

From: Thadani, Mohan
Sent: Tuesday, May 03, 2011 3:33 PM
To: Maglio, Scott A; Elwood, Thomas B
Cc: Thadani, Mohan; Lent, Susan
Subject: Callaway Decommissioning Funding Report

Scott/Tom:

On March 30, 2011, Union Electric Company submitted to Nuclear Regulatory Commission its 2011 Decommissioning Funding Status report, pertaining to Callaway Plant, Unit 1, as required by Code of *Federal Regulations* 50.75(f)(1). The NRC staff has reviewed the report, and has determined that additional information is needed to complete its detailed review of the report. The NRC staff's request for additional information (RAI) is attached below. Please provide your responses to the RAI within 30 days from the date of this email. If any clarification is required, please contact me at (301) 415-1476 or email mohan.thadani@nrc.gov.

Thank you for your support.

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REQUEST FOR ADDITIONAL INFORMATION

BY THE OFFICE OF NUCLEAR REACTOR REGULATION

2011 DECOMMISSIONING FUNDING STATUS REPORT

FOR CALLAWAY PLANT, UNIT 1

RAI #1: Citation for real rate of return:

Provide the citation (e.g, an Order by the rate-regulatory authority) by the regulatory entity that allows for the assumptions used regarding rates of escalation in decommissioning costs, rate of earnings on decommissioning funds and rates of other factors assumed as stated within the Decommissioning Funding Status (DFS) report.

Within its DFS report, Union Electric Company reported that its assumption for its real rate of return is based on a:2.742 percent rate of escalation in decommissioning costs, and 8.3962 percent annualized rate of earnings on decommissioning funds.

As stated in 10 CFR 50.75(f)(1):

[T]he information in this DFS report must include [. . .] the assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections. . .

RAI #2: Identify actual funds as of December 31, 2010:

Provide the actual amounts of decommissioning funds in the external sinking fund accumulated for radiological decommissioning of Callaway, which must reflect the fund balance as of December 31, 2010. Also, in order for the NRC staff to evaluate the total accumulations, provide a similar breakdown of the annual decommissioning contributions authorized by your rate regulating authority.

Within its DFS report, Union Electric Company stated that the amount accumulated in the decommissioning fund to the end of the calendar year preceding the date of the DFS report for items included in 10 CFR 50.75(b) and (c) is \$318,849,33, and that the schedule of annual amounts remaining to be collected is \$6,486,378 per year from 2011 through 2023. Union Electric Company further stated that the decommissioning fund balance is a total amount intended to cover the full green fielding of the Callaway site and that the funds in the trust are not segregated into those required for radiological decommissioning versus non-radiological decommissioning.

As stated under 10 CFR 50.75(f)(1), licensees must identify “the amount accumulated to the end of the calendar year preceding the date of the report.” This actual amount is dedicated for NRC decommissioning activities as defined in 10 CFR 50.2.

RAI #3: Citation for site-specific study:

Provide the site-specific cost estimate for Callaway, unless it was previously submitted to NRC. If the cost estimate was previously submitted to NRC, then provide a reference to its submittal. The site-specific cost estimate should include a summary schedule of annual expenses, projected earnings, and end-of-year fund balances, expressed in 2010 dollars. Also, provide the site-specific cost estimate in 2010 dollars and describe the cost escalation factor(s) used to escalate the cost estimate to 2010 dollars in a total and year-to-year format.

Within its DFS report, Union Electric Company referenced a site-specific cost estimate (SSCE) of approximately \$572,473,275 (2008 dollars) for the physical decontamination and dismantling such that the license can be terminated, but did not provide a copy of the SSCE for the NRC staff's review. Please provide the report.

Under 10 CFR 50.75(e)(1)(i) and (ii):

the licensee must specifically describe the safe storage period in order to take credit for projected future earnings when it uses a site-specific estimate as the basis for using the prepayment or external sinking fund methods of financial assurance.

RAI #4: Anticipated divestiture from equity investments:

Clarify for the NRC staff's review, the impact that the anticipated divestiture of equity investments in 2022 will have on the trust fund and future annual decommissioning contributions.

Under 10 CFR 50.75(f)(1), Union Electric Company provided a schedule of the annual amounts remaining to be collected for Callaway up until the end of plant life in 2024. However, as part of its investment and return assumptions provided within the DFS report, Union Electric Company stated that a divestiture from its equity investments will occur in 2022.

Under 10 CFR 50.75(e)(2):

The NRC reserves the right to [. . .] ensure a licensee's adequate accumulation of decommissioning funds. . .