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Executive Vice President
Nuclear Generation

July 26, 1990
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U.S. Nuclear Regulatory Commission
Mail Station P1-137
Washington, D.C. 20555

Attn: Document Control Desk

Subject: Indian Point 3 Nuclear Power Plant
Docket No. 50-286
James A. FitzPatrick Nuclear Power Plant
Docket No. 50-333
General Requirements for
Decommissioning Nuclear Facilities

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- References:
1. Federal Register Notice, Vol. 53, No.123, dated Monday, June 27, 1988.
 2. Draft Regulatory Guide, Task DG-1003, entitled, "Assuring the Availability of Funds for Decommissioning Nuclear Reactors."

Dear Sir:

The purpose of this letter is to certify the financial assurance of the decommissioning of Indian Point 3 and James A. FitzPatrick Nuclear Power Plants. This is in response to the final rule on the General Requirements for Decommissioning Nuclear Facilities (Reference 1). Specifically the Power Authority is providing the information required by 10 CFR §50.33 (k)(2).

The specific information required by the rule is the method of decommissioning, the decommissioning cost estimate, the proposed sinking fund payments to an external fund (including a copy of the external fund agreement), and the administrative plans for periodic updates to the funding plan.

The method of decommissioning is DECON. This method states that the equipment, structures and portions of a facility and site containing radioactive contaminants are removed or decontaminated to a level that permits the property to be released for unrestricted use shortly after cessation of operations. The total duration would be approximately 5 to 10 years.

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The DECON method was chosen since it is the most cost effective, and will allow for the release of the site for unrestricted use in a much shorter time period than the other alternatives. In addition, the DECON option provides a good benchmark for comparing decommissioning costs for future analyses.

The decommissioning cost can be estimated by either using the NRC minimum certifiable amount or by conducting a site-specific study. The Power Authority will use the minimum certifiable amount. The purpose of this certification amount is to provide *reasonable assurance* that there will be adequate funds available to safely decommission a facility.

The formula for estimating decommissioning base costs (in 1986 dollars) is given in 10 CFR §50.75 (c)(1). This formula provides for adjustments to this base cost for plants of different sizes. Furthermore, this base cost is divided into its labor, energy and waste burial components, as described in 10 CFR §50.75 (c)(2), to allow for a more accurate annual escalation of the estimate and adjustments for plants in different regions. Escalation factors for waste burial will be issued on an annual basis by the NRC with NUREG-1307; other escalation factors are to be obtained from the relevant regional tables published monthly by the Bureau of Labor Statistics.

The base cost for a 3,025 MWt PWR (in the western region) in 1986 dollars is \$99 million. Adjusting for 1990 dollars and regional differences brings the base cost for the Indian Point 3 Nuclear Power Plant to \$135 million dollars. Similarly, 1986 dollars for a BWR of 2,436 MWt is \$126 million, while the adjusted cost for James A. FitzPatrick Nuclear Power Plant is \$165 million.

To arrive at a sinking fund payment these figures are adjusted to the end of licensee operation for both plants. This yields a sinking fund payment of \$7.5 million for Indian Point 3 and \$9.7 million for James A. FitzPatrick. Please note that the Power Authority has transferred \$116.1 million dollars into the trust arrangement, which well exceeds the annual payment for 1990.

Attachment I contains conformed copy of the trust agreement for Indian Point 3 and the James A. FitzPatrick Nuclear Power Plant.

Administratively, the Power Authority will review and/or update the cost estimates annually based on the relevant escalation figures, and will follow the performance of the funds for use in future updates. The decommissioning funding plans will be reviewed and/or updated every five years.

If you have any questions regarding this matter, please contact Mr. P. Kokolakis or Mr. J. Ellmers of my staff.

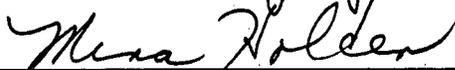
Very truly yours,



John C. Brons
Executive Vice President
Nuclear Generation

STATE OF NEW YORK
COUNTY OF WESTCHESTER

Subscribed and Sworn to before me
this 26th day of July 1990



Notary Public

MINA HOLDEN
NOTARY PUBLIC, State of New York
Westchester County
No. 4829150
My Commission Expires Aug. 31, 1991

cc: U. S. Nuclear Regulatory Commission
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