



Long
Island
Power
Authority

200 Garden City Plaza
Garden City, NY 11530
(516) 742-2200

Richard M. Kessel
Chairman

April 20, 1994

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

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

Ladies and Gentlemen:

On January 5, 1994, A.J. Bortz, Resident Manager of the Shoreham Nuclear Power Station ("Shoreham"), responding to a verbal NRC request, provided the NRC with information regarding the estimated cost to decommission Shoreham. Mr. Bortz made three points:

: As of the end of 1993, approximately \$142 million had been expended to decommission Shoreham and the final cost was expected to be within the \$186 million estimate contained in the Shoreham Decommissioning Plan.

: The \$142 and \$186 million figures included only those costs which are part of "decommissioning" as defined in NRC regulations. Other costs associated with Shoreham's maintenance and closure were not included in those figures.

: The decommissioning and other Shoreham-related costs were significant and anything that could be done to reduce them (such as via regulatory relief) would be pursued.

LIPA recently learned that the Long Island Lighting Company ("LILCO"), on January 27, 1994, submitted an unsolicited letter to the NRC commenting on LIPA's January 5 letter. We would have submitted this response earlier, but LILCO failed until recently to provide us with a copy of its letter.

LILCO's letter states that LIPA's January 5 submission "only tell[s] part of the Shoreham cost story." LILCO then gives a generalized breakdown of how it believes that \$495 million is the approximate cost of Shoreham's closure.

250063

9404260005 940420
PDR ADDCK 05000322
W PDR

ADD 1/0

LIPA stands by the accuracy of the updated information submitted by Mr. Bortz. LIPA's original decommissioning cost estimate was carefully prepared in accordance with NRC regulatory requirements and reviewed by NRC personnel. Mr. Bortz's updated information submitted on January 5 was similarly compiled in accordance with NRC requirements.

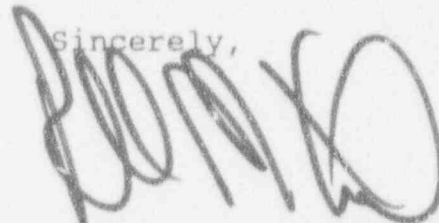
We do not know precisely how LILCO compiled the numbers set forth in its letter. We note, however, that LILCO's numbers do not relate to any specific NRC regulatory criteria or guideline. Thus, the numbers should not be relied upon for any purposes in connection with Shoreham's decommissioning or the NRC's continued oversight of Shoreham.

There is the unfortunate suggestion in LILCO's letter that perhaps more should have been done by LIPA to minimize the costs of Shoreham's closure. This is not the time or place to get into the multiple steps taken by LIPA to control Shoreham costs. We note, however, that a large portion of the costs that LILCO describes in its letter are not LIPA's, but LILCO's costs. Suffice it to state that LIPA at every stage has sought to limit expenditures while at the same time meeting all regulatory requirements.

LIPA is committed to the safe completion of the decommissioning of Shoreham at the lowest reasonable cost. We appreciate the NRC's on-going efforts to give prompt attention to work related to Shoreham's closure and thank you in advance for NRC support this year as LIPA seeks to complete the decommissioning and to terminate the NRC license by the end of 1994.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. M. Kessel', written in a cursive style.

Richard M. Kessel

cc: A.J. Bortz
A.F. Earley, Jr.