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March 31, 1994

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Charles Bechhoefer, Esq.  
Dr. Richard Cole  
Mr. Thomas P. Murphy  
Atomic Safety and Licensing Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

In the Matter of  
Sacramento Municipal Utility District  
(Rancho Seco Nuclear Generating Station)  
Docket No. 50-312-DCOM

Gentlemen:

Please find enclosed a copy of a letter from the Sacramento Municipal Utility District notifying the NRC of the results of the District's biennial decommissioning funding review.

Sincerely,



David R. Lewis  
Counsel for the Sacramento  
Municipal Utility District

Enclosure

cc: Service list (w/ encl.)

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**SMUD**

SACRAMENTO MUNICIPAL UTILITY DISTRICT □ P. O. Box 15830, Sacramento CA 95852-1830, (916) 452-3211  
AN ELECTRIC SYSTEM SERVING THE HEART OF CALIFORNIA

**MPC&D 94-010**

March 23, 1994

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

Docket No. 50-312  
Rancho Seco Nuclear Station  
License No. DPR-54

**Biennial Review of the Rancho Seco Decommissioning Funding Plan**

**Attention:** Seymour Weiss

The District has completed its biennial review of the Rancho Seco Decommissioning Funding Plan in accordance with our submitted Financial Plan. With the assistance of TLG Engineering, the District has determined that the estimated cost to decommission Rancho Seco has increased from \$281 million in 1991 dollars (*equivalent to \$310 million in 1993 dollars*), to \$344 million in 1993 dollars. To arrive at this new number, the review included adjustments to the following areas:

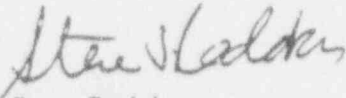
- Base disposal costs for Low Level Radioactive Waste
- Salary adjustments based on current personnel
- Inflation
- Service Allocation

The District attributes most of the increase to waste disposal cost projections that were unavailable in 1991, when staff prepared the original cost estimate. Under new forecasts, Ward Valley will charge a fee of \$420/cu. ft. for the burial of low level waste. While this fee projection is high, (*greater than current fees, including substantial surcharges at operating disposal sites*), the District has decided it is prudent to base its decommissioning fund contributions on the higher amounts.

District staff has revised the decommissioning liability to this new value and is in the process of determining the revised annual contribution to its Decommissioning Fund. Contributions at the revised annual rate will begin in 1995, subject to our Board of Directors approval. District staff will bring this issue to our Board during the second quarter of 1994 to obtain their authorization of the new annual rate before the start of the 1995 Budget preparations. We will notify you of the new contribution level after Board approval. We will also provide you with the finalized TLG report, which is still under preparation.

Members of your staff requiring additional information or clarification may contact Ken Miller at (916) 452-3211, extension 4513.

Respectfully,



Steve Redeker  
Manager,  
Plant Closure and Decommissioning

cc: K.T. Perkins, NRC, Walnut Creek  
T. Markley, NRC, Rockville  
S. Brown, NRC, Rockville

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

Before the Atomic Safety and Licensing Board

In the Matter of	)	
	)	Docket No. 50-312-DCOM
SACRAMENTO MUNICIPAL UTILITY	)	
DISTRICT	)	(Decommissioning Plan)
	)	
(Rancho Seco Nuclear Generating	)	ASLBP No. 92-663-02-DCOM
Station)	)	

OFFICIAL LIST

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Atomic Safety and Licensing Board  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

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Adjudicatory File  
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