



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

July 1, 2011

Mr. Thomas Joyce
President and Chief Nuclear Officer
PSEG Nuclear LLC
P.O. Box 236, N09
Hancocks Bridge, NJ 08038

SUBJECT: HOPE CREEK GENERATING STATION; SALEM NUCLEAR GENERATING STATION, UNIT NOS. 1 AND 2; AND PEACH BOTTOM ATOMIC POWER STATION, UNITS 2 AND 3 - REQUEST FOR ADDITIONAL INFORMATION REGARDING 2011 DECOMMISSIONING FUNDING STATUS REPORT (TAC NOS. ME5491, ME5530, ME5531, ME5516, AND ME 5517)

Dear Mr. Joyce:

By letter dated March 31, 2011 (Agencywide Documents Access and Management System Accession No. ML110900521), PSEG Nuclear LLC submitted the 2011 Decommissioning Funding Status Report for Hope Creek Generating Station, Salem Nuclear Generating Station, Unit Nos. 1 and 2, and Peach Bottom Atomic Power Station, Units 2 and 3, as required by Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.75(f)(1).

The NRC staff is reviewing your submittal and has determined that additional information is needed to complete its review. The specific questions are found in the enclosed request for additional information (RAI). It is requested that your RAI response be provided within 30 days of the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "R B Ennis".

Richard B. Ennis, Senior Project Manager
Plant Licensing Branch I-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-354, 50-272, 50-311,
50-277, and 50-278

Enclosure:
As stated

cc w/encl: Distribution via Listserv

REQUEST FOR ADDITIONAL INFORMATION
REGARDING 2011 DECOMMISSIONING FUNDING STATUS REPORT
FOR
HOPE CREEK GENERATING STATION
SALEM NUCLEAR GENERATING STATION, UNIT NOS. 1 AND 2
AND PEACH BOTTOM ATOMIC POWER STATION, UNITS 2 AND 3
DOCKET NOS. 50-354, 50-272, 50-311, 50-277, AND 50-278

By letter dated March 31, 2011 (Agencywide Documents Access and Management System Accession No. ML110900521), PSEG Nuclear LLC (PSEG or the licensee) submitted the 2011 Decommissioning Funding Status (DFS) Report for Hope Creek Generating Station (Hope Creek), Salem Nuclear Generating Station (Salem), Unit Nos. 1 and 2, and Peach Bottom Atomic Power Station (Peach Bottom), Units 2 and 3, as required by Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.75(f)(1).

The Nuclear Regulatory Commission (NRC or the Commission) staff is reviewing your submittal and has determined that additional information is needed to complete its review. The specific information requested is addressed below.

RAI #1: Minimum Decommissioning Financial Assurance calculation

According to 10 CFR 50.75(f)(1), the amount provided in the DFS report should be "the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c)."

In the DFS report dated March 31, 2011, PSEG reported an amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c) less than the amount calculated by the NRC staff for PSEG's portion of ownership for Salem Units 1 and 2 and greater than the amount calculated by the NRC staff for Hope Creek. The formulas for the factors used by the NRC staff can be found using NUREG-1307, Revision 14. For example, the calculations for the Labor and Energy Adjustment Factors can be found on pages 7 and 8 of NUREG-1307, Revision 14.

Provide the labor, energy, and burial factors used in your calculation of the minimum requirement for decommissioning financial assurance and, if necessary, a corrected submittal for that part of the DFS report.

Enclosure

RAI #2: Citation for real rate of returns

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

the information in [the 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. . .

In the DFS report dated March 31, 2011, PSEG stated that for the purpose of determining if the NRC's minimum requirements are met, PSEG has used an annual rate of return of 2%, as permitted by 10 CFR 50.75(e)(1)(ii).

Provide the citation by the regulatory entity (e.g., an Order by the rate-regulatory authority) 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 in your DFS report for Peach Bottom Units 2 and 3 and Salem Unit Nos. 1 and 2.

RAI #3: Site-Specific Cost Estimate

Appendix A to PSEG's DFS report dated March 31, 2011, shows that the amount of years remaining to start decommissioning is different than the remaining years for operations for each of the units (e.g. Hope Creek has 15.32 remaining years to end of operating license life and 58.8 remaining years to start of decommissioning). This difference appears to be based on an assumption of a 40-year SAFESTOR period plus 3.5 years of dismantlement as shown in Note 3 of Appendix A.

Although submittal of a site-specific cost estimate is not explicitly stated in 10 CFR 50.75(c)(1)(i) and (ii), if the information in the DFS report is based on a site-specific cost estimate, the NRC staff requests that this information be provided for Hope Creek, Salem Unit Nos. 1 and 2 and Peach Bottom Units 2 and 3 so that the staff can perform its independent analysis. 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.

RAI #4: Amounts accumulated

The provisions of 10 CFR 50.75(f)(1) and (2) require the licensee to report the amount of funds accumulated to the end of the calendar year preceding the report.

In the DFS report dated March 31, 2011, PSEG did not state if the amount of decommissioning funds accumulated was an after-tax amount.

Provide the after-tax amount of funds accumulated through December 31, 2010.

July 1, 2011

Mr. Thomas Joyce
President and Chief Nuclear Officer
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Sincerely,
/ra/

Richard B. Ennis, Senior Project Manager
Plant Licensing Branch I-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

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50-277, and 50-278

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