

December 19, 2011

Mr. Jon Viznefsky
Brown Deer Realty
5223 West Elmdale
Mequon, Wisconsin 53092

Dear Mr. Viznefsky:

I am the Project Manager for the Zion decommissioning project. I am responding to your questions originally sent to Mr. Michael A. Dusaniwskyj on May 26, 2011. In subsequent exchanges you requested written answers to those questions. On August 11, 2011, and September 6, 2011, we attempted to secure your mailing address.

Below are the answers, written to the best of our understanding, to your questions. We trust that they are helpful.

1.) Is there a listing or documented references that call out "legitimate decommissioning expenses" as referenced by the new licensee - Zion Solutions in a letter to the NRC dated December 6, 2010 involved in the 1st drawdown of \$ 60,000,000? Please direct us accordingly.

The Nuclear Regulatory Commission (NRC) order approving the transfer of the licenses from Exelon to ZionSolutions can be found at Agencywide Documents Access and Management System (ADAMS) Accession No. ML090930037. There also are two NUREG studies available on the NRC's website that describe what expenses are expected in reactor decommissioning. Please refer to NUREG-0586, "Final Generic Environmental Impact Statement on Decommissioning of Nuclear Facilities," ADAMS Accession No. ML060590157; and NUREG-1713, "Standard Review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors," Accession No. ML043510113.

The decommissioning trust agreement for Zion, Unit 1 and 2, provides that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director of the Office of Nuclear Reactor Regulation 30 day's prior written notice of payment. The decommissioning trust agreement also contains a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.

2.) Does the company Zion Solutions or Exelon Corporation have any regulatory responsibility to provide an accounting to the NRC and or the public? Regulations appear to call for only annual filings? Would this be correct?

The NRC recently revised its regulations to require annual submittals that track a licensee's decommissioning fund against performed decommissioning activities and remaining decommissioning activities. Please see Decommissioning Planning Rule, published in the *Federal Register* on June 17, 2011. (76 FR 35512) The rule will be effective on December 17, 2012. Currently, as you noted, Zion Solutions is required by Title 10 of the

Code of Federal Regulations (10 CFR) 50.75(f) to provide an annual report on the status of decommissioning funding. In addition, Zion Solutions is required by a license condition to provide to the NRC 30 days notice prior to any disbursement from the decommissioning trust fund, and no disbursement can be made if the NRC objects.

3.) The NRC's Mission seems to be focused PRIMARILY on Safety & Processes not Finances (efficiency or effectiveness) - would this be correct?

Safety is the primary NRC concern. The purpose of the NRC's financial qualification reviews is to find reasonable assurance that a facility licensee has the funding necessary to safely build, operate and decommission a nuclear facility.

4.) We do see that there are issues with determining with NRC review that the amounts in Decommissioning accounts must be adequate and reasonably in place to begin/start and complete a Decommissioning project before the undertaking. We are gathering other than an initial review of the appropriate magnitude on funding vs challenges of decommissioning that the NRC then goes to its historical inspectional role (cop on the beat) not that of a financial oversight participant (fiscal agent or auditor) in the ongoing project - would this be correct?

Under NRC regulations, the NRC is responsible to undertake a financial qualifications review of a licensee of any nuclear facility, in order to determine that a licensee has provided reasonable assurance that the licensee has the financial resources to build, operate and eventually decommission a nuclear facility safely. The financial qualifications review of the Zion Project is to see if ZionSolutions has provided reasonable assurance that there are financial resources to cover the expected costs of decommissioning and decontamination of the Zion Units 1 & 2 to NRC standards. Cost estimates were provided and reviewed. ZionSolutions also provided a financing plan that included multiple contingencies. (However, ZionSolutions does not anticipate using any of these financial contingencies.) And the results of the NRC's financial qualifications review show that there is reasonable assurance that there are adequate financial resources to support the physical decommissioning process.

In addition, under 10 CFR 50.82(a)(6)&(8), a licensee found to be providing financial assurance of its decommissioning plans, may not perform activities or use funds if it would impede its ability to safely finish the decommissioning.

It should be recognized that it is the NRC physical inspections of the site that provide assurance to the Commission and the public that the Zion facility is decommissioned safely.

5.) Who do Trust Funds belong to - the Company / Licensee or those who provided them by some ratepaying or sinking fund means? What is the specific situation regarding the Zion Decommissioning Funding (\$ 1.0 Bil) in this subject area?

Decommissioning Trust Funds belong to the licensee but are kept outside of the administrative control of the licensee. The funds are held in trust by a trustee who disburses them only for decommissioning purposes, as provided in the trust fund agreement. If funds are left over after the completion of decommissioning, the trustee will return them to the licensee, or other person as provided by the trust agreement. The disposition of returned funds is outside NRC jurisdiction. However, local regulatory authorities may have other regulations, especially dealing

with left over decommissioning funds after NRC required decommissioning activities are complete and the license is terminated.

6.) Can you suggest readings, documents and or ADAMS system numbers on any of the above specifically?

The governing regulations for this subject are 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," and 10 CFR 50.82, "Termination of license."

7.) Can you provide a reference source /results/findings and or conclusions reached (by study or document) in the proposed undertakings for the financial review and qualification of the candidate license transfer to Zion Solutions LLC - then covered by the NRC Commission Order order allowing License Transfer of 5/09? There were specific references to this at the NRC public meeting held on and in Zion in 2008.

Financial Qualifications Safety Evaluation: ML090930063
Order approving the transfer: ML090930037
Order extending the approval: ML100270355
Conforming amendments: ML102290437

An extensive listing of requirements that ZionSolutions must meet to obtain funds from the decommissioning trust is included in the transfer application dated December 11, 2007, (ADAMS Accession No. ML080310521).

If I can provide further information, please feel free to contact me, or Michael A. Dusaniwskyj at the NRC address provided in the letterhead above.

Sincerely,

/RA/

John B. Hickman, Project Manager
Reactor Decommissioning Branch
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials and
Environmental Management Programs

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NAME	MDusaniwskyj	CRegan (MDusaniwskyj for)	BJones
DATE	11/03/2011	11/03/2011	12/07/2011
OFFICE	NRR/DIRS	FSME/DWMEP	FSME/DWMEP
NAME	FBrown	BWatson	JHickman
DATE	12/ 13 /2011	12/19 /2011	12/ 19 /2011