



LONG ISLAND LIGHTING COMPANY

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ANTHONY F. EARLEY, JR.
PRESIDENT AND CHIEF OPERATING OFFICER

January 27, 1994

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

Decommissioning Cost Estimate
Shoreham Nuclear Power Station - Unit 1
Docket No. 50-322

Ladies and Gentlemen:

LILCO has received a letter (LSNRC-2132, A. J. Bortz to U.S. NRC, dated January 5, 1994) regarding Long Island Power Authority's (LIPA's) estimate of total decommissioning costs. We understand that this information was submitted in response to discussion concerning continuing efforts to reduce the cost of decommissioning the Shoreham plant. LILCO wholeheartedly supports LIPA's efforts to reduce decommissioning costs because the numbers submitted by LIPA only tell part of the Shoreham cost story. Since the June 1989 agreement, the total cost attributable to the plant will approach \$500 million by the time decommissioning is completed. Some details follow.

- 1) LILCO began accumulating costs relative to decommissioning in June 1989, when the company signed the Settlement Agreement with the State of New York. From that point until June 1992, when LIPA's Decommissioning Plan was approved, approximately \$245 million in costs were incurred, by LILCO, LIPA, and their contractors, exclusive of taxes and LILCO carrying costs. These costs were incurred by the parties (primarily LILCO) in keeping the plant safe and operable, in preparation for license transfer to LIPA, and in preparation for decommissioning.

The costs also include several tasks which were within the scope of decommissioning (as envisioned by LIPA in its Plan), but which the NRC permitted the parties to perform prior to Plan approval, because the 50.59 safety analysis concluded they met acceptance criteria acceptable to the NRC. In LILCO's opinion, the "value" of these tasks, compared to the scope and cost estimate in the Decommissioning Plan, is about \$20 million.

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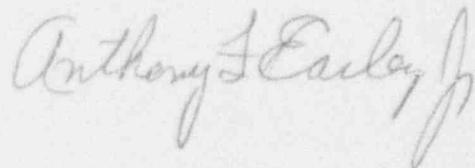
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- 2) Since June of 1992, total project expenses are approximately \$159 million. The estimate for 1994 is \$83 million. Because LIPA now projects that the license will be terminated by 12/31/94, the total cost from Decommissioning Plan approval to license termination is estimated at \$242 million. While it is difficult to segregate fuel disposal costs from other decommissioning costs, in LILCO's opinion, the incremental direct costs of fuel transfer, work not covered under the decommissioning cost estimate, is about \$90 million.
- 3) Some project close-out costs will be incurred in 1995. They are estimated at \$8 million.

Consequently, the total cost of SNPS' decommissioning, including fuel transfer, and the 1995 project closeout costs, is currently estimated to be \$495 million. This total includes all costs incurred from June 1989 onward, but is exclusive of all taxes and LILCO carrying costs. These costs are being borne by our ratepayers, under the Settlement Agreement with the State of New York. As such, we are highly supportive of all exemption requests from LIPA which will lower the project's overall cost. In addition, we recognize the key actions necessary to minimize future costs are prompt completion of the project, followed by an expedited review of the Final Termination Survey Report and termination of the license. We solicit the NRC's support in these efforts.

Sincerely,



AFE/bjg