



A Touchstone Energy® Cooperative



212 LOCUST ST. • P.O. BOX 1266 • HARRISBURG, PA 17108-1266 • PHONE 717/233-5704 • FAX 717/234-1309

April 11, 2011

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Station OP1-17
Washington, DC 20555

**SUSQUEHANNA STEAM ELECTRIC STATION
DECOMMISSIONING REPORT OF
FINANCIAL ASSURANCE**

Docket Nos. 50-387 and 50-388

In accordance with 10 CFR 50.75(f)(1), we are submitting this updated version of Allegheny Electric Cooperative, Inc.'s decommissioning report of financial assurance for our 10 percent interest in Susquehanna Units 1 and 2. This revision supersedes the March 29, 2011 report and was necessary only because of incorrect page numbering of Exhibit 1.

If you have any questions regarding the report, please contact me at (717) 233-5704.

Sincerely,


Kenneth W. Kammeier

Attachment: Decommissioning Report

- cc: NRC Region I
- Mr. D. J. Allard, PA DEP
- Mr. B. K. Vaidya, NRC Project Manager
- Mr. S. Hansell, NRC Sr. Resident Inspector
- Mr. M. Dusaniwskyj, NRC – OWF

A001
NRR

**NRC Decommissioning Funding Status Report
December 31, 2010**

**Allegheny Electric Cooperative, Inc.
Susquehanna Steam Electric Station**

Allegheny Electric Cooperative (AEC) hereby submits this Decommissioning Report in compliance with 10 CFR 50.75(f)(1) for its 10 percent share of Susquehanna Units 1 and 2.

| Information is submitted to provide Financial Assurance | <u>Unit 1</u> | <u>Unit 2</u> |
|---|----------------------|----------------------|
| 1. The minimum amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c). At December 31, 2010 AEC's calculation of the NRC minimum formula is reflected in Exhibit 1. | \$62,219,205 | \$62,219,205 |
| 2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c). Market Value at December 31, 2010 | \$23,812,636 | \$23,812,636 |
| 3. See Exhibit 2 for a schedule of the annual amounts remaining to be collected. | | |
| 4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections. Estimated Inflation rate for decommissioning costs Estimated Earnings rates on decommissioning funds Rates of other factors used in funding projections AEC sets its own rates and believes the above assumptions are reasonable. | 5% 6.5% (None) | 5% 6.5% (None) |
| 5. Any power sale contracts upon which licensee is relying to provide financial assurance. AEC is the wholesale power supplier for the 14 rural electric cooperatives in Pennsylvania and New Jersey. AEC has all requirements contracts with its 14 member distribution cooperatives, which is the source for funding the Trust Fund. | (see below) | (see below) |
| 6. Modifications to licensee's method of providing financial assurance since previous report. | None | None |
| 7. Material changes to trust agreement. | None | None |

**Calculation of Escalation Factors
Used in Computation of Minimum Financial Assurance
Amount for Decommissioning
Susquehanna Steam Electric Station Units 1 and 2**

Boiling Water Reactor (BWR)
Escalation Factor

$$\text{Formula - } 0.65(L) + 0.13(E) + 0.22(B)$$

$$\begin{aligned} \text{Escalation} &= (0.65 \times 2.41) + (0.13 \times 2.181) + (0.22 \times 12.540) \\ \text{Escalation} &= (1.567 + 0.284 + 2.759) = 4.609 \end{aligned}$$

(L) - Labor

NUREG - 1307, Rev.14, Table 3.2 Regional Factors for Labor Cost Adjustment - To calculate the current labor adjustment factor (Lx) for a particular region, two numbers are needed: a base labor adjustment factor and the current Employment Cost Index (ECI). The base labor adjustment factors are shown in column 2 of Table 3.2, and the current employment cost indexes are shown in column 3. For the Northeast region,

$$\begin{aligned} Lx/111.8 &= 2.16/100 \text{ or} \\ Lx &= 2.16 \times 111.8/100 = 2.41 \end{aligned}$$

(E) - Energy Adjustment Factor

NUREG - 1307, Rev.14, Section 3.2 Energy Adjustment Factors - The adjustment factor for energy, Ex, is a weighted average of two components, namely, industrial electric power, Px, and light fuel oil, Fx. For the reference BWR it is: Ex (BWR) = 0.54Px + 0.46Fx. Updating the components from the provided references results in for the reference BWR:

$$Ex \text{ (BWR)} = [(0.54 \times 1.693) + (0.46 \times 2.755)] = 2.181$$

(B) - Waste Burial

NUREG - 1307, Rev.14, Table 2.1 - Values of Bx as a Function of LLW Burial Site, Waste Vendor, and Year: Bx Values for Generic LLW Disposal Site

$$\text{Direct Disposal with Vendors (BWR): } 12.540$$

**Computation of Minimum Financial Assurance Amount
for Decommissioning Susquehanna Steam Electric Station Units 1 and 2**

| | Unit 1 | Unit 2 |
|---|---------------|---------------|
| Base amount for BWR greater than 3,400 MWt = \$135 million The Power Level of Unit 1 and Unit 2 is = 3,489 MWt | \$135,000,000 | \$135,000,000 |
| Ownership percentage | 10% | 10% |
| Base amount per unit | \$13,500,000 | \$13,500,000 |
| Escalation Factor | 4.609 | 4.609 |
| Escalated Amount per Unit | \$62,219,205 | \$61,219,205 |
| Total Escalated Amount (Unit 1 + Unit 2) | \$124,438,410 | |

**AEC Nuclear Decommissioning Trust
Expected Contributions**

| Year | Unit 1 | Unit 2 | Total |
|------------------|---------------------|---------------------|----------------------|
| 2011 | \$1,297,000 | \$1,297,000 | \$2,594,000 |
| 2012 | \$1,348,880 | \$1,348,880 | \$2,697,760 |
| 2013 | \$1,402,835 | \$1,402,835 | \$2,805,670 |
| 2014 | \$1,458,949 | \$1,458,949 | \$2,917,897 |
| 2015 | \$1,517,307 | \$1,517,307 | \$3,034,613 |
| 2016 | \$1,577,999 | \$1,577,999 | \$3,155,998 |
| 2017 | \$1,641,119 | \$1,641,119 | \$3,282,238 |
| 2018 | \$1,706,764 | \$1,706,764 | \$3,413,527 |
| 2019 | \$1,775,034 | \$1,775,034 | \$3,550,068 |
| 2020 | \$1,846,035 | \$1,846,035 | \$3,692,071 |
| 2021 | \$1,919,877 | \$1,919,877 | \$3,839,754 |
| 2022 | \$1,996,672 | \$1,996,672 | \$3,993,344 |
| 2023 | \$2,076,539 | \$2,076,539 | \$4,153,078 |
| 2024 | \$2,159,600 | \$2,159,600 | \$4,319,201 |
| 2025 | \$2,245,984 | \$2,245,984 | \$4,491,969 |
| 2026 | \$2,335,824 | \$2,335,824 | \$4,671,647 |
| 2027 | \$2,429,257 | \$2,429,257 | \$4,858,513 |
| 2028 | \$2,526,427 | \$2,526,427 | \$5,052,854 |
| 2029 | \$2,627,484 | \$2,627,484 | \$5,254,968 |
| 2030 | \$2,732,583 | \$2,732,583 | \$5,465,167 |
| 2031 | \$2,841,887 | \$2,841,887 | \$5,683,773 |
| 2032 | \$2,955,562 | \$2,955,562 | \$5,911,124 |
| 2033 | \$3,073,785 | \$3,073,785 | \$6,147,569 |
| 2034 | \$3,196,736 | \$3,196,736 | \$6,393,472 |
| 2035 | \$3,324,606 | \$3,324,606 | \$6,649,211 |
| 2036 | \$3,457,590 | \$3,457,590 | \$6,915,179 |
| 2037 | \$3,595,893 | \$3,595,893 | \$7,191,787 |
| 2038 | \$3,739,729 | \$3,739,729 | \$7,479,458 |
| 2039 | \$3,889,318 | \$3,889,318 | \$7,778,636 |
| 2040 | \$4,044,891 | \$4,044,891 | \$8,089,782 |
| 2041 | \$4,206,687 | \$4,206,687 | \$8,413,373 |
| 2042 | \$4,374,954 | \$4,374,954 | \$8,749,908 |
| 2043 | \$0 | \$4,549,952 | \$4,549,952 |
| 2044 | \$0 | \$0 | \$0 |
| 2011-2044 | \$81,323,805 | \$85,873,757 | \$167,197,562 |