

July 18, 2013

Ms. Leslie N. Hartz  
Vice President – Nuclear Support Services  
Virginia Electric and Power Company  
Dominion Energy Kewaunee, Inc.  
Dominion Nuclear Connecticut, Inc.  
Innsbrook Technical Center  
5000 Dominion Boulevard, 2SE  
Glen Allen, VA 23060

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION FOR REVIEW OF THE  
DECOMMISSIONING FUNDING PLANS FOR DOMINION INDEPENDENT  
SPENT FUEL STORAGE INSTALLATIONS

Dear Ms. Hartz:

By letter dated December 17, 2012, Virginia Electric and Power Company, Dominion Energy Kewaunee, Inc., and Dominion Nuclear Connecticut, Inc., (collectively Dominion) submitted, for U.S. Nuclear Regulatory Commission (NRC) review and approval, decommissioning funding plans for the Independent Spent Fuel Storage Installations at Surry Power Station, North Anna Power Station, Kewaunee Power Station, and Millstone Power Station (Agencywide Documents Access and Management System Accession No. ML13002A036).

The NRC staff has reviewed your submittals and determined that additional information is required to complete its review. The request for additional information is identified in the enclosure to this letter. We request that you provide the information within 60 days from the date of this letter. This information was discussed with your staff in a July 18, 2013, telephone call.

L. Hartz

-2-

If you have any questions regarding this matter, please contact me at (301) 492-3571.

Sincerely,

**/RA/**

Kristina L. Banovac, Project Manager  
Licensing Branch  
Division of Spent Fuel Storage and Transportation  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos.: 72-16, 72-56, 72-02, 72-55,  
72-47, 72-64

TAC Nos.: L24724, L24725, L24726,  
L24727, L24728, L24729

Enclosure: Request for Additional Information

cc: Distribution via Listserv

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<b>DATE</b>	4 / 30 /13	4 / 24 /13	7 / 9 /13	7 / 18 /13	

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Request for Additional Information  
Dominion  
Docket Nos. 72-16, 72-56, 72-02, 72-55, 72-47, 72-64  
Decommissioning Funding Plans for Independent Spent Fuel Storage Installations for  
Surry Power Station, North Anna Power Station, Kewaunee Power Station, and  
Millstone Power Station

By letter dated December 17, 2012, Virginia Electric and Power Company, Dominion Energy Kewaunee, Inc., and Dominion Nuclear Connecticut, Inc., (collectively Dominion) submitted decommissioning funding plans covering the Independent Spent Fuel Storage Installations (ISFSIs) for the Surry Power Station (SPS), North Anna Power Station (NAPS), Kewaunee Power Station (KPS), and Millstone Power Station (MPS), for U.S. Nuclear Regulatory Commission (NRC) review and approval per 10 CFR 72.30(b) (Agencywide Documents Access and Management System (ADAMS) Accession No. ML13002A036). This request for additional information (RAI) identifies information needed by the NRC staff in connection with its review of the submittal.

**RAI #1: Decommissioning Costs**

On December 17, 2012, Dominion provided decommissioning cost estimates for each of the subject ISFSIs. These estimates are stated to be derived from referenced decommissioning cost estimates for each reactor unit; however, copies of, or ADAMS references to, the estimates were not made available for analysis.

Under 10 CFR 72.30(b)(2):

Each holder of, or applicant for, a license under this part must submit for NRC review and approval a decommissioning funding plan that must contain: ... A detailed cost estimate for decommissioning, in an amount reflecting: (i) The cost of an independent contractor to perform all decommissioning activities; (ii) An adequate contingency factor; and (iii) The cost of meeting the § 20.1402 of this chapter criteria for unrestricted use, provided that, if the applicant or licensee can demonstrate its ability to meet the provisions of § 20.1403 of this chapter, the cost estimate may be based on meeting the § 20.1403 criteria.

The NRC staff needs the decommissioning cost estimates for each reactor unit to determine how the ISFSI decommissioning cost estimates were derived. The NRC also needs to understand how each licensee determined the appropriate allocation of costs specific to the radiological decommissioning of its ISFSI. The information that Dominion submitted does not show how it calculated the cost of an independent contractor to perform the decommissioning activities or the cost to decommission to unrestricted use levels in 10 CFR 20.1402. This detailed cost estimate information is needed to determine compliance with 10 CFR 72.30(b)(2).

Therefore, please provide the most recent decommissioning cost estimate for each reactor unit or, if previously submitted to NRC, reference the ADAMS Accession Number or the date submitted to NRC. Also, please discuss how you determined the appropriate allocation of costs specific to radiological decommissioning of each ISFSI, based on the respective reactor decommissioning cost estimate.

This information is needed to verify compliance with 10 CFR 72.30(b)(2).

Enclosure

## RAI #2: Certification of Financial Assurance

On December 17, 2012, Dominion stated the following for SPS and NAPS, with similar language for KPS and the MPS operating reactors to the extent the language applied to those licensees:

Pursuant to 10 CFR § 50.75, the methods of 10 CFR § 50.75(b), 50.75(e) and 50.75(h) provide requisite financial assurance for decommissioning of the [reactor site] ISFSIs. Pursuant to these requirements, Dominion provides financial assurance for [decommissioning the reactor site in an amount] not less than [Dominion's share of] that required by 10 CFR § 50.75(b)... This funding assurance, coupled with the regular reporting required by 10 CFR § 50.75(f)(1) and 72.30(c), the annual adjustments required by 10 CFR 50.75(b)(2), and the further adjustments required by 10 CFR 50.75(f)(3) and (5) at or about five years prior to the projected end of reactor operations, provide reasonable assurance that funds will be available to decommission the ISFSIs.

...

Financial assurance for the [reactor site] ISFSI is provided by the methods of 10 CFR § 50.75(b), 50.75(e) and 50.75(h), as permitted by 10 CFR § 72.30(e)(5) and as discussed above. The amount of financial assurance required by 10 CFR 50.75(b) is subject to annual adjustment in accordance with paragraph (2) of that section, and further adjustment is required by 10 CFR 50.75(f)(3) and (5) at or about five years prior to the projected end of reactor operations. ISFSI decommissioning cost estimates will be updated as necessary in the decommissioning funding plans required to be resubmitted every three years pursuant to 10 CFR § 72.30(c).

...

Dominion hereby certifies that, as evidenced by Dominion's March 31, 2011, Biennial Decommissioning Funding Status Report, filed pursuant to 10 CFR 50.75(f)(1), financial assurance for decommissioning the [reactor site] has been provided in an amount that meets or exceeds the requirements of 10 CFR 50.75(b), which pursuant to 10 CFR 72.30(e)(5) provides the requisite financial assurance for the ISFSI decommissioning cost.

If Dominion believes that a licensee's compliance with 10 CFR 50.75(b) for an operating reactor site means that the licensee also complies with 10 CFR 72.30(e)(5), then Dominion is not applying § 72.30(e)(5) correctly. Under § 72.30(e)(5), licensees can use the financial assurance methods in 10 CFR 50.75(b), (e), and (h), as applicable, to satisfy § 72.30, but the funds set aside to cover the costs of decommissioning the ISFSI cannot be the same funds the licensee will use for the Part 50 decommissioning. In other words, the funds necessary to satisfy the Part 50 reactor decommissioning financial assurance requirements do not include costs for ISFSI decommissioning. A licensee can hold ISFSI decommissioning and reactor decommissioning funds in the same financial instrument, but the licensee must be able to show that ISFSI decommissioning and reactor decommissioning funds are separately maintained. Also, 10 CFR 72.30(e)(5) references "the financial assurance methods in 10 CFR 50.75(b), (e), and (h), as applicable," but does not reference 10 CFR 50.75(f), which concerns reactor decommissioning cost estimates. Your reliance on 10 CFR 50.75(f) to help meet the requirements of § 72.30 is therefore misplaced.

For the above reasons, your certification does not meet the 10 CFR 72.30(b) requirements, under which a licensee must certify that financial assurance for decommissioning its ISFSI has been provided. This certification must show that such financial assurance equals the amount of the ISFSI decommissioning cost estimate. Specifically, under 10 CFR 72.30(b)(4):

Each holder of, or applicant for a license under this part must submit for NRC review and approval a decommissioning funding plan that must contain: ... A description of the method of assuring funds for decommissioning from paragraph (e) of this section, including means for adjusting cost estimates and associated funding levels periodically over the life of the facility.

Further, under 10 CFR 72.30(b)(6):

Each holder of, or applicant for, a license under this part must submit for NRC review and approval a decommissioning funding plan that must contain: ... A certification that financial assurance for decommissioning has been provided in the amount of the cost estimate for decommissioning.

It is not evident from either your Decommissioning Funding Status reports submitted in 2011 or your ISFSI-related submission of December 17, 2012, that funds specific to ISFSI decommissioning are accounted for in either the radiological or non-radiological portions of your decommissioning trust accounts. Accordingly, the NRC staff cannot determine whether funds for ISFSI decommissioning reside within your trust accounts and whether Dominion is in compliance with 10 CFR 72.30(b).

Therefore, provide the breakdown of the decommissioning trust funds for the SPS, NAPS, KPS, and MPS ISFSIs, including subaccounts titles and funding levels. If funds from a Part 50 external sinking fund are to be used for Part 72 decommissioning, the NRC staff must be able to determine that adequate funds for ISFSI decommissioning reside within your external sinking fund. Moreover, these funds need to be reported separately for each ISFSI and be identified as a separate line item. Also identify all additional funding methods or mechanisms that are currently being used (such as a parent company guarantee) to supplement the external sinking fund or other ISFSI decommissioning funding method(s) being used, and the current funding amounts in, or represented by, all such funding methods. For all such funding methods, funds may be held in separate subaccounts that are identified for ISFSI decommissioning.

This information is needed to verify compliance with 10 CFR 72.30(b).