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10 CFR 50.75(f)(1)

June 15, 2011
NRC-11-0034

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington D C 20555-0001

- References:
- 1) Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43
 - 2) Detroit Edison's Letter to NRC, "Decommissioning Funding Status Report for Fermi 2," NRC-11-0015, dated March 30, 2011
 - 3) NRC Letter to Detroit Edison, "Fermi 2-Request for Additional Information RE: 2011 Biennial Decommissioning Funding Reports (TAC No. ME5483)," dated May 19, 2011

Subject: Response to Request for Additional Information Regarding Fermi 2 2011 Biennial Decommissioning Funding Report

In Reference 2, Detroit Edison submitted the Decommissioning Funding Status Report for Fermi 2. In Reference 3, the NRC requested additional information regarding the 2011 Biennial Decommissioning Funding Report provided in Reference 2. The additional information requested by the NRC staff is enclosed.

There are no new commitments included in this document.

Should you have any questions or require additional information, please contact Mr. Alan I. Hassoun, Manager-Nuclear Licensing, at (734) 586-4287.

Sincerely,

A handwritten signature in cursive script that reads "Joseph H. Plona".

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Enclosure

cc: NRC Project Manager
NRC Resident Office
Reactor Projects Chief, Branch 4, Region III
Regional Administrator, Region III
Supervisor, Electric Operators,
Michigan Public Service Commission

**Enclosure to
NRC-11-0034**

**Fermi 2 NRC Docket No. 50-341
Operating License No. NPF-43**

**Response to Request for Additional Information (RAI) Regarding
Fermi 2 2011 Biennial Decommissioning Funding Report**

The following is Detroit Edison's response to each NRC request for additional information (RAI):

RAI #1

In Item 1 of the enclosure to the Decommissioning Funding Status (DFS) report, DTE reported an amount of decommissioning funds estimated to be required under Title 10 to the Code of Federal Regulations (10 CFR) 50.75(b) and (c) that was greater than the amount calculated by the Nuclear Regulatory Commission (NRC) staff for the above listed plant. Provide the labor, energy, and burial factors used in DTE's calculation of the minimum requirement for decommissioning financial assurance for Fermi 2 and address how the calculation methodology used deviates from that described in NUREG-1307, "Report on Waste Burial Charges," Revision 14.

Response:

The calculation methodology matches the methodology described in NUREG-1307, Rev 14. The burial factor was obtained from Table 2.1 of NUREG-1307. The 2010 direct disposal value for BWRs for Generic Low Level Waste Disposal Site of 24.356 was used for the burial factor.

The labor and energy factors used were from December 2010 data, as described in draft RIS 2010-XXX, "10CFR50.75 Reporting for Decommissioning Funding Status Reports," (ADAMS Accession No. ML102640060). The labor factor was 2.32 for Midwest plants and the energy factor was 2.319 for BWRs. The source of the factors is in accordance with the guidance in NUREG-1307.

The resulting adjustment factor of 7.168 was calculated using the formula in 10CFR50.75.

As such, the minimum financial assurance value of \$968M was obtained from the base amount of \$135M multiplied by the adjustment factor of 7.168.

RAI #2

In Item 2 of the enclosure to the DFS report, DTE reported the amount of decommissioning trust funds accumulated as of December 31, 2010, for Fermi 2, but did not state if the amount accumulated was before or after taxes. Per the provisions of 10 CFR 50.75(f)(1) and (2), provide an estimated after-tax amount of funds accumulated through December 31, 2010.

Response:

The estimated tax owed on all the decommissioning funds was \$27M as of December 31, 2010. This is considered a high estimate for nuclear decommissioning funding purposes,

since it includes taxes owed on the smaller accounts that are restricted to non-nuclear decommissioning activities. The remaining value of funds that could be available for nuclear decommissioning after deducting the estimated tax was \$874M, of which \$845M is restricted to nuclear decommissioning.

RAI #3

In Item 3 of the enclosure to the DFS report, DTE reported that it collects approximately \$33 million a year for radiological decommissioning and site restoration. Per 10 CFR 50.75(f)(1), provide an estimate and/or statement with respect to the annual amounts collected for NRC decommissioning activities as defined in 10 CFR 50.2.

Response:

Currently, the amount being collected for decommissioning and site restoration is being split 85% to accounts that are specifically for NRC decommissioning activities and 15% to accounts that could be used for site restoration or other decommissioning related expenses (including radiological decommissioning). That corresponds to approximately \$28M being currently deposited annually into the nuclear decommissioning accounts. Initially, all funds were placed in the nuclear decommissioning accounts. As the nuclear decommissioning accounts approach full funding, it is expected that a greater percentage of collections will be placed in the other accounts.

Note that the DFS report addressed a pending rate case, in which Detroit Edison proposed a reduction of surcharge collections to about \$13.5M per year, but stated that collections will continue at the existing rate unless and until the proposed rate case is approved by the Michigan Public Service Commission (MPSC).

RAI #4

In Item 4 of the enclosure to the Decommissioning Funding Status report, DTE reported that it assumes a 6 percent rate of escalation in decommissioning costs and a 7 percent rate of earnings on decommissioning funds after-tax. Per 10 CFR 50.75(f)(1), provide the citation (e.g., Order by the rate-regulatory authority) by the regulatory entity that allows for these assumptions.

Response:

MPSC Case No. U-10102 addresses these parameters used in establishing rates for funding of decommissioning costs.