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March 15, 2016
RC-16-0042

U. S. Nuclear Regulatory Commission
Document Control Desk
Director, Division of Spent Fuel Storage and Transportation
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Dear Sir/Madam:

Subject: VIRGIL C. SUMMER NUCLEAR STATION (VCSNS) UNIT 1
DOCKET NOs. 50-395 and 72-1038
OPERATING LICENSE NO. NPF-12
DECOMMISSIONING FUNDING PLAN FOR INDEPENDENT SPENT FUEL
STORAGE INSTALLATIONS (ISFSIs)

In accordance with the requirements of 10 CFR 72.30 on financial assurance and recordkeeping for decommissioning, South Carolina Electric & Gas Company (SCE&G) is hereby submitting a Decommissioning Funding Plan for the Independent Spent Fuel Storage Installation (ISFSI) located at Virgil C. Summer Nuclear Station Unit 1 (VCSNS). This submittal is consistent with NRC guidance that general licensees submit a decommissioning funding plan to the NRC no later than the date that the general licensee first uses a spent fuel storage cask to store spent fuel.

SCE&G and the South Carolina Public Service Authority (Santee Cooper) have undivided ownership interests of two-thirds and one-third respectively in VCSNS. Santee Cooper discloses the required financial assurance information relative to its one-third ownership share in a separate submittal.

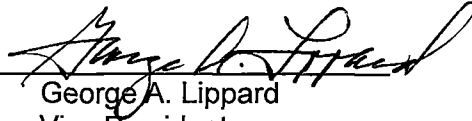
This letter contains no new or modified regulatory commitments. Should you have any questions concerning the content of this letter, please contact Bruce L. Thompson at (803) 931-5042.

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I certify under penalty of perjury that the information contained herein is true and correct.

March 15, 2016

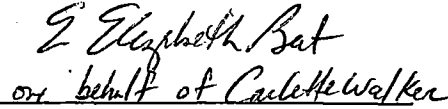
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Attachment: VCSNS 10 CFR 72.30 ISFSI DECOMMISSIONING FUNDING PLAN

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10 CFR 72.30 ISFSI DECOMMISSIONING FUNDING PLAN

FOR

VIRGIL C. SUMMER NUCLEAR STATION, UNIT 1

ISFSI DOCKET 72-1038

SOUTH CAROLINA ELECTRIC & GAS COMPANY

10 CFR 72.30 ISFSI Decommissioning Funding Plan

1. Background and Introduction

The Nuclear Regulatory Commission (NRC) issued its final rule on Decommissioning Planning on June 17, 2011,^[1] with the rule becoming effective on December 17, 2012. Subpart 72.30, "Financial assurance and recordkeeping for decommissioning," requires that each holder of, or applicant for, a license under this part must submit for NRC review and approval a decommissioning funding plan that contains information on how reasonable assurance will be provided that funds will be available to decommission the Independent Spent Fuel Storage Installation (ISFSI).

In accordance with the rule, this letter provides a detailed cost estimate for decommissioning the ISFSI at the Virgil C. Summer Nuclear Station, Unit 1 (V.C. Summer) in an amount reflecting:

1. The work is performed by an independent contractor;
2. An adequate contingency factor; and
3. Release of the facility and dry storage systems for unrestricted use, as specified in 10 CFR Part 20.1402

This letter also provides:

1. Identification of the key assumptions contained in the cost estimate;
2. The volume of onsite subsurface material containing residual radioactivity, if any, that will require remediation to meet the criteria for license termination.

2. Spent Fuel Management Strategy

The operating license for V.C. Summer is currently set to expire on August 6, 2042. Approximately 2,757 spent fuel assemblies are currently projected to be generated over the life of the plant. Because of the breach by the Department of Energy (DOE) of its contract to remove fuel from the site, an ISFSI has been constructed with spent fuel planned to be transferred to the dry storage modules located at the ISFSI, to support continued plant operations. The ISFSI will be operated under a Part 50 General License (in accordance with 10 CFR 72, Subpart K^[2]).

¹ U.S. Code of Federal Regulations, Title 10, Parts 20, 30, 40, 50, 70 and 72 "Decommissioning Planning," Nuclear Regulatory Commission, Federal Register Volume 76, Number 117 (p 35512 et seq.), June 17, 2011

² U.S. Code of Federal Regulations, Title 10, Part 72, Subpart K, "General License for Storage of Spent Fuel at Power Reactor Sites."

Completion of the ISFSI decommissioning process is dependent upon the DOE's ability to remove spent fuel from the site. DOE's repository program assumes that spent fuel allocations will be accepted for disposal from the nation's commercial nuclear plants, with limited exceptions, in the order (the "queue") in which it was discharged from the reactor.^[3]

In January 2013, the DOE issued the "Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste," in response to the recommendations made by the Blue Ribbon Commission on America's Nuclear Future and as "a framework for moving toward a sustainable program to deploy an integrated system capable of transporting, storing, and disposing of used nuclear fuel..."^[4] The report stated, "[W]ith the appropriate authorizations from Congress, the Administration currently plans to implement a program over the next 10 years that: ...[A]dvances toward the siting and licensing of a larger interim storage facility to be available by 2025 that will have sufficient capacity to provide flexibility in the waste management system and allows for acceptance of enough used nuclear fuel to reduce expected government liabilities."

Based upon DOE's latest strategy (and the potential for other, consent-based siting of consolidated interim storage facilities), South Carolina Electric & Gas (SCE&G) believes that one or more monitored retrievable storage facilities could be put into place within a reasonable time. SCE&G's current spent fuel management plan for the V.C. Summer spent fuel is based in general upon the spent fuel being fully removed from the V.C. Summer site by 2095.

SCE&G's position is that the DOE has a contractual obligation to accept the spent fuel earlier than the projections set out above. No assumption made in this study should be interpreted to be inconsistent with this claim. The estimates presented in this report are for budgeting purposes only, and do not represent any conclusion by the licensee about how the DOE will actually perform in the future. If DOE's failure to perform results in specific additional costs beyond those reflected in this report, it is expected that the DOE will compensate the licensee for those costs.

3. ISFSI Decommissioning Strategy

At the conclusion of the spent fuel transfer process the ISFSI will be promptly decommissioned (similar to the power reactor DECON alternative).

³ U.S. Code of Federal Regulations, Title 10, Part 961.11, Article IV – Responsibilities of the Parties, B. DOE Responsibilities, 5.(a) ... DOE shall issue an annual acceptance priority ranking for receipt of SNF and/or HLW at the DOE repository. This priority ranking shall be based on the age of SNF and/or HLW as calculated from the date of discharge of such materials from the civilian nuclear power reactor. The oldest fuel or waste will have the highest priority for acceptance, except as ..."

⁴ "Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste," U.S. DOE, January 11, 2013

For purposes of providing an estimate for a funding plan, financial assurance is expected to be provided on the basis of a prompt ISFSI decommissioning scenario. In this estimate the ISFSI decommissioning is considered an independent project, regardless of the decommissioning alternative identified for the nuclear power plant.

4. ISFSI Description

The V.C. Summer ISFSI is based upon Holtec International's (Holtec) HI-STORM FW System for the dry storage of used nuclear fuel. The HI-STORM FW System consists of a sealed metallic multi-purpose canister (MPC) contained within an overpack constructed from a combination of steel and concrete. The MPC can accommodate up to 37 undamaged Zircaloy-clad pressurized water fuel assemblies. The overpack provides structural protection, cooling, and radiological shielding for the MPC.

The HI-STORM FW overpack is a rugged, heavy-walled cylindrical vessel. The main structural function of the storage overpack is provided by carbon steel, and the main shielding function is provided by plain concrete. The overpack plain concrete is enclosed by a steel weldment of cylindrical shells, a thick baseplate, and a top annular plate. A set of four equally spaced radial connectors join the inner and outer shells and define a fixed width annular space for placement of concrete. The overpack lid also has concrete to provide neutron and gamma shielding.

The on-site ISFSI at V.C. Summer is located west of the Fuel Handling Building (FHB) and northeast of Warehouses A and B in an expansion of the plant Protected Area. The ISFSI pad has been sized to store 98 HI-STORM FW storage casks with each cask capable of storing 37 Pressurized Water Reactor spent fuel assemblies, which will meet V.C. Summer's spent fuel storage needs over the 60-year licensed life of the plant.

The current spent fuel management plan for the V.C. Summer spent fuel would result in 75 spent fuel storage casks being placed on the ISFSI pad during plant operations. This conservatively assumes that no fuel is removed from the site by the DOE during plant operations or during the nine years of pool operations after the permanent cessation of operations.

The 75 casks projected to be on the ISFSI pad after shutdown excludes any additional casks that may be used for Greater-than-Class-C (GTCC) storage. The storage overpacks used for the GTCC canisters (estimated quantity of 4) are not expected to have any interior contamination of residual activation and can be reused or disposed of by conventional means after a final status survey.

Table 1 provides the significant quantities and physical dimensions used as the basis in developing the ISFSI decommissioning estimate.

5. Key Assumptions / Estimating Approach

The decommissioning estimate is based on the configuration of the ISFSI expected after all spent fuel and GTCC material has been removed from the site. The configuration of the ISFSI is based on the station operating until the end of its current license (2042) and the DOE's spent fuel acceptance assumptions, as previously described.

The dry storage vendor, Holtec International, does not expect the overpacks to have any interior or exterior radioactive surface contamination. Any neutron activation of the steel and concrete is expected to be extremely small.^[5] The decommissioning estimate is based on the premise that some of the inner steel liners and concrete overpacks will contain low levels of neutron-induced residual radioactivity that would necessitate remediation at the time of decommissioning. As an allowance, 5 of the 75 Holtec overpacks are assumed to be affected, i.e., contain residual radioactivity. The allowance quantity is based upon the number of casks required for the final core off-load (i.e., 157 offloaded assemblies, 37 assemblies per cask which results in 5 overpacks). It is assumed that these are the final casks offloaded; consequently they have the least time for radioactive decay of the neutron activation products.

The dry storage vendor, Holtec International, does not expect any residual contamination to be left on the concrete ISFSI pad.^[6] It would be expected that this assumption would be confirmed as a result of good radiological practice of surveying potentially impacted areas after each spent fuel transfer campaign. It is assumed for this analysis that the ISFSI pad will not be contaminated. As such, only verification surveys are included for the pad in the decommissioning estimate. An allowance is also included for surveying any transfer equipment.

There is no known subsurface material (soil contamination) in the immediate vicinity of the ISFSI pad that will require remediation to meet the criteria for license termination. As such, there is no allowance for soil remediation in the estimate.

Costs are reported in 2016 dollars and based upon a decommissioning analysis being prepared for V.C. Summer in 2016.

Decommissioning is assumed to be performed by an independent contractor. As such, labor, equipment, and material costs are based on national averages, i.e., costs from national publications such as R.S. Means' Building Construction Cost Data (adjusted for regional variations), and laboratory service costs are based on vendor price lists. SCE&G, as licensee, will oversee the site activities.

⁵ HI-STORM FW FSAR, Holtec International, Report HI-2114830, Rev.2 , at page 2-83 (Accession Number ML13177A428)

⁶ HI-STORM FW FSAR, Holtec International, Report HI-2114830, Rev. 2, at page 2-84 (Accession Number ML13177A428)

Low-level radioactive waste disposal costs are based on SCE&G's currently negotiated rates with the Atlantic Compact and other waste handling service providers.

Contingency has been added at an overall rate of 25%. This is consistent with the contingency evaluation criteria referenced by the NRC in NUREG-1757.^[7]

The estimate is limited to costs necessary to terminate the ISFSI's NRC license and meet the §20.1402 criteria for unrestricted use. Disposition of released material and structures is outside the scope of the estimate.

6. Cost Considerations

The estimated cost to decommission the ISFSI and release the facility for unrestricted use is provided in Table 2. The cost has been organized into three phases, including:

- An initial planning phase in which the empty overpacks, ISFSI pad, and surrounding environs are characterized and the activity specifications and work procedures for the remediation (overpack disposition) developed.
- The remediation phase includes the cost for craft labor to demolish the activated overpacks, package the steel and concrete in certified waste containers, transportation to the Atlantic Compact Regional Waste site in Barnwell, South Carolina or a bulk waste processing site in Tennessee, for disposal, as well as the costs for the supporting equipment, materials and supplies.
- The final phase includes the cost for the license termination survey, verification survey, and the associated equipment and laboratory support.

The estimate also contains costs for the NRC (and NRC contractor) to perform the verification survey, SCE&G's oversight staff, site security (industrial), and other site operating costs.

For estimating purposes it is conservatively assumed that all expenditures will be incurred in the year 2096, the year following all spent fuel removal.

⁷ "Consolidated Decommissioning Guidance, Financial Assurance, Recordkeeping, and Timeliness," U.S. Nuclear Regulatory Commission's Office of Nuclear Material Safety and Safeguards, NUREG-1757, Volume 3, Revision 1, February 2012.

7. Financial Assurance

SCE&G and the South Carolina Public Service Authority (Santee Cooper) have undivided ownership interests of two-thirds and one-third respectively in the V. C. Summer Nuclear Station, Unit 1. The ISFSI decommissioning cost estimate in 2016 dollars is \$6,430,000 based on a cost study prepared by TLG Services, Inc. SCE&G's portion is \$4,286,667 and Santee Cooper's portion is \$2,143,333. Santee Cooper discloses the required financial assurance information relative to its one-third ownership share in a separate submittal.

ISFSI operations at V.C. Summer are in response to the DOE's failure to remove spent nuclear fuel from the site in a timely manner. The costs for management of the spent fuel are costs for which the DOE is responsible under federal law and the Standard Contract. It is therefore expected that, once the ISFSI is no longer needed, the cost to decommission the ISFSI would be a DOE-reimbursable expense. Until such time that the costs can be recovered from the DOE, SCE&G will rely upon the money available in its decommissioning trust fund to terminate the ISFSI license and release the facility for unrestricted use.

SCE&G does not maintain separate trusts for funds designated to cover radiological decommissioning costs and funds designated to cover other decommissioning costs. Of the accumulated funds in the trust, approximately 88.69% are considered to be related to funding costs included in the NRC's definition of decommissioning pursuant to 10 CFR 50.75 (b) and (c), while the remaining 11.31% are considered to be related to other decommissioning costs. These estimates are based on the ratio of the total radiological decommissioning cost estimate in a 1991 site specific cost study prepared for V. C. Summer to the total amount authorized to be collected through electric rates in an electric rate order issued by the Public Service Commission of South Carolina (SCPSC) in 1993.

In providing financial assurance pursuant to 10 CFR Part 72, SCE&G is relying on the 11.31% portion of the accumulated trust fund balance considered to be related to decommissioning costs other than costs pursuant to 10 CFR Part 50. The total trust fund balance at December 31, 2015 was \$169,704,611, after tax. Advances of \$54,890,000 from SCE&G to fund premium payments have not been deducted in arriving at this amount. The 11.31% portion of the trust fund balance at December 31, 2015 was \$19,193,592, after tax. As above, advances of \$6,208,059 from SCE&G to fund premium payments that are considered to be applicable to this portion of the fund have not been deducted in arriving at this balance.

SCE&G's use of decommissioning funds does not require prior approval from the SCPSC. Moreover, SCE&G is unaware of any SCPSC requirement prohibiting the Company from using any portion of its decommissioning funds for radiological decommissioning costs. SCE&G will continue to assess the adequacy of annual

collections and request rate relief as appropriate based upon results of models incorporating site specific cost study estimates.

SCE&G hereby certifies that financial assurance for decommissioning its share of the on-site ISFSI at V. C. Summer Unit 1 has been provided in the amount of the cost estimate for decommissioning using the methodology described in the previous paragraphs.

Table 1
Significant Quantities and Physical Dimensions

ISFSI Pad

Item	Length (ft)	Width (ft)	Residual Radioactivity
ISFSI Pad	251.5	129.0	No

ISFSI Storage Overpack (Holtec FW)

Item	Value	Notes
Overall Height (inches)	239.5	Dimensions are nominal
Outside Diameter (inches)	139	Dimensions are nominal
Inside Diameter (inches)	81	Dimensions are nominal
Quantity	79	75 Spent fuel + 4 GTCC
Quantity (with residual radioactivity)	5	Equivalent to the number of overpacks used to store last complete core offload
Low-Level Radioactive Waste from Overpack (pounds)	1,705,088	Concrete and steel
Other Low-Level Radioactive Waste (pounds)	1,766	DAW, filters and other secondary waste
Low-Level Radioactive Waste (total packaged volume)	30,414	Cubic feet
Low-Level Radioactive Waste (packaged density)	56	Average weight density

Other Potentially Impacted Items

Item	Value	Notes
Transfer Cask	1	No residual radioactivity
Number of Overpacks used for GTCC storage	4	No residual radioactivity

Table 2
ISFSI Decommissioning Costs and Waste Volumes

	Costs (thousands, 2016 dollars)						Waste Volume	Person-Hours	
	Removal	Packaging	Transport	Disposal	Other	Total	Class A (cubic feet)	Craft	Oversight and Contractor
Decommissioning Contractor									
Planning (characterization, specs and procedures)	-	-	-	-	290	290	-	-	1,096
Decontamination/Demolition (activated cask disposition)	132	95	147	2,096	29	2,499	30,414	2,135	-
License Termination (radiological surveys)	-	-	-	-	1,313	1,313	-	11,060	-
Subtotal	132	95	147	2,096	1,632	4,102	30,414	13,195	1,096
Supporting Costs									
NRC and NRC Contractor Fees and Costs	-	-	-	-	400	400	-	-	776
Insurance	-	-	-	-	117	117	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-
Plant Energy Budget	-	-	-	-	46	46	-	-	-
Non-Labor Overhead	-	-	-	-	12	12	-	-	-
Corporate A&G	-	-	-	-	25	25	-	-	-
Security (industrial)	-	-	-	-	206	206	-	-	5,013
SCE&G Oversight Staff	-	-	-	-	235	235	-	-	3,803
Subtotal	-	-	-	-	1,042	1,042	-	-	9,592
Total (w/o contingency)	132	95	147	2,096	2,674	5,144	30,414	13,195	10,688
Total (w/25% contingency)	165	119	184	2,620	3,342	6,430			