

December 4, 2012

MEMORANDUM TO: Bruce A. Watson, Chief
Reactor Decommissioning Branch
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and
Environmental Management Programs

FROM: Richard H. Turtill, Acting Chief */RA/*
Financial Analysis and International Projects Branch
Division of Inspection and Regional Support
Office of Nuclear Reactor Regulation

SUBJECT: SUMMARY OF THE 2012 ANNUAL REVIEW OF
DECOMMISSIONING FUNDING STATUS REPORTS

The Financial Analysis and International Projects Branch, Division of Inspection and Regional Support, Office of Nuclear Reactor Regulation has completed its review of the annual decommissioning funding status (DFS) reports submitted in March 2012. A summary of our findings are enclosed. The staff will be initiating its review of the DFS reports due by March 31, 2013, in April 2013. In addition, the staff will continue the development of a computer generated/automated approach while reviewing the 2013 DFS report submissions that will incorporate the new reporting requirements under 10 *Code of Federal Regulations* 50.82, to assure consistency of future reviews. Should you have any questions, please contact Shawn Harwell at (301) 415-1309 or via email at Shawn.Harwell@nrc.gov.

Enclosure:
As stated

CONTACT: Shawn Harwell, NRR/DIRS
(301) 415-1309

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DATE	12/1/2012	12/4/2012

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SUMMARY OF THE EVALUATION BY THE OFFICE OF NUCLEAR REACTOR
REGULATION RELATED TO DECOMMISSIONING FUNDING
STATUS REPORTS SUBMITTED ANNUALLY FOR
REACTORS THAT HAVE CEASED OPERATION

1.0 REGULATORY BASIS

Pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.75(f)(2), "Each power reactor licensee shall report, on a calendar-year basis, to the U.S. Nuclear Regulatory Commission by March 31, 1999, and at least once every 2 years thereafter on the status of its decommissioning funding for each reactor or part of a reactor that it owns. The information in this report must include, at a minimum: the amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c); the amount accumulated to the end of the calendar year preceding the date of the report; a schedule of the annual amounts remaining to be collected; 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; any contracts upon which the licensee is relying pursuant to paragraph (e)(1)(v) of this section; any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report; and any material changes to trust agreements. Any licensee for a plant that is within 5 years of the projected end of its operation, or where conditions have changed such that it will close within 5 years (before the end of its licensed life), or has already closed (before the end of its licensed life), or for plants involved in mergers or acquisitions shall submit this report annually."

2.0 BACKGROUND

The Financial Analysis and International Projects Branch completed its review of the annual decommissioning funding status (DFS) reports submitted in March 2012. For the 2012 reviews, the staff was able to resolve most outstanding issues through the Request for Additional Information (RAI) process. When initiating the 2013 review, the staff will develop additional RAIs to clarify and resolve any issues that were not closed during the 2012 review. In addition, the staff will continue to develop an automated approach to increase efficiency of the review process and ensure consistency of future reviews. The staff will also begin to incorporate the new, additional reporting requirements in 10 CFR 50.82 into the automated review system.

The staff noted that changes in disposal options may continue to have a significant impact on findings for future reviews. The staff made the licensees aware in NUREG-1307, Rev.14, "Report on Waste Burial Charges," that if new disposal options become available, disposal rates may be significantly higher. Additionally, any Low Level Waste (LLW) contract that a licensee has in place today may not be a valid disposal contract at the end of the safe storage period. This would be due to the duration of time before dismantlement of the plant, as well as the fact that if new disposal facilities become available, a licensee may be required to ship all LLW to a new designated site. The LLW disposal would then be based on rates established by the new site.

Enclosure

It should be noted that considering the large uncertainties associated with LLW disposal, the staff may reach a different finding at the time of dismantlement.

3.0 SUMMARY OF STAFF FINDINGS

The following constitutes the summary of the Staff findings on the annual DFS report analyses pursuant to 10 CFR 50.75(f)(2):

Dresden Unit 1

Exelon Corporation demonstrated compliance with 10 CFR 50.75(b) for Dresden Unit 1 for the year ending December 31, 2011.

Fermi Unit 1

Detroit Edison demonstrated compliance with 10 CFR 50.75(b) for Fermi Unit 1 for the year ending December 31, 2011. To satisfy regulatory requirements, DTE Energy Company, the parent company of Detroit Edison, issued a parent company guarantee in the amount of \$20 million.

Humboldt Bay Unit 1

Pacific Gas and Electric Company demonstrated regulatory compliance with 10 CFR 50.75(b) for Humboldt Bay Unit 1 for the year ending December 31, 2011.

Indian Point Unit 1

Entergy Nuclear Operations demonstrated compliance with 10 CFR 50.75(b) for Indian Point Unit 1 for the year ending December 31, 2011.

LaCrosse Boiling Water Reactor

Dairyland Power Cooperative demonstrated compliance with 10 CFR 50.75(b) for the LaCrosse Boiling Water Reactor for the year ending December 31, 2011.

Millstone Unit 1

Dominion Nuclear Connecticut demonstrated compliance with 10 CFR 50.75(b) for Millstone Unit 1 for the year ending December 31, 2011.

Nuclear Ship Savannah

The U.S. Department of Transportation (DOT) demonstrated compliance with 10 CFR 50.75(b) for the Nuclear Ship Savannah for the year ending December 31, 2011. As a federal licensee, the U.S. DOT issued a Statement of Intent, in accordance with 10 CFR 50.75(e)(1)(iv), to satisfy regulatory compliance.

Peach Bottom Unit 1

Exelon Corporation demonstrated compliance with 10 CFR 50.75(b) for Peach Bottom Unit 1 for the year ending December 31, 2011.

Rancho Seco

Sacramento Municipal Utility District demonstrated compliance with 10 CFR 50.75(b) for Rancho Seco for the year ending December 31, 2011.

San Onofre Unit 1

Together, Southern California Edison and San Diego Gas and Electric demonstrated compliance with 10 CFR 50.75(b) for San Onofre Unit 1 for the year ending December 31, 2011.

Three Mile Island Unit 2

First Energy Corporation demonstrated compliance with 10 CFR 50.75(b) for Three Mile Island Unit 2 for the year ending December 31, 2011.

Vallecitos Boiling Water Reactor

General Electric Company (GE) demonstrated compliance with 10 CFR 50.75(b) for Vallecitos Boiling Water Reactor (VBWR) for the year ending December 31, 2011. To satisfy regulatory requirements, GE issue a self-guarantee in the form of a parent company guarantee in the amount of approximately \$576.9 million to cover decommissioning costs for multiple NRC licensed sites, including VBWR.

Zion Unit 1

Zion*Solutions* demonstrated compliance with 10 CFR 50.75(b) for Zion Unit 1 for the year ending December 31, 2011.

Zion Unit 2

Zion*Solutions* demonstrated compliance with 10 CFR 50.75(b) for Zion Unit 2 for the year ending December 31, 2011.