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Vice President

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April 3, 1996

Re: Indian Point Unit No. 1  
Docket No. 50-003

Document Control Desk  
US Nuclear Regulatory Commission  
Mail Station P1-137  
Washington, DC 20555

SUBJECT: Indian Point Unit 1 Spent Fuel Management and Funding  
Plan

This notification is provided for Indian Point Unit 1 (IP-1) in accordance with the requirements of 10 CFR 50.54(bb). Provisional Operating License No. DPR-5 was issued on March 26, 1962, and has continued in effect since 1969 under a timely application for a full-term operating license. IP-1, which is owned by the Consolidated Edison Company of New York, Inc. (Con Edison), permanently ceased power operations on October 31, 1974. Con Edison intends to maintain IP-1 spent fuel in a safe-storage condition until Indian Point Unit 2 (IP-2) ceases operation. As noted in our decommissioning study, IP-1 systems and structures are utilized to support activities at IP-2 and IP-3, the latter unit being owned and operated by the New York Power Authority. Consequently, Con Edison plans to dismantle IP-1 following the permanent retirement of IP-2, and when IP-3 no longer requires support service. There are currently 160 spent fuel assemblies stored in the IP-1 spent fuel pool. The spent fuel management plan has been to store the fuel in-situ until such time that the Department of Energy (DOE) accepts it for permanent disposal. Our current decommissioning study assumes all IP-1 spent fuel to be delivered to DOE prior to 2013, the end-of-license date of IP-2. The costs associated with the monitoring, maintenance and storage of IP-1 spent fuel within the IP-1 spent fuel pool are currently charged to our operating budget.

Were DOE to begin accepting spent fuel prior to the IP-2 end-of-license date, IP-1 spent fuel would be shipped offsite prior to the initiation of dismantlement activities at the Indian Point site. Because the DOE acceptance date remains uncertain at this time, it may be necessary to include spent fuel storage as part of the decommissioning plan. Other options for IP-1 spent fuel storage may be required. These options include in-situ dry storage, onsite dry cask storage, and offsite dry storage at a private fuel storage facility. If we determine that one of these options becomes necessary, it is our intention that the costs be initially borne from the accumulated decommissioning funds.

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Decommissioning costs are being accrued ratably over the Indian Point Unit 2 operating license period which extends to the year 2013. Con Edison has been accruing for the costs of decommissioning within the internal depreciation reserve since 1975. In 1989 the New York Public Service Commission (PSC) permitted Con Edison to establish an external trust fund for the costs of decommissioning the nuclear portions of the plants pursuant to NRC regulations. Accordingly, beginning in 1989 Con Edison has made contributions to such a trust.

Accumulated decommissioning provisions on December 31, 1995 and 1994, which include earnings on funds externally invested, were as follows:

(Millions of Dollars)	Amounts Included in <u>Accumulated Depreciation</u>	
	1995	1994
Nuclear	\$134.4	\$102.2
Non-Nuclear	<u>55.3</u>	<u>53.7</u>
Total	\$189.7	\$155.9

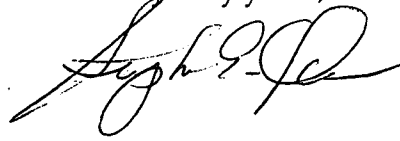
Prior to April 1995 Con Edison was providing annual expense allowances of \$11.7 million and \$3.1 million, respectively, for decommissioning the nuclear and non-nuclear portions of the plants. These amounts, which were recovered from customers through billings, were approved by the PSC in the 1992 electric rate agreement, and were designed to fund decommissioning costs which had been estimated at approximately \$300 million in 1993 dollars. In 1994 a site-specific decommissioning study was prepared for both Indian Point Units 1 and 2. Based upon this study, the estimated decommissioning costs in 1993 dollars are approximately \$657 million, of which \$252 million is for extended on-site storage of IP-2 spent nuclear fuel. Using a 3.25 percent annual escalation factor, the estimated cost in 2016, the assumed midpoint for decommissioning expenditures, is approximately \$1,372 million. Under the 1995 electric rate agreement, effective April 1995, Con Edison revised the annual decommissioning expense allowance for the nuclear and non-nuclear portions of the plants to \$21.3 million and \$1.8 million respectively, to fund the future estimated costs of decommissioning. The annual expense allowance assumes a 6 percent after-tax annual return on fund assets.

Until such time that IP-1 spent fuel is accepted by the DOE for disposal, Con Edison shall maintain the storage of IP-1 spent fuel in accordance with technical specifications and NRC requirements for licensed possession of irradiated nuclear fuel.

This submittal is provided without prejudice to any rights or obligations set forth in the Order Revoking Authority to Operate Facility, dated June 19, 1980.

Should you or your staff have any questions regarding this matter, please contact Mr. Charles W. Jackson, Manager, Nuclear Safety and Licensing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stephen J. Jackson". The signature is fluid and cursive, with the first name "Stephen" and last name "Jackson" clearly legible, and a middle initial "J." in between.

cc:

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