



**Consumers
Power**

**POWERING
MICHIGAN'S PROGRESS**

General Offices: 1945 West Parnall Road, Jackson, MI 49201 • (517) 788-1352

David W. Joos
Vice President
Energy Supply Services

July 26, 1990

U S Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

10 CFR 50.33(k),
50.75

DOCKET 50-255 - LICENSE DPR-20 - PALISADES PLANT -
CERTIFICATION OF FINANCIAL ASSURANCE FOR DECOMMISSIONING

In accordance with 10 CFR §§ 50.33(k) and 50.75, Consumers Power is submitting the attached certification of financial assurance for decommissioning of the Palisades Plant, a 2650 Mwt pressurized water reactor facility. Palisades began operating in December 1971 and it is operating under a provisional operating license.

Pursuant to orders of the Michigan Public Service Commission (MPSC) issued August 26, 1986 in Case No. U-6150 and December 2, 1986 in Case No. U-8536, Consumers Power established external trust funds to accumulate decommissioning funds for Palisades, beginning in 1987. Copies of the orders and the trust agreement are enclosed as Exhibits A, B and D, respectively. Exhibit C shows the calculation of the NRC initial certification amount under § 50.75.

Based on an assumed decommissioning cost of \$100 million in January 1, 1987 dollars, the MPSC, in its December 2, 1986 order, authorized surcharges for electric service rendered on and after January 1, 1987 to recover an estimated annual amount of \$4,939,000 for the decommissioning of Palisades, or a total of \$112,965,000 in the year 2007 in 1990 dollars.* This is less than the NRC's initial certification amount.

As required by the MPSC's August 26, 1986 order, Consumers Power filed with the MPSC on April 2, 1990 a report on the adequacy of the existing annual decommissioning provision; such a report is to be filed every three years. The 1990 report was based on a site-specific decommissioning cost study completed in March 1990 for Palisades by TLG Engineering, Inc.


* The surcharges are designed to recover the MPSC jurisdictional portion (97.5766%) of the assumed decommissioning cost. The balance is FERC jurisdictional, and is not being paid into the external trusts.

9008020244 900726
PDR ADDOCK 05000255
I PDC

OC0790-0033A-LE05

A001
110

Based on TLC's site-specific cost estimate and projected inflation and trust fund earning rates, Consumers Power applied to the MPSC, on June 29, 1990, for authorization to adjust the surcharges beginning January 1, 1991 so as to recover an estimated annual amount of \$25,464,400 to decommission Palisades, or a total of \$326,812,998 in the year 2007 in 1990 dollars. This amount, if approved, will satisfy the NRC's initial certification requirement under § 50.75. Consumers Power's application to the MPSC is enclosed as Exhibit E. When the MPSC has acted on the application, Consumers Power will file a revision to this submittal.



David W. Joos
Vice President

CC: Administrator, Region III, USNRC
NRC Resident Inspector - Palisades Plant

Attachment