

10 CFR 50.75(f)(1)

RS-10-105

June 24, 2010

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

Subject: Response to Request for Additional Information Regarding the
Decommissioning Financial Assurance Plans

- References:**
1. Letter from Keith R. Jury (Exelon Generation Company, LLC) to U.S. NRC, "Decommissioning Funding Assurance Plan," dated July 29, 2009
 2. Letter from Patrick R. Simpson (Exelon Generation Company, LLC) to U.S. NRC, "Response to Request for Additional Information Regarding Decommissioning Financial Assurance Plans," dated March 10, 2010
 3. Letter from Christopher Gratton (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Request for Additional Information Regarding the Decommissioning Financial Assurance Plans," dated April 20, 2010
 4. Letter from Christopher Gratton (U.S. NRC) to Charles G. Pardee (Exelon Generation Company, LLC), "Request for Additional Information Regarding the Decommissioning Financial Assurance Plans," dated May 26, 2010

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5. Email from Christopher Gratton (U.S. NRC) to Patrick R. Simpson (Exelon Generation Company, LLC), "Support Information for the 7/1 DTF call," dated June 30, 2009

In References 3 and 4, the NRC requested additional information with respect to the decommissioning funding assurance plan, submitted by Exelon Generation Company, LLC (EGC) in Reference 1, for Braidwood Station, Units 1 and 2, and Byron Station, Units 1 and 2, and supplemented by the information submitted by EGC in Reference 2.

The requested information is contained in the Attachments and the Enclosure to this letter. The enclosed CD-ROM contains the Excel file containing the calculations of the parent company guarantee requested by the NRC.

One CD-ROM is enclosed with this submission. The CD-ROM labeled, "Exelon Generation Braidwood – Byron Parent Guarantee Calculation RS-10-105," contains the following component:

001 BB Parent Guarantee Calc RS-10-105.xls, 111 kilobytes, publicly available

Attachment 6 contains the directory path, filename, and size of each individual file.

There are no new regulatory commitments made in this letter.

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

Respectfully,



Patrick R. Simpson
Manager - Licensing
Exelon Generation Company, LLC

- Attachments:
1. Response to April 20, 2010 NRC Request for Additional Information
 2. Response to May 26, 2010 NRC Request for Additional Information
 3. 10 CFR 30, Appendix A Financial Tests for Parent Company Guarantees
 4. 10 CFR 30, Appendix A Required Independent Auditors Report for Parent Company Guarantees
 5. Braidwood, Unit 1 Example NRC Minimum Formula Calculation
 6. CD-ROM Directory Structure

Enclosure: CD-ROM

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cc: Regional Administrator, USNRC Region III
USNRC Senior Resident Inspector, Braidwood Station
USNRC Senior Resident Inspector, Byron Station

ATTACHMENT 1

RESPONSE TO APRIL 20, 2010 NRC REQUEST FOR ADDITIONAL INFORMATION

Question 1

As a supplement to the 2009 Biennial Decommissioning Report, EGC submitted supplemental information on March 10, 2010, indicating that parent company guarantees in the amounts listed below had been established to provide DFA to cover shortfalls identified in the March 2009 biennial decommissioning funding status report.

\$14.2 million for Braidwood, Unit 1

\$10.5 million for Braidwood, Unit 2

\$19.5 million for Byron, Unit 2

Appendix A of 10 CFR Part 30 requires the parent company to demonstrate that it passes a financial test and the parent company's independent CPA to compare the data in the financial test with the amounts in the parent company's year-end financial statement. Please submit the appropriate financial test(s) and CPA report(s) so that the NRC staff may complete its review of DFA for Braidwood, Units 1 and 2, and Byron Unit No. 2. RG 1.159 provides guidance on how to submit that information, such as the format for the test and the CPA's report.

Submit the appropriate financial test(s) and CPA report(s) in its submittal, so that the staff may complete its review of DFA for Braidwood, Units 1 and 2, and Byron Unit No. 2.

Response to Question 1

The financial tests for Braidwood Station, Units 1 and 2, and Byron Station Unit 2, which were performed at the time the parent company guarantees were established, are included in Attachment 3. The CPA report from EGC's independent auditors (PricewaterhouseCoopers), comparing the data in the financial tests to the data in the year-end financial statement, is included in Attachment 4.

Question 2

As a supplement to the 2009 Biennial Decommissioning Report, EGC submitted a site-specific decommissioning cost estimate of November 16, 2009 for Byron, Unit Nos. 1 and 2, and January 10, 2010, for Braidwood, Units 1 and 2.

Page 13 of NUREG-1713, "Standard Review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors," provides a list of major factors to be addressed in the cost estimate. The information needed for known or suspected contamination at the sites is quoted below:

The potential for known or suspected contamination at the site.

Although the requirements described in 10 CFR 50.75(g) for keeping records of spills or other unusual occurrences are outside the scope of this SRP, the reviewer should ensure that the licensee has evaluated the anticipated extent of contamination on the facility and site based on information available in the decommissioning files. This description need not be a detailed discussion, but should include descriptions of known instances of releases of contaminated materials into the facility and the external environment, and the possible impact on decommissioning. Known environmental contamination should be identified (including soil, groundwater, surface water, etc.).

The site-specific cost estimates did not include a discussion of known or suspected contamination at the site. Please include a discussion of known or suspected contamination at each site that follows the guidance of NUREG-1713. The site-specific cost estimate for Braidwood should also include a discussion of the known environmental contamination of tritium.

Response to Question 2

EGC performed a detailed review of the known contamination at each of our sites in the 2003-2005 timeframe based on the 10 CFR 50.75(g) required documentation. For Byron and Braidwood Stations, these detailed studies concluded that existing soil and groundwater contamination would not result in any remediation or decontamination costs. These studies were provided to TLG Services, Inc (TLG) to incorporate into the site-specific cost estimates.

As part of updating the site-specific decommissioning cost estimates in 2009, the most recent 10 CFR 50.75(g) required documentation was sent to TLG as input. The information contained within the file(s) maintained in accordance with 10 CFR 50.75(g) was reviewed by TLG in preparation of the decommissioning cost studies. The response (remediation actions) to plant events that resulted in the release of contaminated materials into the facility and the external environment was evaluated for any potential future impact on decommissioning. Events where additional, significant remediation was deemed to be required to meet the anticipated conditions for termination of the operating license(s) and unrestricted use of the sites were included within the scope of the decommissioning estimate. For Byron and Braidwood Stations, it was determined that there was no further remediation required to meet the anticipated conditions for termination of the operating licenses and unrestricted use of the sites.

With respect specifically to tritium for Braidwood Station, in November 2005, an environmental monitoring program identified higher than background concentrations of tritium in groundwater close to an underground pipe inside the Station's northern boundary. Subsequent environmental testing and monitoring in 2006 found higher than background levels of tritium in groundwater. The highest concentration of tritium found was 230,000 picocuries per liter of water (pCi/l). The tritium came from an underground pipe that, as part of normal plant operations, carries water containing diluted tritium produced in the Station to the Kankakee River for discharge under State and Federal regulations.

In June 2006, Braidwood Station began remediating tritium in groundwater pursuant to an agreement with the Illinois Environmental Protection Agency and the Illinois Attorney General. Significant progress has occurred since remediation began and hydrogeologists have confirmed that the remediation is having the intended effect. As of the end of 2009, overall tritium concentrations have been reduced by greater than 90 percent, with the highest concentrations being more than 50 percent below the Maximum Contaminant Level (MCL) for tritium in drinking water (20,000 pCi/l).

Therefore, per the Station monitoring program, all known or suspected contaminated groundwater that is a current or potential source of drinking water, in the accessible environment, is below the applicable MCL for tritium as established by the Safe Drinking Water Act (SDWA) as listed in 40 CFR 141. As such, the Braidwood Station site specific cost estimate does not include any additional remediation costs for tritium.

ATTACHMENT 2

RESPONSE TO MAY 26, 2010 NRC REQUEST FOR ADDITIONAL INFORMATION

Question 1

Attachment 1 to the March 10, 2010, submittal is a table summarizing the projected SAFSTOR cash flow for Braidwood Station (Braidwood), Units 1 and 2. Attachment 2 provides the same information for Byron Station (Byron), Units 1 and 2.

Please provide a numerical example that shows how the values in the columns titled "Radiological Decommissioning Cost less Decommissioning Period Credit," were calculated. Provide a description of the calculation, or a formula, in sufficient detail for the NRC staff to reproduce the figures reported in the columns. Provide a computer file with an Excel spreadsheet containing the formulas used for the calculations to permit the NRC staff to verify your methods.

Response to Question 1

Attachment 1 to EGC's March 10, 2010, submittal to NRC shows the retirement (and first year of decommissioning) of Braidwood Station Unit 1 as 2026. The following is a numerical example that shows how the values in the columns titled "Radiological Decommissioning Cost less Decommissioning Period Credit" were calculated. The formula provided below provides sufficient detail for the NRC to reproduce the figures reported in the columns.

Example Year – 2080

Example Year Costs (2010 dollars, thousands) - \$52,128

Real Rate of Return – 2%

Funding required to meet Decommissioning Expenses in 2080:

$$= (\text{Decommissioning Expenses in 2080}) / (1.02)^{(2080 - 2026 + 0.5)}$$

$$= (\$52,128) / (1.02)^{(54.5)}$$

$$= \$17,716$$

Note that the 0.5 factor is added to the discount factor to account for the fact that the expenses occur throughout the year, and the trust fund is accruing interest throughout the year.

An Excel spreadsheet with the details of the calculation for Braidwood Station, Units 1 and 2, and Byron Station Unit 2 has also been provided on the enclosed CD-ROM.

Question 2

Attachment 3 to the March 10, 2010, submittal includes two tables titled "NRC Funding Assurance Calculations," for Braidwood, Units 1 and 2. Attachment 4 includes two tables with the same information for Byron, Units 1 and 2.

For Braidwood Unit 1:

Line 8 of the first table in Attachment 3 is titled:

**"Total Projected Trust Fund Amount (G) = (E) + (F)"
The amount listed under the column "Braidwood Unit 1 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 8 is \$600,008,000.**

For Braidwood Unit 2:

Line 8 of the second table in Attachment 3 is titled:

**"Total Projected Trust Fund Amount (G) = (E) + (F)"
The amount listed under the column "Braidwood Unit 2 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 8 is \$660,543,000.**

For Byron Unit 1:

Line 8 of the first table in Attachment 4 is titled:

**"Total Projected Trust Fund Amount (G) = (E) + (F)"
The amount listed under the column "Byron Unit 1 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 8 is \$614,327,000.**

For Bryon Unit 2:

Line 8 of the second table in Attachment 4 is titled:

**"Total Projected Trust Fund Amount (G) = (E) + (F)"
The amount listed under the column "Byron Unit 2 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 8 is \$635,618,000.**

The NRC staff's independent calculations indicate that the trust amounts cannot to reach the projected amounts reported above using the 2 percent earnings credit permitted under 10 CFR 50.57(e)(1)(i), when applied to the cash flows submitted in the March 10, 2010 submittal. Please revise the projected trust fund amounts by submitting a table showing the annual year end projected trust balance after first subtracting the annual expense from the previous year's balance and then crediting the remainder with a 2 percent annual credit. If you choose, you may provide an alternate projection, and include a numerical example and an explanation how your calculations meet the requirements of 10 CFR 50.75(e)(1)(i). Provide a computer file with an Excel spreadsheet containing the formulas used for the calculations to permit the staff to verify your methods.

Response to Question 2

The line item "Total Projected Trust Fund Amount (G) = (E) + (F)" is the trust fund amount used to compare to the minimum funding assurance requirement, consistent with the method used by the NRC in its previous discussions with EGC (i.e., Email from Christopher Gratton (U.S. NRC) to Patrick R. Simpson (Exelon Generation Company, LLC), "Support Information for the 7/1 DTF call," dated June 30, 2009). The intent of Attachments 3 and 4 of the March 10, 2010 submittal was to replicate the calculations in the NRC's email, but for a site-specific estimate. The line item "Total Projected Trust Fund Amount (G) = (E) + (F)" is the equivalent of "Total of Steps 1 thru 3" in the NRC's email. This line item is made up of three components, as described in the NRC's email:

- Current Trust Fund Balance
- Earnings on Trust Fund through Shutdown (Step 1 of NRC email)
- Total Earnings through Decommissioning Period (Step 3 of NRC email)

The "Total Earnings through Decommissioning Period" is described here as "Decommissioning Period Earnings Credit." See response to Question 3 below for details on how this is calculated. Attachment 5 contains a copy of the NRC example calculation for Braidwood Station, Unit 1, using the 10 CFR 50.75(c) formula that includes the letter references from each row of, Attachment 3 of the March 10, 2010 submittal, to show the correlation of the methods.

Although the trust fund will never have the amounts stated at any given time, the total proceeds from the trust reach these levels over the life of the trust.

An Excel spreadsheet with the details of the calculation for Braidwood Station, Units 1 and 2, and Byron Station Unit 2 has also been provided on the enclosed CD-ROM.

Question 3

Attachment 3 to the March 10, 2010, submittal includes two tables titled "NRC Funding Assurance Calculations," for Braidwood, Units 1 and 2. Attachment 4 includes two tables with the same information for Byron, Units 1 and 2.

For Braidwood, Unit 1:

Line 7 of the first table in Attachment 3 is titled:

***"Decommissioning Period Earnings Credit (F)"
The amount listed under the column "Braidwood Unit 1 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 7 is \$313,775,000.***

For Braidwood, Unit 2:

Line 7 of the second table in Attachment 3 is titled:

***"Decommissioning Period Earnings Credit (F)"
The amount listed under the column "Braidwood Unit 2 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 7 is \$338,938,000.***

For Byron Unit 1:

Line 7 of the first table in Attachment 4 is titled:

"Decommissioning Period Earnings Credit (F)"

The amount listed under the column "Byron Unit 1 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 7 is \$307,538,000.

For Bryon Unit 2:

Line 7 of the second table in Attachment 4 is titled:

"Decommissioning Period Earnings Credit (F)"

The amount listed under the column "Byron Unit 2 Site-Specific SAFSTOR Decommissioning Cost Estimate," for line 7 is \$325,716,000.

Provide a description of the calculation, or a formula, in sufficient detail for the NRC staff to reproduce the figures reported in Attachments 3 and 4 as Decommissioning Period Earnings Credit. Provide a computer file with an Excel spreadsheet containing the formulas used for the calculations to permit the NRC staff to verify your methods.

Response to Question 3

The "Decommissioning Period Earnings Credit" is calculated to account for earnings on the trust fund after shutdown. This is specifically allowed by Regulatory Guide 1.159, Regulatory Position 2.2.8, which states:

A licensee that uses a site-specific estimate may take the allowed credit through the projected decommissioning period, provided that the site-specific estimate is based on a period of safe storage that is specifically described in the estimate.

The method used in the March 10, 2010 submittal was chosen since it allows the calculation of a total credit for the decommissioning period, so Attachments 3 and 4 of the submittal are comparable to the method of calculations in the NRC's email.

The "Decommissioning Period Earnings Credit" is derived by first calculating the value of the cash flow at shutdown for each year in the cash flow, using the 10 CFR 50.75 allowed 2% real rate of return. This is the "Radiological Decommissioning Cost less Decommissioning Period Credit" described in Question 1 above. The total "Radiological Decommissioning Cost less Decommissioning Period Credit" is found by summing the annual values through the entire decommissioning period. The "Decommissioning Period Earnings Credit" is then calculated by subtracting the total "Radiological Decommissioning Cost less Decommissioning Period Credit" from the total cash flow labeled "Radiological Decommissioning Cost." This calculation is shown for each Unit on Attachments 1 and 2 of the March 10, 2010 submittal.

An Excel spreadsheet with the details of the calculation for Braidwood Station, Units 1 and 2, and Byron Station Unit 2 has also been provided on the enclosed CD-ROM.

Question 4

Per 10 CFR 50.75, the NRC staff determined that the amount of the decommissioning funding assurance shortfalls, rounded to the nearest million, using the trust fund balances and SAFSTOR costs included in your March 10 submittal, are:

**\$69 million for Braidwood, Unit 1
\$63 million for Braidwood, Unit 2
\$87 million for Byron, Unit 2**

These amounts meet the regulatory requirement of 10 CFR 50.75(e)(1)(i) for calculating the earnings credit using up to a 2 percent annual real rate of return during a period of safe storage that is specifically described in the estimate.

As a supplement to the 2009 Biennial Decommissioning Report, EGC submitted supplemental information on March 10, 2010, including a parent company guarantee in the amount of:

**\$14.2 million for Braidwood, Unit 1
\$10.5 million for Braidwood, Unit 2
\$19.5 million for Byron, Unit 2**

During a phone call on May 5, 2010, your staff indicated that the above values were derived from net present value calculations. In our letter of October 2, 2009, the NRC staff informed you that 10 CFR 50.75(e)(1)(i) does not provide for using net present value calculations to determine the amount of a potential guarantee.

Provide revised calculations of the shortfalls in decommissioning financial assurance based on your March 10, 2010 fund balances and SAFSTOR expenses that are based on using up to a 2 percent annual real rate of return during a period of safe storage that is specifically described in the estimate. If your calculated amounts, do not equal or exceed the figures noted above by the staff, provide your basis for concluding that a lower amount satisfies the regulatory requirement.

Examples of calculations that the NRC staff have found to be acceptable may be found in a letter dated March 12, 2009 (ADAMS Accession No. ML0907604990), on pages 2-3 of the "Enclosure to the Supplement to Irradiated Fuel Management Plan and Preliminary Decommissioning Cost Estimates for Prairie Island Nuclear Generating Plant," and in a letter dated January 1, 2009 (ADAMS Accession No. ML0902101560), on pages 8-9 of the "Enclosure to a Response to Requests for Additional Information for Prairie Island."

Response to Question 4

As previously indicated in the March 10, 2010 submittal, EGC concluded a parent company guarantee in the amount of \$44.2 million, in the aggregate for Braidwood Station, Units 1 and 2, and Byron Station, Unit 2, meets the regulatory requirement of 10 CFR 50.75(e)(1).

This amount was calculated, as directed by the NRC, in its October 2, 2009 letter to EGC. In Question 2(a), the NRC requested EGC to:

Clarify the amounts any proposed parent company guarantees for any plants with decommissioning shortfalls would be determined based on the difference between the greater of the NRC minimum formula amount or site-specific estimate, and the actual trust fund balance as of December 31, 2009, plus any earnings credits, plus the value of any additional financial assurance mechanisms, as of the date of expected termination of operations. The amount of the shortfall is determined by the formula shown in the discussion of Braidwood 1. Note that the regulations in 10 CFR 50.75(e)(1) do not provide for any discounted net present value calculations to determine the amount of the potential guarantee. (Emphasis added)

Based on the first underlined statement in the above, EGC calculated the amount of the guarantee at the time of shutdown (\$44.2M). In the July 29, 2009 submittal, EGC had originally proposed to calculate the value of the parent company guarantee using net present value formulation to calculate the value as of the reporting date (i.e., December 31, 2009). EGC understood that the second underlined statement above showed that the NRC did not allow net present value discounting, but rather specified valuation at the shutdown date. Note that this is also consistent with the method in the NRC's email for calculation of minimum funding assurance using the formulae in 10 CFR 50.75(c).

Moreover, in the July, 29, 2009 submittal, EGC committed to update the value of the parent company guarantee on an annual basis, so that any changes to the decommissioning trust fund value and decommissioning cost estimates would be incorporated appropriately into the required funding assurance calculations and into the required value of the parent company guarantee. It remains EGC's position that as long as the value of the parent company guarantee is updated on a regular basis (e.g., annually) to incorporate any changes in decommissioning trust fund performance and decommissioning cost estimate, that EGC remains in compliance with the requirements of 10 CFR 50.75.

EGC does not agree that the method used by NRC to calculate the value of the parent company guarantee is consistent with 10 CFR 50.75. However, based on the NRC position, EGC is establishing a parent company guarantee in the aggregate amount of \$219M as an interim measure, while further discussions between EGC and the NRC occur to obtain resolution to this issue. The parent company guarantee in this amount is pending Exelon Corporation Board of Director approval at the next scheduled meeting in July 2010. Information on the updated parent company guarantees, including the financial tests and independent auditors report, will be submitted to the NRC after final Board approval.

An Excel spreadsheet with the details of the calculation for Braidwood Station, Units 1 and 2, and Byron Station Unit 2 has also been provided on the enclosed CD-ROM.

ATTACHMENT 3

**10 CFR 30, APPENDIX A FINANCIAL TESTS FOR PARENT COMPANY
GUARANTEES**

**Exelon Corporation
Braidwood Unit 1
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	<u>Current</u>	<u>June 2005 (last Exelon bond Issuance)</u>
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 1	(288)
Tangible Net Worth	<u>\$ 9,651</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

\$	14.2
	6
<u>\$</u>	<u>85</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 1	(288)
Tangible Net Worth	<u>\$ 9,651</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

\$	14.2
	6
<u>\$</u>	<u>85</u>

Meet criteria (Y/N)? **YES**

**Exelon Corporation
Braidwood Unit 2
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	Current	June 2005 (last Exelon bond issuance)
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 2	(575)
Tangible Net Worth	<u>\$ 9,364</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

\$	10.5
	6
<u>\$</u>	<u>63</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 2	(575)
Tangible Net Worth	<u>\$ 9,364</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

\$	10.5
	6
<u>\$</u>	<u>63</u>

Meet criteria (Y/N)? **YES**

**Exelon Corporation
Byron Unit 2
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	Current	June 2005 (last Exelon bond issuance)
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Byron Station, Unit 2	(497)
Tangible Net Worth	<u>\$ 9,442</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

	\$ 19.5
	6
	<u>\$ 117</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Byron Station, Unit 2	(497)
Tangible Net Worth	<u>\$ 9,442</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof

	\$ 19.5
	6
	<u>\$ 117</u>

Meet criteria (Y/N)? **YES**

ATTACHMENT 4

**10 CFR 30, APPENDIX A REQUIRED INDEPENDENT AUDITORS REPORT FOR
PARENT COMPANY GUARANTEES**

Report of Independent Accountants

To the Board of Directors of Exelon Corporation:

We have performed the procedures enumerated below, which were agreed to by Exelon Corporation (Exelon), solely to assist you with the Exelon Corporation Financial Tests (Financial Tests) prepared for the Byron 2, Braidwood 1, and Braidwood 2 nuclear generating units in connection with the U.S. Nuclear Regulatory Commission Parent Guarantee under Title 10, CFR, Part 30, Appendix A (II) (B). Exelon is responsible for the Financial Tests. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of Exelon. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures included agreeing amounts set forth in the accompanying attachment to the audited financial statements of Exelon as of December 31, 2009 and reperforming calculations involving these amounts as presented in the attached schedules for each Financial Test, as well as inquiry of management.

The procedures performed for Braidwood Unit 1 and associated findings are as follows:

- a) We agreed the bond ratings in item (1) of the accompanying schedules titled "Exelon Corporation, Braidwood Unit 1, NRC Regulation Appendix A to Part 30, Financial Test" provided to us by management to the most recent credit rating for senior unsecured debt issued by the respective bond agencies referred to in item (1) according to their respective website as of February 20, 2010, without exception.
- b) We traced and agreed amounts identified as Total Shareholders' Equity, Goodwill, Intangible Assets, and Assets located in the United States (Total Assets) on the schedule to the December 31, 2009 audited financial statements of Exelon Corporation, without exception.
- c) We proved the mathematical accuracy of the amount identified as Tangible Net Worth as being equal to Total Shareholders' Equity less Goodwill, less Intangible Assets, less the amount identified as Net Book Value of Braidwood Station, Unit 1, without exception.
- d) We recalculated the ratio of Tangible Net Worth to the amount of decommissioning funds being assured by the Exelon parent guarantee for Braidwood Station, Unit 1, and verified that Tangible Net Worth is at least six times the amount of decommissioning funds being assured by the guarantee.
- e) We confirmed through inquiry of management that at least 90% of Exelon's assets are located in the United States.

- f) We recalculated the ratio of Total Assets to the amount of decommissioning funds being assured by the Exelon parent guarantee for Braidwood Station, Unit 1, and verified that Total Assets are at least six times the amount of decommissioning funds being assured by the guarantee.

The procedures performed for Braidwood Unit 2 and associated findings are as follows:

- a) We agreed the bond ratings in item (1) of the accompanying schedules titled "Exelon Corporation, Braidwood Unit 2, NRC Regulation Appendix A to Part 30, Financial Test" provided to us by management to the most recent credit rating for senior unsecured debt issued by the respective bond agencies referred to in item (1) according to their respective website as of February 20, 2010, without exception.
- b) We traced and agreed amounts identified as Total Shareholders' Equity, Goodwill, Intangible Assets, and Assets located in the United States (Total Assets) on the schedule to the December 31, 2009 audited financial statements of Exelon Corporation, without exception.
- c) We proved the mathematical accuracy of the amount identified as Tangible Net Worth as being equal to Total Shareholders' Equity less Goodwill, less Intangible Assets, less the amount identified as Net Book Value of Braidwood Station, Unit 2, without exception.
- d) We recalculated the ratio of Tangible Net Worth to the amount of decommissioning funds being assured by the Exelon parent guarantee for Braidwood Station, Unit 2, and verified that Tangible Net Worth is at least six times the amount of decommissioning funds being assured by the guarantee.
- e) We confirmed through inquiry of management that at least 90% of Exelon's assets are located in the United States.
- f) We recalculated the ratio of Total Assets to the amount of decommissioning funds being assured by the Exelon parent guarantee for Braidwood Station, Unit 2, and verified that Total Assets are at least six times the amount of decommissioning funds being assured by the guarantee.

The procedures performed for Byron Unit 2 and associated findings are as follows:

- a) We agreed the bond ratings in item (1) of the accompanying schedules titled "Exelon Corporation, Byron Unit 2, NRC Regulation Appendix A to Part 30, Financial Test" provided to us by management to the most recent credit rating for senior unsecured debt issued by the respective bond agencies referred to in item (1) according to their respective website as of February 20, 2010, without exception.
- b) We traced and agreed amounts identified as Total Shareholders' Equity, Goodwill, Intangible Assets, and Assets located in the United States (Total Assets) on the schedule to the December 31, 2009 audited financial statements of Exelon Corporation, without exception.
- c) We proved the mathematical accuracy of the amount identified as Tangible Net Worth as being equal to Total Shareholders' Equity less Goodwill, less Intangible Assets, less the amount identified as Net Book Value of Byron Station, Unit 2, without exception.

- d) We recalculated the ratio of Tangible Net Worth to the amount of decommissioning funds being assured by the Exelon parent guarantee for Byron Station, Unit 2, and verified that Tangible Net Worth is at least six times the amount of decommissioning funds being assured by the guarantee.
- e) We confirmed through inquiry of management that at least 90% of Exelon's assets are located in the United States.
- f) We recalculated the ratio of Total Assets to the amount of decommissioning funds being assured by the Exelon parent guarantee for Byron Station, Unit 2, and verified that Total Assets are at least six times the amount of decommissioning funds being assured by the guarantee.

We were not engaged to and did not conduct an examination or an audit, the objective of which would be the expression of an opinion on the Financial Tests. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report extends only to the accounts and items enumerated above and does not extend to any financial statements of Exelon taken as a whole. This report is intended solely for the information and use of Exelon, and is not intended to be and should not be used by anyone other than Exelon to support the accompanying Financial Tests.

PriceWaterhouse Coopers LLP

February 22, 2010

**Exelon Corporation
Braidwood Unit 1
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	<u>Current</u>	<u>June 2005 (last Exelon bond issuance)</u>
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

Note: Corporate EFR confirmed with Adam Levin, Director of Spent Fuel and Decommissioning, that Exelon, as a power reactor licensee, would use the second criteria under A.2(ii).

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 1	(288)
Tangible Net Worth **	<u>\$ 9,651</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 14.2
	<u>6</u>
	<u>\$ 85</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 1	(288)
Tangible Net Worth **	<u>\$ 9,651</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 14.2
	<u>6</u>
	<u>\$ 85</u>

Meet criteria (Y/N)? **YES**

** Per NUREG 1757, Volume 3, "tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights".

**Exelon Corporation
Braidwood Unit 2
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	<u>Current</u>	<u>June 2005 (last Exelon bond issuance)</u>
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

Note: Corporate EFR confirmed with Adam Levin, Director of Spent Fuel and Decommissioning, that Exelon, as a power reactor licensee, would use the second criteria under A.2(ii).

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 2	(575)
Tangible Net Worth	<u>\$ 9,364</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 10.5
	<u>6</u>
	<u>\$ 63</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Braidwood Station, Unit 2	(575)
Tangible Net Worth	<u>\$ 9,364</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 10.5
	<u>6</u>
	<u>\$ 63</u>

Meet criteria (Y/N)? **YES**

** Per NUREG 1757, Volume 3, "tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights".

**Exelon Corporation
Byron Unit 2
NRC Regulation Appendix A to Part 30
Financial Test**

Paragraph A.2

(i) Current rating for parent company's most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's

Exelon's Current Senior Unsecured Debt Ratings:	Current	June 2005 (last Exelon bond issuance)
S&P	BBB-	BBB+
Moody's	BAA1	BAA2

Meet criteria (Y/N)? **YES**

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof** (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s))

Note: Corporate EFR confirmed with Adam Levin, Director of Spent Fuel and Decommissioning, that Exelon, as a power reactor licensee, would use the second criteria under A.2(ii).

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Byron Station, Unit 2	(497)
Tangible Net Worth**	<u>\$ 9,442</u>

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 19.5
	<u>6</u>
	<u>\$ 117</u>

Meet criteria (Y/N)? **YES**

(iii) Tangible net worth of at least \$10 million **

	December 31, 2009
Total Shareholders' Equity	\$ 12,640
Goodwill	(2,625)
Intangible Assets	(76)
Net Book Value of Byron Station, Unit 2	(497)
Tangible Net Worth	<u>\$ 9,442</u>

Meet criteria (Y/N)? **YES**

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), **or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.**

	December 31, 2009
Assets located in the Unites States	\$ 49,180

The amount of decommissioning funds being assured by parent guarantee for the total of all reactor units or parts thereof	\$ 19.5
	<u>6</u>
	<u>\$ 117</u>

Meet criteria (Y/N)? **YES**

** Per NUREG 1757, Volume 3, "tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights".

ATTACHMENT 5

BRAIDWOOD, UNIT 1 EXAMPLE NRC MINIMUM FORMULA CALCULATION

Plant name:

Braidwood Station, Unit 1

Year of Biennial:

2009

Termination of Operation:

2027

	MWth	1986\$	ECI	Base Lx		Lx	Px	Fx		Ex		Bx
PWR	3586	\$105,000,000	107.6	2.08	0.65	2.24	1.649	1.988	0.13	1.791	0.22	9.872

NRC Mimimum:

\$405,243,378 (A)

Licensee:	% Owned:	Amount of NRC Minimum/Site Specific:	(B) Amount in Trust Fund:
Exelon	100.00%	\$405,243,378	\$165,000,000

Step 1:

Earnings Credit:

Trust Fund Balance:	Real Rate of Return per year	(C) Years Left in License	Total Real Rate of Return:	(E) Total Earnings:
\$165,000,000	2%	18	1.428246248	\$235,660,631

Total Earnings = Trust Fund balance x (1+RRR)^Years left in license

Step 2:

Accumulation:

Value of Annuity per year	Real Rate of Return per year	Years of Annuity:	Total Annuity:
\$0	2%	0	\$0

Step 3:

Decom Period:

Total Earnings:	Real Rate of Return per year	Decom Period:	Total Real Rate of Return:	(F) Total Earnings for Decom:
\$235,660,631	2%	7	0.148685668	\$17,519,679

Total Earnings for Decom = (1/2) x Total Earnings x [(1+RRR)^Decom period - 1]

Total of Steps 1 - 3:	(G) \$253,180,310
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Total = Total Earnings + Total Earnings for Decom

Letters correspond to Reference 2, Attachments 3 and 4

Attachment 6

CD-ROM Directory Structure

<u>File listed below is publicly available</u>		
Directory Path	File Name	Size
D:\	001 BB Parent Guarantee Calc RS-10-105.xls	111 KB