

October 26, 2011

Tom Reilly, Executive Principal
Vista 360°
649 Innsbruck
Liberty, IL 60048

SUBJECT: ZION NUCLEAR POWER STATION

Dear Mr. Reilly:

I am responding to your letter of September 2, 2011, wherein you requested information regarding the Zion nuclear power plant's decommissioning trust funds. You asked:

1. Who owns the Decommissioning Trust Fund balances, the rate-payers or the utility (licensee)?
2. What legal authority does the current and new licensee, Zion Solutions LLC (not a public utility) have in unilaterally appointing and empowering a new trustee and then conveying Decommissioning Trust Fund balances accordingly?

When the operating licenses for Zion Units 1 and 2 were transferred to Zion Solutions, the dedicated decommission trust funds were also conveyed. Prior to the transfer, the funds were held by Exelon, the former owner of Zion. Now the trust funds are held by Zion Solutions. However, NRC regulations place limitations on the use of the decommissioning funds. The restrictions include a requirement that the funds be held outside the administrative control of the licensee, and a prohibition against use of the funds for anything other than radiological decommissioning and ordinary administrative costs. These and other restrictions may be found in 10 C.F.R. (Code of Federal Regulations) §§ 50.75 and 50.82. There is also a regulatory guide, RG 1.159, that gives guidance regarding decommissioning funding. The current version of the regulatory guide, which will be updated, can be found on the NRC website.

The holder of the decommissioning trust funds is permitted to change the trustee, but, under NRC regulations, a licensee that is not an electric utility as defined in 10 C.F.R. § 50.2 must notify the NRC in writing 30 working days prior to the change. In addition, the change cannot be made over NRC objection. See 10 C.F.R. § 50.75(h)(iii). Furthermore, any amendments to the trust agreement, other than minor changes, must be reported in the biennial decommissioning funding report.

T. Reilly

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If you have any additional questions regarding this matter, please do not hesitate to contact this agency.

Sincerely,

/RA by M. Spencer for/

Edward L. Williamson
Assistant General Counsel
For Operating Reactors
Office of the General Counsel

Docket No. 50-295

License No. DPR-48