

## PMVictoriaESPPEm Resource

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**From:** Terry, Tomeka  
**Sent:** Monday, July 18, 2011 11:00 AM  
**To:** VictoriaESP Resource  
**Subject:** FW: Victoria ESP Schedule Comments

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**From:** [marilyn.kray@exeloncorp.com](mailto:marilyn.kray@exeloncorp.com) [<mailto:marilyn.kray@exeloncorp.com>]

**Sent:** Friday, July 15, 2011 9:50 AM  
**To:** Tonacci, Mark  
**Cc:** Terry, Tomeka; Govan, Tekia  
**Subject:** Victoria ESP Schedule Comments

Mark,

Thanks again for soliciting Exelon's input on the Victoria ESP schedule. While I'm still in the process of gathering some quantitative dollar values on the cost of delaying the NRC review schedule, I wanted to give you the highlights of some points I attempted to make yesterday. They may or not be of help when you continue your internal discussions on the matter.

- In June of 2011, Exelon conducted an internal re-evaluation of the ESP project to reaffirm that the project is aligned with our long-term strategy. The re-evaluation was prompted by a good-practice, mid-project process check. The result of the re-evaluation was that an ESP for Victoria is consistent with our outlook for new nuclear and our long-term strategy. The re-evaluation was approved by Chip Pardee, COO Exelon Generation and John Rowe, Chairman and CEO of Exelon Corporation. Our deployment of new nuclear is directly influenced by the price of natural gas and its impact on electricity prices. We need to be positioned to react promptly if any of the economic factors change in favor of building new nuclear plants.
- The re-evaluation performed last month assumed issuance of the ESP in 2014 and incorporated projected costs to support the 2014 date. The ESP issuance date impacts the major cost components of the project: Bechtel costs, Exelon labor and extension of the land purchase agreement.
- Regarding the land purchase agreement, our current thinking is to refrain from outright purchase of the land until we receive the ESP. Retention of the land, including full rights to purchase, comes with a hefty annual fee that we will continue to incur, at least through issuance of the ESP. We made the 2011 payment in late June, after the re-evaluation.
- In addition to the direct cost increases associated with any potential delay in the ESP review schedule, we are concerned with the impact of starting and stopping the ER review. I believe our NRC invoices through June 2011 reflect \$300,00 for staff review of the ER. We were hoping that this would support the ER audit commencing in the 4th quarter of calendar year 2011. I would expect that a significant delay beyond the 4Q11 might devalue the pre-work done to date and might even result in new contractors having to repeat the pre-work effort. On the applicant side, we see the costs associated with maintaining the Bechtel "core team" and keeping the contracted subject matter experts engaged.
- Much of the environmental and safety data for the ESP was gathered for the original COL submitted in 2008. We would not want any potential delay in the ESP schedule to cause any of the data to be revised, thereby resulting in even higher costs.
- On a philosophical level, we see the question of "What is the urgency of the ESP?" to be somewhat inconsistent with the very purpose of the ESP. We see that Part 52 envisioned the ESP to accommodate the long-term vision of utilities to maintain the option for new nuclear generation, not necessarily the precursor to an immediate construction plan. We elected to pursue an ESP because it gives us the regulatory certainty regarding the suitability of the greenfield site and affords us flexibility with technology selection for future negotiating leverage with reactor vendors. We don't understand why an ESP under these circumstances would be consistently regarded as low priority by the NRC, especially when our plan was communicated to the NRC under the RIS process.

Hope this helps to convey the Exelon position. If you have any questions, please don't hesitate to ask.

Marilyn

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