

10 CFR 50.75(f)(1)

March 30, 2011

ZS-2011-0252

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Zion Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-39 and DPR-48
NRC Docket Nos. 50-295 and 50-304

- References:
1. Exelon Generation Corporation (EGC) Letter RS-08-009, "Application for License Transfers and Conforming Administrative License Amendments." January 25, 2008
 2. NRC Letter, Hickman (NRC) to Daly, Zion Solutions, LLC. "Order Approving Transfer of Licenses and Conforming Amendments Relating to Zion Nuclear Power Station, Units 1 and 2," May 4, 2009
 3. Zion Solutions Letter, Daly (ZS) to NRC. "Notification of Amended Post-Shutdown Decommissioning Activities Report (PSDAR) for Zion Nuclear Power Station, Units 1 and 2," dated March 18, 2008
 4. Zion Solutions Letter, Beckman to Hickman. "Notification of a Significant Schedule Change from that Provided in the Amended Post-Shutdown Decommissioning Activity Report." November 23, 2010

Subject: Report on Status of Decommissioning Funding for Shutdown Reactors

In accordance with 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," paragraph (f)(1), Zion Solutions, LLC (ZS) is submitting a report on the status of decommissioning funding for the Zion Nuclear Power Station (ZNPS), Units 1 and 2. The annual radiological decommissioning funding assurance report for ZNPS is provided in the attachment to this letter for the period ending December 31, 2010.

The minimum required decommissioning funding assurance amount is based on a site-specific decommissioning cost estimate determined in accordance with 10 CFR 50.82(a). A change to the spent fuel management strategy was described in the application for license transfer (Reference 1), accepted by the NRC via Reference 2, and further described in the amended PSDAR (Reference 3). Reference 4 provided the decommissioning schedule that included adjustments resulting from incorporation of the actual calendar date of the asset and NRC license transfers as well as refinement of individual activity sequencing as the project planning achieved more detail.

Each of those references addressed the project's planning and scheduling basis, the associated estimated costs and the available funds for decommissioning, decontamination, dismantlement, and spent fuel management of both ZNPS units as an integrated project. As described in those references, radiological decommissioning as represented by the ZNPS integrated plan includes removal of the fuel to a dry storage facility and the decontamination and dismantlement of the radiologically involved systems, structures, and components. The attached decommissioning cost estimate does not include the costs of dismantling non-radiological systems and structures and other non-radiological site restoration.

ZS agreements with EGC include rights that will enable ZS to return the decontaminated site and transfer the Independent Fuel Storage Installation, spent fuel, remaining GTCC waste, and associated NRC licenses to EGC by about calendar year 2020. Once these transfers are accomplished, EGC would maintain the irradiated fuel, including ongoing financial responsibility, until title to and possession of the irradiated fuel is transferred to the Department of Energy for its ultimate disposition. These latter, ongoing costs are not included in the estimates herein.

NRC review of this decommissioning management strategy and the associated funding and cost estimate was accomplished as part of the NRC approval of the transfer of the ZNPS operating licenses to ZS (Reference 2). For purposes of consistency with references 1, 2 and 3, the results of the end of year 2010 funding and cost estimate shown in the Attachment are aggregated for the entire project since Unit 1 and Unit 2 are being decommissioned concurrently as a single integrated project. This is consistent with the licensing basis and integrated plans for sequencing radiological decommissioning and fuel management reflected in the references. Since the time of the last estimate provided in Reference 3, the cost and funding estimate have been adjusted for market value changes in the decommissioning trust fund (DTF), refinement of the cost and schedule estimate reflecting more mature knowledge gained from the new cost-significant contracts for various decommissioning and fuel management activities, and more developed cost allocations among the activities for radiological and non-radiological work. (While this report excludes costs and discussion of non-radiological site restoration, it is ZS plan to additionally complete that work as part of the contract scope with EGC.)

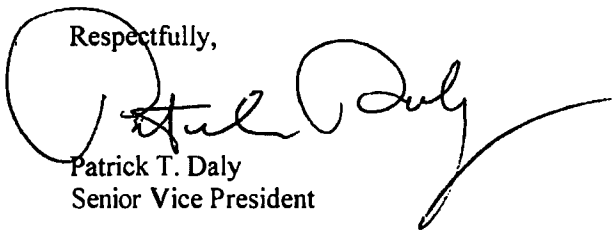
The Attachment provides the aggregated, minimum estimated cost (funds needed) for concurrent radiological decommissioning of both nuclear units and for all used fuel management for the ten year contract period (corresponding to Item A in the Attachment), as defined by the prior submittals, planned decommissioning sequences, and work breakdown structure. This estimate has been developed from the site aggregate decommissioning schedule and provides the cost and funding allocation necessary to optimally decommission the radiologically involved systems, structures and components consistent with the Commission accepted decommissioning strategy. For completeness, the funding amount from the trust for both Unit 1 and Unit 2 are shown as components of the total DTF value as of December 31, 2010 (Item B).

Disbursements from the trust fund have been made in accordance with the conditions of the ZNPS licenses, including the required advance notifications to the Office of Nuclear Reactor Regulation.

There are no regulatory commitments contained within this letter.

If you have any questions about this letter, please contact me at (224) 789-4020.

Respectfully,



Patrick T. Daly
Senior Vice President

cc: John Hickman, U.S. NRC Senior Project Manager
Service List

Attachment:

Annual Radiological Decommissioning Funding Assurance Report for Zion Nuclear Power Station,
Station Aggregate

Zion Nuclear Power Station, Unit 1 and 2 License Transfer Service List

cc:

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Attachment
Annual Radiological Decommissioning Funding Assurance Report for
Zion Nuclear Power Station, Aggregate Costs

December 31, 2010
(2010 dollars, thousands)

Required Minimum at December 31, 2010 (A)	\$716,700
Unit 1 Fund Amount	\$340,637
Unit 2 Fund Amount	\$447,656
Trust Fund Amount at December 31, 2010 (B)	\$788,293
Difference - Surplus/(Shortfall) (C) = (B) - (A)	\$71,593

1. The required minimum funding assurance amount is based on the decommissioning scenario from the site-specific decommissioning cost estimate provided in Reference 3.
2. The trust fund amount is the amount allocated for Radiological Decommissioning only, and does not include the allocation for dismantling non-radiological systems and structures and other non-radiological site restoration based on the decommissioning cost estimate.
3. There are no additional funds to be collected.
4. A 2% annual real rate of return is assumed in these calculations.
5. There are no contracts relied upon pursuant to 10 CFR 50.75(e)(1)(v).
6. Financial assurance for decommissioning is provided by the prepayment method, coupled with an external trust fund, in accordance with 10 CFR 50.75(e)(1)(i).
7. There are no material changes to the trust fund agreements as described at the time of transfer of the licenses.