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SUBJECT: Forwards "Decommissioning Financial Assurance Certification  
 Oconee Nuclear Station, Unit 1."

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Duke Power Company  
P.O. Box 33189  
Charlotte, NC 28242

(704)373-4011



**DUKE POWER**

July, 24, 1990

Document Control Desk  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

RE: Decommissioning Financial Assurance Certification  
Report for Duke Power Company, Oconee Nuclear  
Station, Unit 1, NRC Operating License DPR-38  
NRC Docket No. 50-269

Dear Sir or Madam:

The Nuclear Regulatory Commission's ("NRC") regulations require that, on or before July 26, 1990, all production or utilization facility licensees submit to the NRC "information in the form of a report as described in 10 C.F.R. Section 50.75 indicating how reasonable assurance will be provided that funds will be available to decommission the facility."<sup>1/</sup> The following Decommissioning Financial Assurance Certification Report ("Report") addresses the Commission's decommissioning certification requirements applicable to Duke Power Company's Oconee Nuclear Station, Unit 1 (NRC Docket No. 50-269). Attached to this letter are (1) Exhibit A, which is a photocopy of Duke's executed Master Decommissioning Trust Agreement for all its nuclear stations including Oconee Unit 1; (2) Exhibit B, Duke's Calculation of Minimum Assurance Amount; (3) Exhibit C, Duke's Calculation of the Amount to be Externally Funded; and (4) Exhibits C and D are provided to the NRC for information purposes.

Oconee Unit 1 is a PWR that has a capacity of between 1200 and 3400 Mwt, for which NRC operating license DPR-38 will continue to be in effect on July 27, 1990. Duke has prepared a site-specific decommissioning cost estimate for Oconee Unit 1. Using the site-specific estimate, Duke will make periodic contributions to an external trust fund which meets the criteria of 10 C.F.R. Section 50.75 (e)(1)(ii). Specifically, Duke Power will contribute to the external trust the entire amount of the cost estimated in the site-specific study for decommissioning the irradiated portion of the facility. The total cost for this portion of the decommissioning process is estimated at \$138,963,000 (1990 dollars). The total amount to be deposited, and the anticipated schedule of related expenditures, is shown on Exhibit C.

<sup>1/</sup> 10 C.F.R. Section 50.33(k)(2).

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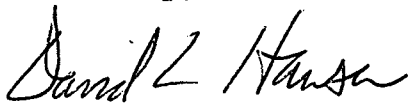
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The minimum certification amount set out in 10 C.F.R. Section 50.75(c)(1), as escalated pursuant to 10 C.F.R. Section 50.75 (c)(2), is estimated at \$127,658,707 (1990 dollars, except burial which was based on the most recent indices available), which is less than the site-specific cost estimate discussed above. Accordingly, pursuant to 10 C.F.R. Section 50.75, Duke Power hereby certifies that it will be providing financial assurance for decommissioning in amounts greater than the decommissioning rule certification amount. Duke will make contributions to the external funds in the manner shown in Exhibit D.

With respect to the commencement of contributions, Duke currently utilizes a depreciation allowance to provide reserves for decommissioning. Duke Power plans to file in 1991 general rate cases with the North Carolina Utilities Commission, the South Carolina Public Service Commission and the Federal Energy Regulatory Commission which will include a specific allowance for decommissioning funding using the external trust. Duke anticipates that orders from the Commissions permitting rate collection for contributions to the external fund as required by the NRC will be issued in late 1991. As noted, a copy of the executed trust agreement is provided herewith as Exhibit A.

In summary, this letter certifies that Duke Power will undertake funding accumulating the necessary funds to cover the estimated costs of decommissioning Oconee Unit 1. If there are any questions, please contact David L. Hauser, Controller, 422 S. Church Street, Charlotte, North Carolina 28242, (704) 373-5963.

Sincerely,



David L. Hauser  
Controller

Attachments

cc: Mr. L.A. Wiens - w/o Attachments  
Robert S. Wood - w/o Attachments