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JUN 22 2011

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Station OP1-17
Washington, DC 20555

**SUSQUEHANNA STEAM ELECTRIC STATION
RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION
DECOMMISSIONING FUNDING STATUS REPORT** **Docket Nos. 50-387
and 50-388**
PLA-6728

*References: 1.) PLA- 6711, Mr. T. S. Rausch (PPL) to Document Control Desk (USNRC),
"Susquehanna Steam Electric Station NRC Decommissioning
Funding Status Report," dated March 31, 2011.*

*2.) Letter from B. K. Vaidya (USNRC) to Mr. T. S. Rausch (PPL), "Request for
Additional Information Re: 2011 Decommissioning Funding Status Report
(TAC Nos. ME5542 and ME5543)," dated May 24, 2011.*

In accordance with the requirements of 10 CFR 50.75 "Reporting and Recordkeeping for Decommissioning Planning," section (f)(1), PPL Susquehanna LLC, (PPL) submitted the Decommissioning Funding Status (DFS) Report in Reference 1.

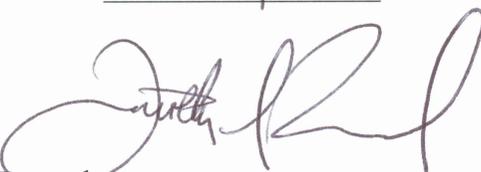
Reference 2 is a request for additional information (RAI) related to the DFR in Reference 1. The attachment to this letter provides the PPL 30 day response to the additional information requested.

There are no new or revised regulatory commitments in this letter.

If you have questions regarding this letter please contact D. L. Filchner at (610) 774-7819.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 6/22/2011


T. S. Rausch

Attachment – PPL Susquehanna 30-Day Response to NRC RAI's

Copy: NRC Regional I
Mr. P. W. Finney, NRC Sr. Resident Inspector
Mr. R. R. Janati, DEP/BRP
Mr. B. K. Vaidya, NRC Project Manager

ATTACHMENT TO PLA-6728
PPL SUSQUEHANNA
30-DAY RESPONSE to NRC RAI's

The NRC staff has been reviewing the information in Reference 1 and has determined that additional information is needed to complete its review. The NRC questions and the PPL responses are listed below. NRC has requested submittal of these responses within 30 days from the date of Reference 2.

NRC RAI #1: Citation for real rate of returns:

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 in your DFS report.

In submission on March 31, 2011, PPL assumed a 2-percent real rate of return on its decommissioning trust fund.

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...

PPL Response:

PPL Susquehanna, LLC is no longer under the jurisdiction of a rate-making authority, and therefore utilizes the rate of earnings that 10CFR 50.75(e)(1)(ii) allows when a higher rate has not been authorized by a rate-making authority. In accordance with the provisions of 10 CFR 50.75(e)(1)(ii), PPL Susquehanna, LLC has taken credit for earnings on decommissioning funds using a 2 percent annual real rate of return. PPL Susquehanna, LLC is certifying only to the NRC formula amounts and earnings are credited up to the time of permanent termination of operations along with a pro-rata credit during the dismantlement period. The pro-rata credit during the dismantlement period results in adding an additional 3.5 years with the 2 percent credit applied.

NRC RAI #2: After-tax decommissioning funds as of December 31, 2010:

Indicate if the amount of decommissioning funds identified within the DFS Report is the after-tax amount of funds accumulated through December 31, 2010. If not, provide the after-tax amount of decommissioning funds accumulated through December 31, 2010.

In the submission on March 31, 2011, PPL reported the amount of decommissioning funds in the trust fund as of December 31, 2010, but did not indicate if the amount states is a before or after-tax balance.

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.

PPL Response:

In accordance with the provisions of 10 CFR 50.75(f)(1) and (2), PPL Susquehanna LLC, has provided the 2010 Decommissioning Funding Status Report for the Susquehanna Steam Electric Station, Units 1 and 2, including the amount of decommissioning funds accumulated as of December 31, 2010. The applicable taxes related to the decommissioning funds identified in the report have been paid. PPL paid all applicable federal, state, and local taxes on trust fund activities directly from the trust fund balance including assets held as of December 31, 2010. The decommissioning fund balance as of December 31, 2010 does not reflect the impact of future tax events that may arise due to gains that may be recognized when funds are liquidated to pay for the decommissioning of the plant.