

**Thomas D. Gatlin**  
Vice President, Nuclear Operations  
803.345.4342



July 29, 2011

Document Control Desk  
U. S. Nuclear Regulatory Commission  
Washington, DC 20555

Dear Sir/Madam:

Subject: VIRGIL C. SUMMER NUCLEAR STATION UNIT 1  
DOCKET NO. 50/395  
OPERATING LICENSE NO. NPF-12  
REPORT OF STATUS OF DECOMMISSIONING FUNDING  
REQUEST FOR ADDITIONAL INFORMATION

Reference: 1. NRC letter to Thomas D. Gatlin dated June 29, 2011  
2. SCE&G letter to the NRC dated March 31, 2011

This letter provides South Carolina Electric & Gas Company's (SCE&G) response to the Request for Additional Information (RAI) documented by NRC letter dated June 29, 2011, regarding the Report of Status on Decommissioning Funding for the Virgil C. Summer Nuclear Station, Unit No. 1 (reference 2).

If you have any questions, please call Mr. Bruce Thompson at (803) 931-5042.

Very truly yours,

Thomas D. Gatlin

SBR/TDG/wm  
Attachment

c: K. B. Marsh  
S. A. Byrne  
J. B. Archie  
N. S. Carns  
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W. M. Cherry  
J. H. Hamilton  
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NSRC  
RTS (LTD 282, RR 1950,  
CR-11-03557)  
File (810.34-2)  
PRSF (RC-11-0120)

ADD  
NRC

ATTACHMENT I

Response to request for additional information regarding the 2011 Decommissioning Funding Status Report for Virgil C. Summer Nuclear Station, Unit 1

**RAI #1: Citation for real rate of return:**

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 as stated within the DFS report.

On March 31, 2011, SCE&G reported a 2-percent real rate of return for its share of VCSNS. As stated in 10 CFR 50.75(f)(1):

[T]he information in this [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 ...

**Response:**

SCE&G assumed a 2% real rate of return based on the provisions of 10 CFR 50.75(e)(1)(ii) which allows "up to a 2 percent annual real rate of return" for licensees that provide decommissioning cost estimates according to the NRC formulas under 10 CFR 50.75(c).

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

Indicate if the amount of decommissioning funds identified within the DFS report for VCSNS, are the after-tax amounts of decommissioning funds accumulated through December 31, 2010. If not, provide the after-tax amounts of decommissioning funds accumulated through December 31, 2010.

On March 31, 2011, SCE&G reported the amount of decommissioning funds accumulated as of December 31, 2010, for VCSNS but did not indicate if the amounts stated were the before or after-tax balances.

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.

**Response:**

The reported decommissioning funds accumulated through December 31, 2010, are net of tax.

**RAI #3: Citation for site-specific study:**

Provide the site-specific cost estimate for VCSNS, unless it was previously submitted to NRC. 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.

On March 31, 2011, SCE&G provided a site-specific cost estimate for the amount of decommissioning funds estimated to be required in 2006 dollars, but did not include the cost escalation factor(s) that would be used to escalate the site-specific cost estimate to 2010 dollars.

Per 10 CFR 50.75(e)(1)(i) and (ii), the licensee must specifically describe the safe storage period in order to take credit for projected future earnings when it uses a site-specific estimate as the basis for using the prepayment or external sinking fund methods of financial assurance.

**Response:**

In its 2011 Decommissioning Funding Status Report filed with the NRC, SCE&G used the NRC formula amounts, not to site-specific cost estimates. The most recent site-specific cost study estimates in 2006 dollars for radiological decommissioning, site restoration, and spent fuel management costs were provided only as supplemental data to ensure that all information requirements, clarified in NRC Regulatory Information Summary (RIS) 2001-07, were included in the report.

**RAI 4: Decommissioning scenario inconsistency:**

Clarify the inconsistency of decommissioning scenarios presented by SCE&G and Santee Cooper.

On March 31, 2011, SCE&G provided a site-specific cost estimate for a safe storage (SAFSTOR) decommissioning scenario. SCE&G stated in its DFS report that it "... currently intends to utilize a deferred decommissioning (SAFSTOR) scenario." However, in Santee Cooper's DFS report submitted on March 29, 2011 (ADAMS Accession No. ML110900185), Santee Cooper intends to utilize an immediate decommissioning scenario (DECON). Santee Cooper stated, "the plant will be immediately decommissioned upon license expiration."

Per 10 CFR 50.75(e)(1)(i) and (ii), the licensee must specifically describe the safe storage period in order to take credit for projected future earnings when it uses a site-specific estimate as the basis for using the prepayment or external sinking fund methods of financial assurance.

**Response:**

In their respective 2011 Decommissioning Funding Status Reports filed with the NRC, both SCE&G and, according to our understanding, Santee Cooper are using the NRC formula amounts, which assume an immediate dismantlement method of decommissioning, not to site specific cost estimates. For the purpose of the two submittals, two-thirds of the formula amount derived for the V.C. Summer Nuclear Station (VCSNS) is reflected in the SCE&G filing and one-third of the formula amount is reflected in the Santee Cooper filing, reflecting the respective ownership interests of the two entities in VCSNS.