



Consumers  
Power

**POWERING  
MICHIGAN'S PROGRESS**

General Offices: 1945 West Parnell Road, Jackson, MI 49201 • (517) 788-1636

Kenneth W Berry  
Director  
Nuclear Licensing

September 29, 1989

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Action:  
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Executive Director for Operations  
Nuclear Regulatory Commission  
Washington, DC 20555

DOCKET 50-155 - LICENSE DPR-6 - BIG ROCK POINT PLANT -  
10CFR171 FISCAL YEAR 1990 ANNUAL FEE EXEMPTION REQUEST

Pursuant to 10CFR171.11, for the reasons set forth herein, Consumers Power Company requests an exemption from the annual fee requirements of 10CFR171.15 for Big Rock Point. As stated in the Federal Register notice which published the annual fee rule, the NRC recognizes the problem that some licensees of smaller reactors may have in paying substantially increased fees and, therefore, has provided for fee exemptions. The NRC has previously granted exemptions in response to this annual request by letters dated May 12, 1989; March 29, 1988; and April 15, 1987.

In support of this request, Consumers Power Company submits the following:

1. Big Rock Point is the holder of NRC License No. DPR-6, dated May 1, 1964. The plant is the oldest operating General Electric boiling water reactor and one of the oldest operating commercial nuclear generating plants in the United States. Big Rock Point's operating license expires on May 31, 2000. This leaves less than 11 years of plant operation remaining. Because of Big Rock Point's age, many of the generic costs underlying the annual fee rule are not relevant to Big Rock Point.
2. In addition to being one of the oldest commercial reactors, Big Rock Point is the smallest operating commercial nuclear generating plant in the United States. Big Rock Point's output is 67 MWe net. This output is more than one order of magnitude less than the average modern vintage commercial generating plant.
3. A surcharge in the form of an annual license fee incrementally increases Big Rock Point's cost of electrical production by a significantly larger amount than for newer, larger generating plants. An increase of this magnitude is unreasonable for a generating plant of this small size. The impact of this surcharge is approximately 12 times as great as it is for a typical modern vintage plant. Even without increased licensee fees, recent industry analyses have shown Big Rock Point's operating costs on a kilowatt-hour basis to be among the highest in the industry.

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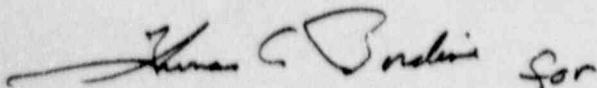
Nuclear Regulatory Commission  
Big Rock Point Plant  
10CFR171 Annual Fee Exemption Request  
September 29, 1989

2

4. Big Rock Point's small size and rural location is less of a potential hazard to public health and safety than most other commercial nuclear generating plants. Plant age, size and location have also been recognized by the NRC in other regulatory contexts. These include the emergency planning zone, insurance and backfitting rules.
5. Over the last several years, Big Rock Point performance has been at or above industry averages in SALP ratings, capacity factor and availability. This has resulted in less NRC regulatory effort being spent on Big Rock Point.
6. The NRC previously has granted partial fee exemptions for Big Rock Point for fiscal years, 1987, 1988, and 1989. The basis for granting these exemptions essentially remains unchanged from those considered in the previously granted exemptions.
7. Comparison of the previously approved fees for Big Rock Point to the fees previously charged newer, larger reactors equates to approximately 8.5%. For Big Rock Point, nothing has changed to warrant adjustment to this percentage.

Because Big Rock Point's kilowatt-hour output is small and the plant is old, the cost-benefit of the annual fee should be recognized. As stated in the Federal Register notice which published the annual fee rule, it is not the intent of the NRC to promulgate a fee schedule at such a level that smaller, older reactors would find it in their best economic interest to shut down. We feel that the majority of the regulatory costs and benefit gains associated with Big Rock Point would reasonably be collected under the 10CFR171 fee structure.

In conclusion, notwithstanding the uncertainty of ongoing congressional action on NRC fee collection, Consumers Power Company requests that a partial fee exemption be granted which requires Big Rock Point to pay not more than 8.5% of the amount charged a typical boiling water reactor. To ensure compliance with the requirements of 10CFR171.19 Consumers Power Company requests this exemption be granted prior to the first quarterly installment due date.



Kenneth W Berry  
Director, Nuclear Licensing

CC Administrator, Region III, USNRC  
NRC Resident Inspector - Big Rock Point  
Director, Office of Administration and  
Resources Management, NRC  
Document Control Desk, Washington, DC, NRC