

444 South 16th Street Mall
Omaha, NE 68102-2247

LIC-13-0081
June 24, 2013

U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

- References:
1. Docket No. 50-285
 2. Letter from Omaha Public Power District (L. P. Cortopassi) to NRC (Document Control Desk), *Fort Calhoun Station, Unit No. 1, 2013 Biennial Decommissioning Funding Status Report*, dated March 29, 2013 (LIC-13-0038) (ML13091A058)
 3. Email from NRC (L. E. Wilkins) to OPPD (B. R. Hansher), *DRAFT: RAIs for Fort Calhoun Re: Decommissioning Funding Status Report (TAC No. MF1239)*, dated May 23, 2013 (ML13144A482)

SUBJECT: OPPD Response to NRC RAI Regarding the 2013 Decommissioning Funding Status Report for Fort Calhoun Station, Unit No. 1

As requested in Reference 3, attached is the Omaha Public Power District's (OPPD) response to the Nuclear Regulatory Commission's (NRC) Request for Additional Information (RAI) concerning OPPD's Reference 2 submittal.

If you should have any questions regarding this submittal, please contact Mr. Bill R. Hansher at (402) 533-6894. No commitments to the NRC are contained in this submittal.

Sincerely,

Louis P. Cortopassi
Site Vice President and CNO

LPC/KRD/kpg

- Attachment: OPPD Response to NRC RAI
Enclosures:
1. Page from OPPD's Corporate Operating Plan
 2. Board Resolution Approving Corporate Operating Plan

A. T. Howell, NRC Regional Administrator, Region IV (w/o Enclosures)
J. M. Sebrosky, NRC Senior Project Manager (w/o Enclosures)
L. E. Wilkins, NRC Project Manager (w/o Enclosures)
J. C. Kirkland, NRC Senior Resident Inspector (w/o Enclosures)

OPPD Response to NRC RAI

RAI #1: Rates Used to Escalate Decommissioning Cost and Fund Balances

Within the DFS [Decommissioning Funding Status] report, OPPD states that its Board of Directors approved both the inflation rates and earnings rates in December 2012 as part of OPPD's Corporate Operating Plan. In Attachment C of the DFS report, OPPD provided the variable rates used for the escalation of the decommissioning cost estimate and earnings rates on the Decommissioning Fund through the license expiration in August 2033.

10 CFR 50.75(f)(1) states in part:

the information in [the 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...

Please provide the OPPD Corporate Operating Plan that was updated in December 2012 to reflect the approved inflation rates and earnings rates as submitted in the DFS report. In addition, provide the Board Resolution approving the updated Corporate Operating Plan.

OPPD Response:

The enclosed page from OPPD's Corporate Operating Plan (Enclosure 1) references the nuclear decommissioning fund and the approved inflation and earnings rates. Enclosure 2 of this letter contains a copy of the Board Resolution approving the 2013 Corporate Operating Plan.

RAI #2: Amounts accumulated

By letter dated March 16, 2013, OPPD provided the amount of decommissioning funds accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(b) and (c), but did not indicate if the amount stated was the before or after-tax balance.

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.

Please indicate if the amounts of decommissioning funds identified within the DFS report are the after-tax amount of funds accumulated through December 31, 2012. If not, please provide the after-tax amounts of decommissioning funds accumulated through December 31, 2012, for Fort Calhoun.

OPPD Response:

OPPD is a tax-exempt entity, therefore the amounts of decommissioning funds identified within the DFS report are the after-tax amount of funds accumulated through December 31, 2012.

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Enclosure 1

**Page from OPPD's
Corporate Operating Plan**

2013 CORPORATE OPERATING PLAN OPERATION AND MAINTENANCE EXPENSE

The District's 2013 total budgeted operation and maintenance (O&M) expense is \$852.1 million, which is \$65.6 million or 8.3% more than the 2012 projected amount.

Fuel expense represents 29.5% of total O&M expense. Fuel expense is budgeted at \$251.8 million for 2013, a decrease of \$4.2 million or 1.6% less than the 2012 projected amount.

Production expense is the largest category of O&M expense, representing 34.7% of the total and is budgeted to be \$295.7 million in 2013, which is \$63.5 million or 27.3% more than the 2012 projected amount.

Purchased power, including wind purchases, represents 5.9% of total O&M expense and is budgeted at \$50.3 million for 2013. This represents a decrease of \$13.6 million or 21.2% below the 2012 projected amount.

Transmission and distribution expense represents 7.7% of total O&M expense and is budgeted at \$65.3 million, which is \$2.6 million or 4.2% more than the 2012 projected amount.

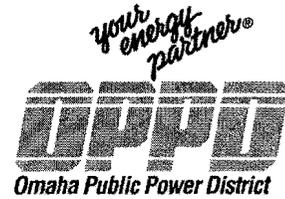
Customer accounting and services expense represents 3.9% of total O&M expense and is budgeted at \$32.9 million for 2013. This represents an increase of \$2.9 million or 9.5% more than the 2012 projected amount.

Administrative and general expense represents 18.3% of total O&M expense and is budgeted at \$156.1 million for 2013. This category reflects an increase of \$14.4 million or 10.2% greater than the 2012 projected amount.

The nuclear decommissioning fund does not require any additional funding in 2013; decommissioning cost estimate escalation is derived using IHS Global Insight – Consumer Price Index – All Urban Customers and decommissioning fund return is escalated using IHS Global Insight interest rates on Five Year Treasury Notes adjusted for actual investment yields in the decommissioning fund.

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Enclosure 2

**Board Resolution Approving
OPPD Corporate Operating Plan**



Cavanaugh/Easterlin

RESOLUTION NO. 5938

WHEREAS, the Board of Directors has reviewed the Omaha Public Power District's 2013 Corporate Operating Plan which includes elements of the District's projected operations, all phases of the District's Capital Expenditure Plan and the District's fuel needs, and

WHEREAS, the 2013 Corporate Operating Plan which totals \$1,225.7 million, includes the 2013 proposed 6.9% increase in retail rates; comprised of a 7.3% general rate increase and a 0.4% decrease in the Fuel and Purchased Power Adjustment, and

WHEREAS, the District's consulting engineer, SAIC Energy, Environment & Infrastructure, LLC, has reviewed the 2013 Corporate Operating Plan as requested by the Board of Directors, and recommends it for approval by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Omaha Public Power District hereby approves the 2013 Corporate Operating Plan.

Adopted December 13, 2012