



Florida Power

CORPORATION
Crystal River Unit 3
Docket No. 50-302

January 6, 1994
3F0194-04

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

Subject: Operating License No. DPR-72
Exemption Request from Title 10 Code of Federal Regulations,
Part 50, Section 50.75

Dear Sir:

Florida Power Corporation (FPC) in accordance with the provisions of 10 CFR 50.12, "Specific Exemptions," requests an exemption from certain requirements of 10 CFR 50.75, "Reporting and Recordkeeping for Decommissioning Planning" for the Crystal River Unit 3 (CR-3) nuclear plant. Attached please find our exemption request.

Sincerely,

P. M. Beard, Jr.
Senior Vice President
Nuclear Operations

PMB/GMF:ff

Attachment

xc: Regional Administrator, Region II
Senior Resident Inspector
NRR Project Manager

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CRYSTAL RIVER ENERGY COMPLEX: 15760 W Power Line St • Crystal River, Florida 34428-6708 • (904) 795-6486

A Florida Progress Company

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FLORIDA POWER CORPORATION
CRYSTAL RIVER UNIT 3
DOCKET NO. 50-302/LICENSE NO. DPR-72

LICENSE DOCUMENT INVOLVED: Operating License

NRC REVIEW AND APPROVAL IS REQUIRED.

INTRODUCTION:

Title 10 of the Code of Federal Regulations §50.33(k), §50.75, and §50.82(b) require operating license applicants and existing licensees to submit information on how the licensee will provide reasonable assurance that funds will be available to decommission the facility. 10 CFR 50.75 establishes requirements for indicating how this assurance will be provided, namely the amount of funds that must be provided, including updates, and the methods to be used for assuring funds.

FPC is also regulated by the Florida Public Service Commission (FPSC). The FPSC requires FPC to submit a site-specific cost estimate for decommissioning at least every five (5) years. The site-specific cost estimate includes activities related to decommissioning and also includes cost of removal and disposal of spent fuel and of nonradioactive structures and materials beyond that necessary to terminate the license and is at least equivalent to that requested by the NRC.

FPC does not believe it necessary to document two different assessments of such financial capability. This intent of the NRC requirement is clearly met with FPSC obligations.

EXEMPTION REQUEST:

10 CFR 50.75(c) states:

"Table of minimum amounts (January 1986 dollars) required to demonstrate reasonable assurance of funds for decommissioning by reactor type and power level, P (in Mwt); adjustment factor.¹

(1)(i) For a PWR:
greater than or equal to 3400 Mwt..... \$105 Millions
between 1200 Mwt and 3400 Mwt
(For a PWR of less than 1200 Mwt,
use P=1200 Mwt)..... $$(75+0.0088P)$ Millions"

(2) "An adjustment factor at least equal to $0.65L + 0.13E + 0.22B$ is to be used where L and E are escalation factors for labor and energy, respectively, and are to be taken from regional data of U.S. Department of Labor Bureau of Labor Statistics and B is an escalation factor for waste burial and is to be taken from NRC report NUREG-1307, "Report on Waste Burial Charges."

FPC requests exemption from the requirements in 10 CFR 50.75(c)(1) and (2) based on the following reasons:

1. FPC's original site-specific decommissioning study was performed in 1985 and most recently in 1991. The 1991 study is an update to the 1985 analysis; however, the update reflects new cost analyses, incorporating the most recent costing methodology. The 1991 study was prepared with the benefit of an expanded experience base; experience gained both from field work in actual decommissioning programs and from plant related decommissioning activities such as plant outages, retrofits and change-out programs.

Many of the cost differences between the 1985 and 1991 studies can be traced to the inclusion of a new technical issue addressed in the 1991 study. In particular, the 1991 study considers the presence of spent fuel on site, following the cessation of normal station operations, integral with the decommissioning activity. Spent fuel disposition was not addressed in the 1985 study.

The 1991 study also incorporates new cost projections for radioactive waste disposal, with base burial costs more than twice those employed in the 1985 estimates. In addition, new cost elements were added to the current estimate, most importantly in the area of site insurance.

The 1991 decommissioning cost estimate includes a detailed scheduling analysis which was not provided in the 1985 estimate. The current scheduling analysis provides calculations for individual decommissioning activity durations and considers the sequence of the activities within the decommissioning scenario. As such, the project schedule has become one of the most significant variables in any decommissioning cost estimate.

The site-specific estimate reflects the unique features and situations at CR-3. Three separate cost estimates were developed for the nuclear unit. The first cost and schedule estimate is based upon the complete removal of all components and structures within the property lines. The two additional estimates were developed in response to the FPSC's Order No. 21928, issued in September 1989. The order required that FPC prepare a site-specific economic cost study for CR-3 to determine if it was cost justified to retain the non-contaminated portion of the nuclear plant assets for use with a new generating station. In response, estimates for the decommissioning of CR-3 assuming two different conversion options were also performed.

We consider our site-specific study adequate to meet the necessary requirements for decommissioning the plant. Therefore, we request our site-specific decommissioning cost study be used in lieu of the NRC's formula to estimate the necessary funds to decommission the plant.

2. FPC considers NUREG-1307, Revision 3, Table B.11 "Burial Costs at the South Carolina Site, Reference PWR (1993 dollars)" and Table 2.1 "Values of B_x as a Function of Burial Site and Year" to be incomplete. Although the Southeast Compact has separate fees for states located within and outside their region, this NUREG does not differentiate between those fees. First, Table 2.1 gives a

B_x value for the South Carolina facility as 11.408. The values of B_x are calculated based on the "basic charges" plus any fees or surcharges imposed by the states and contracts. Secondly, the cost of the Southeast Compact Access Fee referenced and used in the analysis in Table B.11 is \$220/ft³ for all states. As stated in Appendix A (page A.1) of NUREG-1307, the surcharge fee for nuclear plants located within the Southeast Compact is \$74.00. Therefore, the correct escalation factor for CR-3 in 1993 dollars is calculated as 6.155 for in-region states.

FPC considers the methodology used for the site specific decommissioning cost study to be a more accurate means of determining decommissioning cost for the aforementioned reasons. Therefore, we request exemption from the NRC formula presented in 10 CFR 50.75(c)(1) and (2).

THE STANDARDS OF 10 CFR 50.12 ARE SATISFIED:

The standards set forth in 10 CFR 50.12 provide that specific exemptions will be granted which:

- are authorized by law;
- will not present an undue risk to the public health and safety;
- are consistent with the common defense and security;
- are accompanied by special circumstances; and
- are in the public interest.

In accordance with 10 CFR 50.12(a)(1), Florida Power Corporation demonstrates herein that the requested exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. As detailed below, the remaining standards for the exemption are also satisfied.

SPECIAL CIRCUMSTANCES JUSTIFIED:

FPC's request for exemption meets two of the requirements for special circumstances. Specifically,

- 10 CFR 50.12(a)(2)(ii) Application of the regulation in this particular circumstance does not serve the underlying purpose of the rule nor is it necessary to achieve the underlying purpose of the rule.

The requested exemption does not prevent achieving the underlying purpose of the rule. The use of a site-specific estimate is preferable to a prescribed amount because the estimate would be based on a then current assessment of major factors that could affect decommissioning costs and would include relevant, up-to-date information. These factors could include site specific factors as well as then current information on such issues as disposal of waste, residual radioactivity criteria, etc., and would present a realistic appraisal of the decommissioning of the specific reactor, taking into account actual factors and details specific to the reactor and the time period.

- 10CFR 50.12(a)(2)(iii) Compliance with the regulation would result in undue hardship or other cost that are significantly in excess of those contemplated when the regulation was adopted.

The intent of the rule is to assure that decommissioning of all licensed facilities will be accomplished in a safe and timely manner and that adequate licensee funds will be available for this purpose. As stated in the Supplementary Information of the final rule (53FR24018), the amount listed as the prescribed amount does not represent the actual cost of decommissioning for specific reactors, but rather is a referenced level established to assure that licensees demonstrate adequate financial responsibility, that the bulk of the funds necessary for decommissioning are being considered and planned for early in facility life. It is not intended to bind ratemaking bodies to that specific figure.

The regulations require licensees to use the waste burial escalation factor taken from NUREG-1307. Based on calculations using the NRC's formula and the factors taken from NUREG-1307, in order for FPC to meet the intent of the NRC's definition of decommissioning, ("...release of the property for unrestricted use and termination of license") a cost of \$336.7 million would be required to terminate the license as compared to a cost of approximately \$285.6 million to meet the NRC's definition of decommissioning using the site-specific estimates. This is approximately an 18% increase compared to the estimated site-specific cost. Usage of the factors in NUREG-1307, Revision 3 would result in significantly higher decommissioning contributions. Modifying the waste burial escalation factor, taking into account the Southeast Region Compact fees for membered states, would also require FPC to increase contributions, but at a lower rate.

10CFR 50.12(a)(2)(vi) There is present material circumstances not considered when the regulation was adopted for which it would be in the public interest to grant the exemption.

The exemption will indirectly result in benefits to the public, namely that at the time of permanent end of operations sufficient funds are available to decommission the facility in a manner which protects public health and safety. Additionally, the public will achieve benefits by not incurring the higher utility rates resulting from decommissioning cost.

FPC has demonstrated that the standards of Section 50.12 are satisfied, including the existence of special circumstances pursuant to Sections 50.12(a)(2)(ii), (iii) and (vi), as noted above. The exemption is necessary to prevent higher decommissioning cost which would be passed on to the customer.