

NP-11-0015
May 5, 2011

10 CFR 52, Subpart A

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

Subject: Exelon Nuclear Texas Holdings, LLC
Victoria County Station
Early Site Permit Application
Environmental Report Revisions
Docket No. 52-042

References: (1) Exelon Nuclear Texas Holdings, LLC letter to USNRC, Application for Early Site Permit for Victoria County Station, dated March 25, 2010

Exelon Nuclear Texas Holdings, LLC (Exelon) submitted an application for an early site permit (ESP) in Reference 1 for the Victoria County Station (VCS) site. That submittal consisted of six parts as described in the referenced letter.

Exelon recently determined that information presented in the VCS ESP application Environmental Report (ER) regarding the tax parcels comprising the VCS site is incorrect and requires revision. Specifically, three tax parcels (R31903, R36987, and 37008) are being added to those provided in ER Table 2.5.2-19 and considered in the applicable ER evaluations, while one parcel (R84158) is being removed. Exelon is revising the following ER sections to correct the identified discrepancies:

ER Section 2.5

Subsection 2.5.2.3.4

Subsection 2.5.2.3.5

Subsection 2.5.2.8.1.6

Table 2.5.2-19

Table 2.5.2-20

Table 2.5.2-23

ER Section 4.4

Subsection 4.4.2.2.2

ER Section 5.8

Subsection 5.8.2.2.2

Table 5.8-12

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Correction of the identified errors does not change the ER conclusions regarding the potential impacts of VCS construction and operation.

The above referenced revisions to ER sections 2.5, 4.4, and 5.8 are presented in Enclosure 1, Enclosure 2, and Enclosure 3, respectively. These revisions will be incorporated into the ER during the next periodic ESP application update, which will be submitted to the NRC no later than March 31, 2012. Regulatory commitments established in this submittal are identified in Enclosure 4.

If additional information is required, please contact Joshua Trembley at (610) 765-5345.

I declare under penalty of perjury that the foregoing is true and correct. Executed on the 5th day of May, 2011.

Respectfully,



Marilyn C. Kray
Vice President, Nuclear Project Development

Enclosures: (1) ER Section 2.5 Revisions
 (2) ER Section 4.4 Revisions
 (3) ER Section 5.8 Revisions
 (4) Summary of Regulatory Commitments

cc: USNRC, Director, Office of New Reactors/NRLPO (w/enclosures)
 USNRC, Project Manager, VCS, Division of New Reactor Licensing
 (w/enclosures)
 USNRC, Environmental Project Manager, VCS, Division of New Reactor
 Licensing (w/enclosures)
 USNRC Region IV, Regional Administrator (w/enclosures)

ENCLOSURE 1

ENVIRONMENTAL REPORT SECTION 2.5 REVISIONS

Subsection 2.5.2.3.4

Subsection 2.5.2.3.5

Subsection 2.5.2.8.1.6

Table 2.5.2-19

Table 2.5.2-20

Table 2.5.2-23

AW:

Paragraphs from: 2.5.2.3.4 Property Taxes — Counties and Special Districts

Page 2.5-35

In addition to county property taxes, most private property owners in Texas pay property taxes to cities, local special districts such as junior college districts and groundwater districts, and school districts. Property taxes are a major source of tax revenue for counties, cities, special purpose districts, and school districts. Property owners within each district's boundaries pay taxes to the districts in addition to those taxes paid to the county, at the standard millage rates assigned by the taxing districts each year (TLC Nov 2002). Table 2.5.2-17 shows real property taxes for ROI cities, and Table 2.5.2-18 provides information on the special taxing districts in the ROI counties. The affected school districts are discussed in the following section.

The VCS site consists of ~~nine~~ 11 separate parcels, listed in Table 2.5.2-19. The parcels lie within the boundaries of Victoria County, three additional special taxing districts, and two school districts (discussed in the following section). The proposed site is not within any city boundaries. Table 2.5.2-20 shows the total 2006 and 2007 property tax payments, by taxing entity, for the ~~nine~~ 11 parcels comprising the VCS site.

According to the website for the Victoria Economic Development Corporation, the city of Victoria and Victoria County have established guidelines for the creation of reinvestment zones and granting tax abatements, for which manufacturing and other types of businesses are eligible to apply. Economic qualifications include an increase to appraised value of the property equal to or in excess of \$500,000 and creation of a minimum of 10 full-time positions. Abatements can be granted for up to eight years (VEDC Undated).

Paragraphs from: 2.5.2.3.5 Property Taxes — Independent School Districts

Pages 2.5-35 and 2.5-36

Property taxes are the sole local source of tax revenue for school districts in Texas (TLC Nov 2002). According to the Texas Education Agency, Texas uses a wealth equalization process to determine funding for each independent school district (ISD), which is generally summarized as follows. The state provides funds to ISDs according to district wealth, which is determined by the assessed valuation of property. After a county appraisal district sets a district's total assessed valuation, and it is validated by the State Property Tax Board, the district's total assessed valuation is divided by the total number of students (weighted average daily attendance) to determine its wealth per student. Each year, the Texas Legislature establishes a wealth benchmark to determine if a school district is to be designated as a "property-wealthy" or "property-poor" district, according to the guidelines of Texas Education Code Title 2 (Public Education), Chapter 41 or Chapter 42. Districts with a wealth per student value at or above the benchmark fall under Chapter 41 and are designated as "property-wealthy" school districts. Districts with a wealth per student value below the benchmark are designated as "property-poor" school districts and are governed by the provisions of Chapter 42. The state's funding formula is applied to each district. The state requires Chapter 41 (Equalized Wealth Level) school districts to send a share of their local tax monies to the state as a part of the equalization of wealth stipulated by law. Chapter 42 (Foundation School Program) school districts receive funding from the state (TEA Oct 2007).

ISDs may only tax properties within their boundaries. Although Victoria County is home to several ISDs, ~~eight~~ 9 of the ~~nine~~ 11 parcels comprising the proposed VCS site lie in the Refugio ISD and ~~one~~ 2 of the ~~nine~~ 11 parcels ~~is~~ are in the Victoria ISD (Table 2.5.2-19).

The Refugio ISD is a relatively small district with a 2007–2008 enrollment of 735 students (RISD Apr 2008). It is headquartered in the city of Refugio, and includes non-contiguous portions in Refugio and Victoria Counties. The Victoria County portion is bordered by the Victoria, Bloomington, Calhoun County, and Austwell-Tivoli ISDs (TEA Jul 2007) (Figure 2.5.2-16).

The Refugio ISD's property values between 2001 and 2007 are shown in Table 2.5.2-21. The substantial fluctuations during those years primarily reflect changes in oil and gas production, which makes up a large portion of the assessed value of property in the ISD (RISD Feb 2008). Figure 2.5.2-8 illustrates these fluctuations. As shown in Table 2.5.2-21, for 2007 the ISD's total assessed value of property was \$480,471,469, which represented a very small decline (–0.6 percent) from the previous year (RISD Feb 2008). The predominance of the oil and gas industry is shown by the ISD's major taxpayers.

The top five taxpayers in the Refugio County portion of the Refugio ISD were Hilcorp Energy Co., CDM Resource Management LTD, Acock/Anaqua Operating Co. LP, Kinder Morgan Tejas Pipeline, and Primrose Operating Company. In the Victoria County portion of the Refugio ISD, the top five taxpayers were Apache Corp., Future Petroleum Co., LLC, Union Pacific Railroad, Kinder Morgan Tejas Pipeline, and C K McCan, Jr. et al. (RISD Feb 2008).

The Refugio ISD was first designated a "property-wealthy" (Chapter 41) school district in the 2007-2008 school year, and was previously a "property-poor" (Chapter 42) district (RISD Feb 2008). Consequently, the ISD must now send part of its local tax collections to the state for redistribution to "property-poor" districts. District taxpayers submit their entire payments directly to the Refugio ISD, which then distributes the required portion to the state of Texas. For the 2007-2008 school year, the ISD's total revenues were \$4,846,993, with only \$320,707 (6.62 percent) in "excess" collections remitted to the state (RISD Feb 2008). Table 2.5.2-22 shows the Refugio ISD's revenues for 2001-2002 through 2007-2008 and the state submittal for 2007-2008.

As noted previously, the proposed VCS site consists of ~~nine~~ 11 parcels, ~~eight~~ 9 of which are taxed by the Refugio ISD and ~~the ninth~~ 2 of which are taxed by the Victoria ISD. Table 2.5.2-23 shows the assessed value and tax payments to each ISD for 2006 and 2007. In 2006, the current owner's payments of ~~\$12,334~~ \$12,487 to the Refugio ISD represented ~~0.10~~ 0.20 percent of that ISD's total revenues. In 2007, the payment of ~~\$10,174~~ \$10,300 was ~~0.21~~ 0.23 percent of the total.

Paragraphs from: 2.5.2.8.1.6 Victoria County

Page 2.5-61

Victoria ISD

One Two tax parcels of the proposed VCS site lie within the Victoria ISD, which has a pre-kindergarten through grade 12 total enrollment of 13,550 students in November 2007. Enrollment for the 2006–2007 school year was 13,838 students. With the existing facilities, the Victoria ISD could support another 4450 students. The Victoria ISD is currently building five new schools (two elementary, one middle/intermediate/junior, and two high schools), adding space for a net additional 5350 students. The ISD will reduce its reliance on mobile classroom units when the new schools are completed. (VISD Nov 2007, VISD Apr 2008)

For the 2005–2006 school year, the Victoria ISD received 60.44 percent of its revenue from local property taxes, 1.25 percent from other local and intermediate taxes (a result of services rendered to other school districts), 37.88 percent from state funding, and 0.42 percent from federal funding (TEA 2007).

Table 2.5.2-19
{Proposed VCS Site, Parcels and Assessed Value 2007}

Parcel ID	Acreage ^a	Total Taxable Value, 2007	Property Location	ISD
R29444	4007	\$ 298,320	McFaddin Rail Rd	Refugio ISD
R31903	394	29,070	US Hwy 77	Victoria ISD
R32186	2600	178,040	US Hwy 77	Refugio ISD
R32742	4397	329,780	McFaddin Rail Rd	Refugio ISD
R34801	215	15,760	McFaddin Rail Rd	Refugio ISD
R36939	13	960	McFaddin Rail Rd	Victoria ISD
R36987 ^b	17	26,200	US Hwy 77	Refugio ISD
R37008	58	4340	US Hwy 77	Refugio ISD
R81237	8	600	McFaddin Rail Rd	Refugio ISD
R81437	162	12,120	McFaddin Rail Rd	Refugio ISD
R81480	30	2230	McFaddin Rail Rd	Refugio ISD
R84188	146	10,960	Hwy 77	Refugio ISD
Total^c	11,870	\$ 857,670		

Source: VCTX 2007

^(a) Values are based on tax records and do not sum to exactly match the surveyed acreage.

^(b) This 17-acre parcel lies partially within the VCS site. It is counted as wholly within the site for this analysis.

^(c) Numbers do not total due to rounding

Table 2.5.2-20
{Total Property Taxes on Proposed VCS Site,
Victoria County and Special Districts 2006-2007}

Taxing Entity / Year		Assessed	Taxable	Rate	Tax
County Of Victoria General Fund					
	2007	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.3436	\$2947 \$3084
	2006	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.3436	\$2947 \$3084
County Of Victoria Special Road and Bridge Fund					
	2007	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0550	\$471 \$494
	2006	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0550	\$471 \$494
Victoria Junior College District					
	2007	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.1445	\$1237 \$1297
	2006	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.1416	\$1214 \$1271
Victoria County Navigation District					
	2007	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0317	\$270 \$284
	2006	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0335	\$287 \$301
UWD Victoria County Groundwater District					
	2007	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0100	\$86 \$90
	2006	\$17,874,670 \$17,794,640	\$857,670 \$897,420	0.0100	\$86 \$90
2007 Total					\$6645 \$6948
2006 Total					\$6606 \$6938
2006 Payment, as Percent of Victoria County's Total 2006 Tax Revenues = 0.03%					

Source: VCTX 2007

Note: Data before 2006 is not available

Table 2.5.2-23
{Property Taxes Paid on Proposed VCS Site ISDs 2006-2007}

Taxing Entity / Year	Assessed	Taxable	Rate ^(a)	Tax
Refugio ISD (09 of 0-11 parcels)				
2007	\$17,362,490 \$17,239,110	\$866,710 \$867,390	1.1875	\$10,474 \$10,300
Pct of Refugio ISD revenues				0.21 0.23%
2006	\$17,362,490 \$17,239,110	\$866,710 \$867,390	1.4396	\$12,334 \$12,487
Pct of Refugio ISD revenues				0.49 0.20%
Victoria ISD (1-2 of 0-11 parcels)				
2007	\$19,110 \$555,530	\$990 \$30,030	1.2337	\$12 \$370
2006	\$19,110 \$555,530	\$990 \$30,030	1.4285	\$14 \$429

(a) Tax rates are shown as dollars per \$100 of taxable value.

ENCLOSURE 2

ENVIRONMENTAL REPORT SECTION 4.4 REVISIONS

Subsection 4.4.2.2.2

Paragraphs from: 4.4.2.2 Taxes

Pages 4.4-25 and 4.4-26

Property Taxes — Independent School Districts

Revenues to the ISDs in the ROI could be affected by the construction of VCS in two ways: increased property taxes, and increased enrollment that would change state funding to the affected ISDs. Property tax revenue increases would come from Exelon and from a larger residential tax base. Subsection 4.4.2.2.8 addresses enrollment and capacity issues in schools, while Figure 2.5.2-16 shows a map of ISDs in the ROI.

As noted in Subsection 2.5.2.3.5 the Refugio ISD is split between Refugio and Victoria Counties, with the Victoria County portion of the Refugio ISD encompassing ~~eight~~ 9 of the ~~nine~~ 11 parcels that make up the proposed site for VCS. The Refugio ISD is a largely rural district, containing the town of Refugio and a few smaller communities. The ~~ninth~~ other two parcels ~~is~~ are within the boundaries of the Victoria ISD, a larger district that includes the city of Victoria and much of Victoria County.

School districts in Texas may tax only those properties within their borders, so the current owner of the proposed site pays school-related property taxes to the Refugio ISD and the Victoria ISD. In 2007, taxes on the ~~eight~~ nine parcels in the Refugio ISD totaled ~~\$10,174~~ \$10,300, a decline from the 2006 payment of ~~\$10,934~~ \$12,487 due to a reduction in the tax rate (Table 2.5.2-23). The payments for the 2 years represent less than 1.0 percent of the Refugio ISD's revenues (~~0.21~~ 0.23 percent in 2007 and ~~0.19~~ 0.20 percent in 2006). Tax payments on the two Victoria ISD parcels were ~~\$14~~ \$429 in 2006 and ~~\$12~~ \$370 in 2007, with the reduction again due to a decrease in the tax rate (Table 2.5.2-23). If the appraised valuation of the VCS site increases during the construction period, tax payments to the two ISDs would increase.

According to the Victoria Central Appraisal District's chief appraiser, the allocation of tax revenues between the two ISDs would depend on the exact location of the VCS facilities and land use in relation to the ISD boundary (VCAD Apr 2008). Exelon has determined that the VCS power block would be placed primarily on ~~the~~ a parcel that lies within the Victoria ISD boundaries. Therefore, the Victoria ISD would receive most of the property taxes that could be paid during the construction period. Refugio ISD would receive property taxes on construction on the parcels within its borders.

ENCLOSURE 3

ENVIRONMENTAL REPORT SECTION 5.8 REVISIONS

Subsection 5.8.2.2.2 Table 5.8-12

Paragraphs from: 5.8.2.2.2 Taxes

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Operations workers would pay Texas sales or use tax on all items purchased within the state (or purchased elsewhere but subject to state use tax), regardless of whether the purchase was made within the ROI. In absolute terms, the amount of state sales and use taxes collected from the operations workers over a potential 60-year operating period could be substantial, but would represent only a small increase in the total amount of taxes collected by Texas. Therefore, the impacts would be **SMALL** and positive to the state as a whole.

As noted in Subsection 4.4.2.2.2, the cities of Victoria, Edna, and Goliad collect sales tax on telecommunications, which new residents would pay, and accommodations taxes, which VCS visitors would pay. While the actual amounts collected by each jurisdiction as a result of VCS operations are not known at this time, impacts are expected to be **SMALL** and positive.

Other Sales- and Use-Related Taxes

Visitors to VCS during plant operations as well as temporary workers employed for outage activities over the life of the new units, would use local motels and pay the hotel occupancy tax that is imposed by the state of Texas (currently 6 percent) and the cities within the ROI (currently 7 percent) (Subsection 2.5.2.3.3). Victoria would realize small benefits from these tax collections, and benefits to other cities in the ROI could be **SMALL** to **MODERATE**, depending on visitor choices for hotel accommodations. Impacts to hotel tax collections by the state of Texas would be **SMALL** and positive.

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Property Taxes

Victoria County and Special Districts

During VCS operations, Exelon would pay property taxes to Victoria County, three special taxing districts, and two ISDs. Exelon estimates its total payment to all taxing entities would be approximately \$24 million annually.

During the operation of VCS, the assessed valuation of the plant would be based on some combination of cost, income from the sale of electric power, and the units' market value. Some inputs to the formulas could be negotiated between Exelon and the appraisal district.

One of the main sources of economic impact related to the 60-year operation of VCS would be property taxes assessed on the facility. Based on each year's appraised valuation, Exelon would pay property taxes to Victoria County (General Fund and Road and Bridge Fund), Victoria County Junior College District, Victoria County Navigation District, and Victoria County Groundwater District (Table 2.5.2-20).

In 2006, the current landowners of the Exelon site paid these taxing jurisdictions a total of ~~\$5096~~ \$5238, which represented 0.03 percent of the total tax levies for those jurisdictions. The taxable value of the ~~nine~~-11 parcels making up the VCS site was ~~\$857,679~~ \$897,420 or 0.02 percent of the total Victoria County taxable value for the five entities (Table 5.8-12).

Property taxes to be paid by Exelon for VCS during operation would depend on many factors, including millage rates and taxable value. However, after VCS begins operation, the appraised value of the property would be substantially higher than it is currently. Therefore, it is likely that the tax payments to Victoria County and the special taxing districts would provide a MODERATE to LARGE positive impact to those taxing jurisdictions and to the local economy.

To gain a better understanding of the possible magnitude of its property tax impacts, Exelon estimated future property tax revenues for Victoria County, using the average annual growth rates in property tax revenues from 1991 to 2006. Because the rate of growth increased noticeably between 2000 and 2006, the analysis used both a "low" rate (based on growth from 1991–2006) and a "high" rate (based on 2000–2006 growth) for the projections, which are shown in Table 5.8-13.

Exelon estimated a property tax valuation for the plant at \$2 billion, computed the tax, and then compared the tax to the projected property tax revenues for Victoria County. The results are presented in Table 5.8-14 and show that the potential tax payment would provide an increase of 15.5 percent to 16.8 percent over projected values, resulting in a

positive and MODERATE to LARGE impact to the county, its residents, and the local economy.

New residents associated with the operation of VCS would also pay property taxes in the ROI counties where they choose to reside, although it is not possible at this time to estimate the amount of these impacts and know which entities would be affected. These increases would have a positive and SMALL impact on tax revenues in more heavily populated jurisdictions such as Victoria County, but in the more rural ROI counties with smaller populations, the relative impacts would be positive and SMALL to MODERATE.

Pg. 5.8-17

Independent School Districts

As described in Subsection 2.5.2.3.5, the current landowners of the VCS site pay taxes to the Victoria and Refugio ISDs. As described in Subsection 4.4.2.2.2, Exelon has determined that the VCS site would be located on ~~the~~ **a** parcel within the Victoria ISD boundaries. Therefore, increases in the valuation and tax payments for that parcel would be substantial, although it is possible that payments to the Refugio ISD would also increase to an unknown extent.

Table 5.8-12
Current Owner's Taxable Value and Tax Payments for VCS Site, 2006

	Total Taxable Property Value	Total County Levy
(Victoria County Totals ^(a))	\$4,237,939,605	\$16,892,428)
Payments by Current Owner of Exelon Site (11 parcels)^(b)		
County Of Victoria General Fund	\$895,880 \$897,420	\$2047 \$3064
Road & Bridge Fund	\$857,670 \$897,420	\$471 \$494
Victoria County Junior College District	\$857,670 \$897,420	\$1214 \$1271
Victoria County Navigation District	\$857,670 \$897,420	\$287 \$301
Victoria County Groundwater District	\$858,710 \$897,420	\$96 \$90
(Total Tax Payments – County and Special Districts Site as a Percent of Victoria County Totals	0.02%	\$5005 \$5238) 0.03%

^(a) Source: TAOC 2007 (see Section 2.5.2.3, Table 2.5.2-16)

^(b) Source: VCTA 2007 (see Section 2.5.2.3, Table 2.5.2-20)

ENCLOSURE 4

SUMMARY OF REGULATORY COMMITMENTS

(Exelon Letter to USNRC No. NP-11-0015, dated May 5, 2011)

The following table identifies commitments made in this document. (Any other actions discussed in the submittal represent intended or planned actions. They are described to the NRC for the NRC's information and are not regulatory commitments.)

COMMITMENT	COMMITTED DATE	COMMITMENT TYPE	
		ONE-TIME ACTION (Yes/No)	Programmatic (Yes/No)
Revisions to the following ER subsections and tables will be incorporated into the ER during the next annual ESP application update, which will be submitted to the NRC no later than March 31, 2012: Subsection 2.5.2.3.4 Subsection 2.5.2.3.5 Subsection 2.5.2.8.1.6 Table 2.5.2-19 Table 2.5.2-20 Table 2.5.2-23 Subsection 4.4.2.2.2 Subsection 5.8.2.2.2 Table 5.8-12	March 31, 2012	Yes	No