NRC, "Site-specific Decommissioning Cost Estimates," dated December 18, 2006
10. Letter from Christopher Gratton (U.S. NRC) to Christopher M. Crane (Exelon Generation Company, LLC), "Braidwood Station, Units 1 and 2; Byron Station, Units 1 and 2; and LaSalle County Station, Units 1 and 2 – Review of Site-Specific Decommissioning Cost Estimates," dated April 24, 2007

ATTACHMENT 2

Regulatory Commitments

The following list identifies those actions committed to by Exelon Generation Company, LLC, (EGC) in this submittal. Any other actions discussed in the submittal represent intended or planned actions by EGC, are described only for information, and are not regulatory commitments.

COMMITMENT	COMMITTED DATE OR "OUTAGE"	COMMITMENT TYPE	
		ONE-TIME ACTION (YES/NO)	PROGRAM-MATIC (YES/NO)
Provide site-specific SAFSTOR decommissioning cost estimate for Clinton Power Station	August 28, 2009	Yes	No
Provide site-specific SAFSTOR decommissioning cost estimates for LaSalle County Station, Units 1 and 2	August 28, 2009	Yes	No
Provide site-specific SAFSTOR decommissioning cost estimates for Byron Station, Units 1 and 2	November 20, 2009	Yes	No
Provide site-specific SAFSTOR decommissioning cost estimates for Braidwood Station, Units 1 and 2	January 15, 2010	Yes	No
Obtain approval from EGC Board of Directors of any required additional guarantee in the amount necessary to provide adequate funding assurance for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, based on site-specific SAFSTOR decommissioning cost estimates and decommissioning trust fund values as of December 31, 2009	First Quarter 2010	Yes	No
Establish guarantee, as allowed by NRC regulations, for any difference in funding assurance for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, based on site-specific SAFSTOR decommissioning cost estimates and decommissioning trust fund values as of December 31, 2009	April 1, 2010	Yes	No

COMMITMENT	COMMITTED DATE OR "OUTAGE"	COMMITMENT TYPE	
		ONE-TIME ACTION (YES/NO)	PROGRAM- MATIC (YES/NO)
Any additional funding assurance for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, provided in response to commitments in letter RS-09-095, not in the form of cash contributions directly into the decommissioning trust funds (10 CFR 50.75(e)(1)(i)), will be provided in the form of a guarantee (10 CFR 50.75(e)(1)(iii)) to be recalculated on an annual basis (as of December 31). The value of the guarantee will be adjusted, if necessary, in accordance with those calculations by April 1 of the following year.	Ongoing	No	Yes

ATTACHMENT 3

PARENTAL GUARANTEE FOR CLINTON POWER STATION

PARENT GUARANTEE NRC DECOMMISSIONING FUNDING ASSURANCE

Guarantee made this January 8, 2009 by Exelon Corporation, a corporation organized under the laws of the Commonwealth of Pennsylvania, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), on behalf of our subsidiary Exelon Generation Company, LLC (ExGen) of 300 Exelon Way, Kennett Square, PA 19348, obligee.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee pursuant to its bylaws, articles of incorporation, and the laws of Pennsylvania, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued so that ExGen will be in compliance with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 50, which require that a holder of, or an applicant for, a license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for require decommissioning activities.
3. This guarantee is issued to provide financial assurance for a portion of the costs of decommissioning activities for Clinton Power Station as required by 10 CFR Part 50. The decommissioning costs for which the guarantee is issued are: \$151,758.34.
4. The guarantor meets or exceeds the financial test criteria as stated in NRC 10 CFR 30 Appendix A Section II, and will comply with the notification requirements as specified in 10 CFR Part 50 and Appendix A to Part 30.

5. The guarantor is the sole member of Exelon Generation Company, LLC, the holder of NRC License No. NPF-62 for Clinton Power Station, V-852, RR3, Box 228, Clinton, IL 61727.
6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 50 for decommissioning of the facility(ies) identified above.
7. For value received, and pursuant to the authority delegated to the officers of guarantor by its Board of Directors, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. NPF-62, due to lack of funds, the guarantor shall either, as the guarantor shall determine:
 - a. carry out the required activities, or
 - b. provide all funds necessary, up to the amount of this guarantee specified in Section 3, to carry out the required activities, or
 - c. set up a trust fund in favor of ExGen in the amount of these current cost estimates or guarantee amount for these activities.
8. The guarantor shall assure that its independent accountant submit revised financial statements, financial test data, and will perform the review specified in NRC 10 CFR 30 Appendix A Section II, B and C, and notify the NRC as required by these sections.
9. The guarantor and the licensee agree that if the guarantor fails to meet the financial test criteria at any time after this guarantee is established, the guarantor and licensee shall send, within 90 days of the end of the fiscal year in which the guarantor fails to meet the financial test criteria, by certified mail, notice to the NRC. If ExGen fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance from the NRC within 180 days of the end of such fiscal year, the guarantor shall provide such alternative financial assurance in the name of ExGen or make full payment under the guarantee to a standby trust established by ExGen.

10. Independent of any notification under paragraph 8 above, if the NRC determines for any reason that the guarantor no longer meets the financial test criteria or that it is disallowed from continuing as guarantor for the facility under License No. NPF-62, the guarantor agrees that within 90 days after being notified by the NRC of such determination, an alternative financial assurance mechanism as specified in 10 CFR Part 50 as applicable, shall be established by the guarantor in the name of ExGen unless ExGen has done so.
11. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or notification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 50.
12. The guarantor agrees that it will be liable for all litigation costs incurred by ExGen or the NRC in any successful effort to enforce the agreement against the guarantor.
13. The guarantor agrees to remain bound under this guarantee for as long as ExGen must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facility(ies) except that the guarantor may cancel this guarantee by sending certified mail to the NRC and to ExGen, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and ExGen as evidenced by the return receipts. If the licensee fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance within 120 days after the sending of the above notice by the guarantor, the guarantor shall provide such alternative financial assurance.
14. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by ExGen. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.

15. If the guarantor files annual financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: 1/8/09

Exelon Corporation

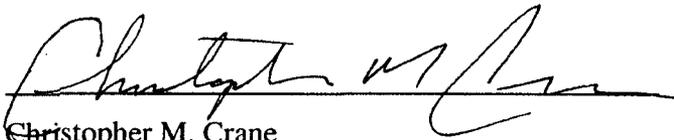


Matthew F. Hilzinger
Senior Vice President and Chief Financial Officer

Signature of witness or notary: Maria Dolores Munguia

OFFICIAL SEAL
Maria Dolores Munguia
Notary Public, State of Illinois
Commission Expires 04/04/2012

Exelon Generation Company, LLC



Christopher M. Crane
President and Chief Operating Officer

Signature of witness or notary: Maria Dolores Munguia

OFFICIAL SEAL
Maria Dolores Munguia
Notary Public, State of Illinois
Commission Expires 04/04/2012