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March 30, 2017
NRC-17-0022

10 CFR 50.75

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555-0001

References: 1) Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43

Subject: Decommissioning Funding Status Report for Fermi 2

This letter provides the report required by 10 CFR 50.75(f)(1) on the status of DTE Electric Company's (DTE) decommissioning fund for Fermi 2.

Fermi 2 is an operating boiling water reactor with a licensed power of 3486 Megawatt Thermal (MWt). The Fermi 2 operating license expires in 2045.

The requested biennial decommissioning fund information for Fermi 2, reported in 2016 dollars, is provided in the Enclosure to this letter. An external sinking fund is being used to accumulate monies for the decommissioning of Fermi 2.

Should you have any questions or require additional information, please contact Ms. Lynne Goodman of my staff at (734) 586-1205.

No new commitments are being made in this submittal.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith J. Polson", written in a cursive style.

Keith J. Polson
Site Vice President

Enclosure

cc: NRC Project Manager
NRC Resident Office
Reactor Projects Chief, Branch 5, Region III
Regional Administrator, Region III
Michigan Public Service Commission,
Regulated Energy Division (kindschl@michigan.gov)

**Enclosure
to
NRC-17-0022**

Decommissioning Funding Status Report for Fermi 2

**Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43**

NRC Decommissioning Funding Status Report Fermi 2

A decommissioning funding status report is required in 10 CFR 50.75(f)(1). Each of the required items from 10 CFR 50.75(f)(1) is discussed below.

1. *The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c)*¹.
The current decommissioning fund estimate is \$1.04 billion. The labor, energy, and burial factors used in DTE's calculation of the minimum requirement for decommissioning financial assurance for Fermi 2 are: Labor (L) - 2.61, Energy (E) - 1.869 and Waste Burial (B) - 26.329. The source of the factors is in accordance with the guidance in NUREG-1307 Rev 16. A conservative Waste Burial (B) factor is used to avoid future fund shortfalls.
2. *The amount accumulated at the end of calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c).*
The post-tax decommissioning funds accumulated to the end of 2016 amount to \$1.22 billion.
3. *The schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).*
The collections for Fermi 2 decommissioning are included in the Company's rates. Currently, approximately \$3 million is being collected per year for Fermi 2 decommissioning. The exact amount per year is based on sales. The amount being collected includes provision for site restoration and fuel monitoring in addition to nuclear decommissioning items included in 10 CFR 50.75 (b) and (c).

Currently, \$100,000 is being placed in the nuclear decommissioning account per year, with the majority of collections being placed in other accounts. This may be adjusted in future years, since adequate funding exists without future deposit.

As provided in items 1 and 2 above, the current amount accumulated for Fermi 2 decommissioning fully meets the minimum decommissioning fund estimate pursuant to 10 CFR 50.75 (b) and (c).

¹ The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

4. *The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning fund, and rates of other factors used in funding projection.*
All decommissioning costs are assumed to increase at 6.0% annually; decommissioning funds are assumed to earn at 7.0% after-tax, therefore the real rate of return is less than 2%. MPSC Case Nos. U-17767 and U-18014 address these parameters used in establishing rates for funding of decommissioning costs.
5. *Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e) (1) (v).*
None.
6. *Any modifications to the current method of providing financial assurance occurring since the last submitted report.*
DTE continues to use the sinking fund method for providing decommissioning funding assurance. DTE was issued a renewed license for Fermi 2 on December 15, 2016, extending the license expiration to March 20, 2045. The extended date is being used for decommissioning funding planning.
7. *Any material changes to the trust agreement.*
None.