

Greg Gibson
Vice President, Regulatory Affairs

750 East Pratt Street, Suite 1600
Baltimore, Maryland 21202



10 CFR 50.4
10 CFR 52.79

November 16, 2009

UN#09-475

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

Subject: UniStar Nuclear Energy, NRC Docket No. 52-016
Calvert Cliffs Nuclear Power Plant, Unit 3
Follow-up Response to Environmental Report
RAI No. 124, Estimated Tax Benefit

- References:
- 1) Thomas Fredrichs (NRC) to George Wrobel (UniStar Nuclear Energy), "RAIs for Calvert Cliffs Environmental Report," dated May 13, 2008.
 - 2) George Vanderheyden (UniStar Nuclear Energy) to NRC Document Control Desk, letter UN#08-018, "Submittal of Response to Requests for Additional Information for the Calvert Cliffs Nuclear Power Plant, Unit 3 and Request for Withholding of Documents" dated June 12, 2008.
 - 3) Greg Gibson (UniStar Nuclear Energy) to NRC Document Control Desk, letter UN#09-354, "RAI No. 124, Estimated Tax Benefit, and Application for Withholding of Documents," dated September 17, 2009.

The purpose of this letter is to provide a follow-up response to a request for additional information (RAI) identified in Reference 1. This follow-up response supplements the previous responses, submitted on June 12, 2008 (Reference 2) and September 17, 2009 (Reference 3), regarding the estimated tax revenue of Calvert Cliffs Nuclear Power Plant (CCNPP) Unit 3.

The enclosure provides our follow-up response to RAI No. 124, ER Section 5.8.2 involving CCNPP Unit 3 estimated future tax obligations. This follow-up response to RAI No. 124 does

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not impact the Combined License Application content and does not include any new regulatory commitments and does not contain any sensitive or proprietary information.

If there are any questions regarding this transmittal, please contact me at (410) 470-4205, or Mr. Dimitri Lutchenkov at (410) 470-5524.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 16, 2009

A handwritten signature in black ink, appearing to read 'Greg Gibson', with a long horizontal flourish extending to the right.

Greg Gibson

Enclosure: Follow-up Response to NRC Request for Additional Information, RAI No. 124,
ER Section 5.8.2, Calvert Cliffs Nuclear Power Plant Unit 3

cc: Surinder Arora, NRC Project Manager, U.S. EPR Projects Branch
Laura Quinn, NRC Environmental Project Manager, U.S. EPR COL Application
Getachew Tesfaye, NRC Project Manager, U.S. EPR DC Application (w/o enclosure)
Loren Plisco, Deputy Regional Administrator, NRC Region II (w/o enclosure)
Silas Kennedy, U.S. NRC Resident Inspector, CCNPP, Units 1 and 2
U.S. NRC Region I Office

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Enclosure
Follow-up Response to NRC Request for Additional Information
RAI No. 124, ER Section 5.8.2
Calvert Cliffs Nuclear Power Plant Unit 3

RAI No 124, ER Section 5.8.2

Need to more clearly state estimated income and tax revenue related to baseline.

Follow-up Response

UniStar letters UN#08-018 and UN#09-354, dated June 12, 2008, and September 17, 2009 respectively have provided responses to RAI 124. The September 17, 2009, response included both proprietary and public information regarding the estimated taxes that will be paid by CCNPP Unit 3 during the construction period (2009-2015) and during forty operating years (2016 - 2056). The September 17, 2009, response also included the proprietary calculated percentage of contribution this stream of payments would represent of Calvert County's revenues.

Subsequent to the September 17, 2009, transmittal, the NRC requested that UniStar Nuclear Energy (UNE) provide non-proprietary cost of the unit and tax benefit information for use in the socioeconomic discussions of the Environmental Impact Statement (EIS). The NRC has indicated that UNE may provide a range for cost of the unit and the tax benefit. In this manner, the NRC may use the range for EIS purposes and UNE does not have to make public the proprietary financial information provided in the September 17, 2009, transmittal.

UNE proposes that the NRC may utilize a range of \$4500/KW to \$6000/KW for the cost of the unit. This range is reasonable for use in the EIS discussion and it corresponds well with internal financial studies. This range corresponds well to the ranges provided in sources such as Moody's and Standard & Poor's. The Moody's source that may be considered was dated October 2, 2007, and is entitled, *New Nuclear Generation in the United States: Keeping Options Open vs Addressing An Inevitable Necessity*. The Standard & Poor's publication was dated October 15, 2008, and is entitled, *Construction Costs To Soar For New U.S. Nuclear Power Plants*.

The table below provides the estimated tax benefit if the cost of the unit is assumed to be \$5000/kW. The table provides the estimated taxes that would be paid by CCNPP Unit 3 during the construction period (2009-2015) and during forty operating years (2016 - 2056). Additionally, the table provides the calculated percentage of contribution this stream of payments would represent of Calvert County's revenues, assuming a flat revenue forecast based on the estimated 2009 figure of \$221.3 million (estimate of Calvert County Revenue for 2009).

Table – Estimated Tax Benefit

ESTIMATED TAXES THAT WILL BE PAID BY CCNPP UNIT 3 DURING CONSTRUCTION AND OPERATION				
Year	Period	Estimate of Property Taxes for CCNPP Unit 3 (U.S. \$ Million)*	Estimate of Calvert County Revenue for 2009 (U.S. \$ Million)	Estimate of Calvert County Revenue from CCNPP Unit 3 Based on "fixed" 2009 Base Year
2009	Construction	1.1	221.3	0.48%
2010	Construction	3.5		1.60%
2011	Construction	8.5		3.85%
2012	Construction	18.8		8.49%
2013	Construction	40.7		18.37%
2014	Construction	61.6		27.82%
2015	Construction	71.3		32.20%
2016	Operating	57.1		25.81%
2017	Operating	56.1		25.33%
2018	Operating	55.1		24.87%
2019	Operating	54.1		24.42%
2020	Operating	53.0		23.93%
2021	Operating	52.0		23.48%
2022	Operating	51.0		23.02%
2023	Operating	49.9		22.52%
2024	Operating	48.8		22.07%
2025	Operating	47.8		21.61%
2026	Operating	46.7		21.11%
2027	Operating	45.7		20.66%
2028	Operating	44.9		20.27%
2029	Operating	43.8		19.77%
2030	Operating	42.8		19.33%
2031	Operating	82.1		37.10%
2032	Operating	81.8		36.95%
2033	Operating	79.8		36.06%
2034	Operating	77.8		35.16%
2035	Operating	75.6		34.16%
2036	Operating	73.6		33.26%
2037	Operating	71.6		32.37%

ESTIMATED TAXES THAT WILL BE PAID BY CCNPP UNIT 3 DURING CONSTRUCTION AND OPERATION				
Year	Period	Estimate of Property Taxes for CCNPP Unit 3 (U.S. \$ Million)*	Estimate of Calvert County Revenue for 2009 (U.S. \$ Million)	Estimate of Calvert County Revenue from CCNPP Unit 3 Based on "fixed" 2009 Base Year
2038	Operating	69.4		31.35%
2039	Operating	67.7		30.59%
2040	Operating	65.7		29.69%
2041	Operating	63.4		28.66%
2042	Operating	61.5		27.77%
2043	Operating	59.5		26.88%
2044	Operating	57.2		25.84%
2045	Operating	55.2		24.95%
2046	Operating	53.2		24.06%
2047	Operating	50.9		23.01%
2048	Operating	49.0		22.12%
2049	Operating	47.4		21.41%
2050	Operating	45.0		20.34%
2051	Operating	43.1		19.46%
2052	Operating	41.1		18.57%
2053	Operating	38.7		17.50%
2054	Operating	36.8		16.62%
2055	Operating	34.8		15.74%
2056	Operating	32.2		14.57%

*Nominal 2007 Dollars

COLA Impact

The COLA will not be revised as a result of this response