

50-261



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

April 7, 1997

Mr. William S. Orser  
Executive Vice President - Energy Supply  
Chief Nuclear Officer  
Carolina Power & Light Company  
P. O. Box 1551  
Raleigh, North Carolina 27602

SUBJECT: DECOMMISSIONING FUNDING

Dear Mr. Orser:

This is in reference to your letter (PE&RAS-96-063) dated September 30, 1996 regarding the status of decommissioning funding for Carolina Power & Light Company's (CP&L's) Harris, Brunswick, and Robinson nuclear plants. In your letter, you made several statements that require clarification with respect to your application of the requirements of the NRC's decommissioning funding requirements in 10 CFR 50.75.

Specifically, in the third paragraph of page 2 of your letter, you state: "The total amount of financial assurance required under 10 CFR 50.75(c)(2) for CP&L's four nuclear plants is currently estimated to be \$3.19 billion. CP&L believes that the site-specific estimates totalling \$2.6 billion are more accurate, and are consistent with the statements of consideration to the present 10 CFR 50.75...." You have not provided the basis for your estimate of \$3.19 billion in your letter, so we are unable to address the assumptions underlying that estimate. 10 CFR 50.75 contemplates that a licensee will provide assurance of decommissioning costs based on the escalation formula in § 50.75(c)(2) that is calculated up to the current year (i.e., in this case, 1996, since information is not yet available for 1997). The NRC's regulations do not require its power reactor licensees to use the formula to project future inflation. Although the amounts required for decommissioning in the formulas in § 50.75(c) in 1996 dollars will vary according to the size and type of reactor, and local labor, energy, and low-level waste disposal rates, for a full-size boiling water reactor (the units having the highest projected decommissioning cost), the formula amount, escalated to 1996 dollars, is projected to be in the \$400 to \$450 million range. As further escalation occurs in future years, this target may have to be adjusted. However, because it is not clear from your letter how you derived your projections, we ask that you submit additional information to support your projections and conclusions.

Additionally, in the second paragraph of page 1 of your letter, you state, "However, CP&L has not filed any rate cases over this period of time, and there are currently no plans to file any rate cases. Therefore, because the underlying assumptions proved to be incorrect, Exhibits D and E do not reflect CP&L's current funding of decommissioning costs for its nuclear units." In the statement of consideration of the 1988 decommissioning rule, the NRC deferred to State public utility commissions and the Federal Energy

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Regulatory Commission to set rates for collecting decommissioning funds. Please explain the effect upon your projected decommissioning funding resulting from your determination not to file such rate requests. Please also explain the basis for your statement, in the first paragraph on page 3 of your letter, that "CP&L will not meet the current minimum funding requirements of 10 CFR 50.75" and any regulatory relief you are seeking as a result of this lack of compliance.

If you have any questions on this matter and on our request for additional information as described above, please contact Robert Wood (301-415-1255) or N. B. Le (301-415-1458).

Sincerely,

(Original Signed By)

Mark Reinhart, Acting Director  
Project Directorate II-1  
Division of Reactor Projects - I/II  
Office of Nuclear Reactor Regulation

Docket Nos. 50-324, 50-325,  
50-261, and 50-400

cc: See next page

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