



August 29, 1994
IPN-94-110
JPN-94-044

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Station P1-137
Washington, DC 20555

Subject: Indian Point 3 Nuclear Power Plant
Docket No. 50-286
James A. FitzPatrick Nuclear Power Plant
Docket No. 50-333
**Correction of Miscalculated Decommissioning Base Cost
for Indian Point 3 Nuclear Power Plant and Notification of
Missed Commitment Regarding Annual Review/Update of
Decommissioning Cost Estimates for the Indian Point 3
and James A. FitzPatrick Nuclear Power Plants**

Reference: 1. NYPA letter from John C. Brons to NRC, IPN-90-041/
JPN-90-056, entitled, "General Requirements for
Decommissioning Nuclear Facilities," dated July 26, 1990.

Dear Sir:

The purpose of this letter is to correct the dollar figure given in Reference 1 as the base cost for decommissioning the Indian Point 3 Nuclear Power Plant, and to notify the NRC that the commitment made in Reference 1 to review and/or update, on an annual basis, the cost estimates for the Indian Point 3 and James A. FitzPatrick Nuclear Power Plants based on the relevant escalation figures was not satisfied in 1990 through 1992. The 1993 review was performed. The 1994 review has not been completed.

10 CFR 50.75 establishes requirements for indicating to the NRC how reasonable assurance will be provided that funds will be available for decommissioning. 10 CFR 50.75(b) required the Authority to submit certification that financial assurance for decommissioning would be provided in an amount at least equal to that stated in Part 50.75 (c)(1), adjusted annually using a rate at least equal to that stated in Part 50.75(c)(2). 10 CFR 50.75(c)(1) provides formulae to arrive at minimum decommissioning cost estimates (in January 1986 dollars) by reactor type and power level. This minimum decommissioning cost estimate is referred to by the Authority, in Reference 1, as the "base cost." Part 50.75(c)(2) provides for an annual adjustment of the base cost based on escalation factors for labor, energy, and waste burial.

050100
9409130210 940829
PDR ADOCK 05000286
P PDR

ADD

The Authority's "annual review and/or update" commitment made in Reference 1 incorporates the escalation adjustment required by Part 50.75(c)(2). The Authority's review of the decommissioning cost estimates for its nuclear power plants for a particular calendar year is performed using the relevant escalation data compiled from the previous calendar year. The adjusted base costs may require future sinking fund payments to be revised. Revising or "updating" the payments, if necessary, completes the Authority's annual review commitment.

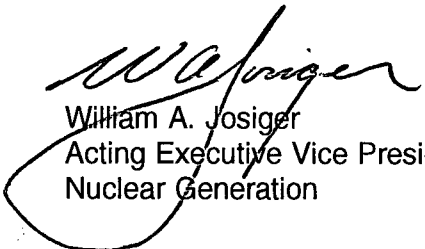
The Authority provided the certification required by 10 CFR 50.75(b) in Reference 1. During the 1993 review of the decommissioning cost estimates for its nuclear power plants, the Authority discovered that the base cost given in Reference 1 for the Indian Point 3 Nuclear Power Plant was miscalculated. The calculation for Indian Point 3, a Pressurized Water Reactor (PWR), incorrectly used a smaller power level multiplier than the one given by Part 50.75(c)(1)(i). The Authority used a power level multiplier of 0.008, rather than 0.0088, to arrive at the dollar figure (\$99 million) given in Reference 1 as the base cost for decommissioning the Indian Point 3 Nuclear Power Plant. The correct dollar figure (in January 1986 dollars) is \$102 million. The base cost for decommissioning the James A. FitzPatrick plant was correctly calculated.

In spite of the \$3 million discrepancy discussed above and the missed annual reviews/adjustments of the decommissioning cost estimates, the results of the Authority's 1993 review confirmed that the decommissioning trust fund balance together with the sinking fund payments were sufficient to comply with the requirements of 10 CFR 50.75(c). Additionally, the commitment to annually review and/or update the decommissioning cost estimates for the Indian Point 3 and James A. FitzPatrick Nuclear Power Plants will be proceduralized to preclude future oversight. The 1994 review is being performed.

Commitments associated with this letter and Reference 1 are provided in Attachment 1. The attachment identifies commitments as "new," "original" (made in Reference 1), or "revised" (made in Reference 1 but revised for clarity).

If you have any questions regarding this matter, please contact Mr. P. Kokolakis or Mr. J. A. Gray, Jr.

Very truly yours,



William A. Josiger
Acting Executive Vice President
Nuclear Generation

Attachment
cc: next page

cc: U. S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Resident Inspector's Office
Indian Point 3
U. S. Nuclear Regulatory Commission
P. O. Box 337
Buchanan, NY 10511

Office of the Resident Inspector
U. S. Nuclear Regulatory Commission
P. O. Box 136
Lycoming, NY 13093

Mr. Nicola F. Conicella, Project Manager
Project Directorate I-1
Division of Reactor Projects - I/II
U. S. Nuclear Regulatory Commission
Mail Stop 14B2
Washington, DC 20555

Mr. John Menning
Project Directorate I-1
Division of Reactor Projects I/II
U. S. Nuclear Regulatory Commission
Mail Stop 14B2
Washington, DC 20555

ATTACHMENT I TO IPN-94-110/JPN-94-044

**COMMITMENTS ASSOCIATED WITH DECOMMISSIONING
COST ESTIMATES AND FUNDS FOR THE
INDIAN POINT 3 AND JAMES A. FITZPATRICK NUCLEAR POWER PLANTS**

NEW YORK POWER AUTHORITY
INDIAN POINT 3 NUCLEAR POWER PLANT
DOCKET NO. 50-286
DPR-64
JAMES A. FITZPATRICK NUCLEAR POWER PLANT
DOCKET NO. 50-333
DPR-59

<u>Commitment Number</u>	<u>Commitment</u>	<u>Due Date</u>
IPN-94-110-1/ JPN-94-044-1	New commitment: Proceduralize requirement described by commitment IPN-94-110-2/JPN-94-044-2 to preclude future oversight.	December 30, 1994.
IPN-94-110-2/ JPN-94-044-2	Original commitment: Review and/or update the decommissioning cost estimates for the Indian Point 3 and James A. FitzPatrick Nuclear Power Plants annually based on the relevant escalation figures.	Annually.
IPN-94-110-3/ JPN-94-044-3	Original commitment: Follow the performance of the (external) decommissioning funds for use in future updates.	At least annually.
IPN-94-110-4/ JPN-94-044-4	Original commitment: Review and/or update the decommissioning funding plans every five years. Revised commitment: Review and/or update the sinking fund payments annually to ensure minimum funding requirements of 10 CFR 50.75(c) are met.	Originally: Every five years. Revised: Annually.