



David F Hoffman
Vice President
Nuclear Operations

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January 10, 1992

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

10 CFR 50.33(k),
50.75

DOCKET 50-155 - LICENSE DPR-6 - BIG ROCK POINT PLANT -
REVISED CERTIFICATION OF FINANCIAL ASSURANCE FOR DECOMMISSIONING

In accordance with 10 CFR §§ 50.33(k) and 50.75, Consumers Power is submitting the attached Revised Certification of Financial Assurance for Decommissioning the Big Rock Point Nuclear Plant, a 240 Mwt boiling water reactor facility. Big Rock Point began operating in December, 1962, and its operating license expires in 2000. The revised certification supplements and amends the Certification of Financial Assurance for Decommissioning filed on July 26, 1990.

Pursuant to an Order of the Michigan Public Service Commission (MPSC) issued on November 20, 1991, in Case No. U-9668, Consumers Power has increased the surcharges it is collecting from its retail electric customers, and depositing them in the external sinking funds originally authorized by the MPSC. A copy of the MPSC Order is enclosed as Exhibit B to the revised certification. Exhibit A to the revised certification shows the calculation of the NRC certification amount, adjusted to 1991, in accordance with § 50.75.

Based on the TLG Engineering, Inc. study which determined a decommissioning cost of \$164,325,700 in 1989 dollars, the MPSC, in its November 20, 1991 order, authorized surcharges for electric service rendered on and after December 1, 1991 to recover an estimated annual amount of \$19,372,800 for the decommissioning of Big Rock Point, or a total of \$180,501,968 in 1991 dollars. This is greater than the certification amount required by § 50.75.

David P. Hoffman
Vice President

CC: Administrator, Region III, USNRC
NRC Resident Inspector - Big Rock Point Plant

Attachment

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CONSUMERS POWER COMPANY
Big Rock Point Plant
Docket 50-155
License DPR-6

REVISED CERTIFICATION OF FINANCIAL
ASSURANCE FOR DECOMMISSIONING

Consumers Power Company submits this Revised Certification of Financial Assurance for Decommissioning in compliance with 10 CFR §§ 50.33(k) and 50.75(b).

1. Consumers Power owns a 100% undivided interest in the Big Rock Point Plant.
2. The amount required to demonstrate reasonable assurance of funds for decommissioning Big Rock Point, calculated in accordance with 10 CFR § 50.75(c), is \$165,197,200 in 1991 dollars as shown in Exhibit A.
3. Consumers Power provides financial assurance for decommissioning Big Rock Point by making deposits at least annually in external sinking funds.
4. Pursuant to orders issued by the Michigan Public Service Commission (MPSC) on August 26, 1986 in Case No. U-6150 and December 2, 1986, in Case No. U-8536, Consumers Power was collecting surcharges from its retail electric customers from January 1, 1987 to November 30, 1991, and depositing them in the external sinking funds. These amounts were designed to assure the availability of funds to decommission Big Rock Point after expiration of its license in the year 2000 in the amount of \$56,482,000 in 1990 dollars.
5. The August 26, 1986 MPSC order in Case No. U-6150 required Consumers Power to file with the MPSC in 1990, and at three-year intervals thereafter, a report on the adequacy of the decommissioning funding. Consumers Power filed such a report in April 1990, based on a TLG Engineering, Inc. site-specific decommissioning cost study which estimated the total cost to decommission Big Rock Point, in 1989 dollars, at \$164,325,700. Of the total, the report states that \$139,924,000 is required to meet the NRC definition of "decommission."
6. Pursuant to an order issued by the MPSC on November 20, 1991, in Case No. U-9668, Consumers Power is collecting surcharges in an estimated annual amount of \$19,372,800, from its retail electric customers for service rendered on and after December 1, 1991, and depositing them in the external sinking funds, to assure the availability of a total fund of \$180,501,968 in 1991 dollars to decommission Big Rock Point after expiration of its license in the year 2000 (as shown on Attachment A, page 5, of Exhibit E to the original Certification of Financial Assurance for Decommissioning filed on July 26, 1990). A copy of the MPSC Order in Case U-9668 is attached as Exhibit B.

7. My powers and duties as Vice President and Controller of Consumers Power Company, as set forth in the Company's By-Laws, authorize me to file this certification.

To the best of my knowledge, information and belief, the foregoing statements are true and correct.

Dennis DaPra

Dennis DaPra
Vice President and Controller

Sworn and subscribed to this 9th day of January, 1992.

Marla A. Fall

Marla A. Fall
Jackson County, Michigan
My Commission Expires October 17, 1994

ATTACHMENT

Consumers Power Company
Big Rock Point Plant
Docket 50-155

EXHIBIT A

TO THE REVISED CERTIFICATION OF FINANCIAL
ASSURANCE FOR DECOMMISSIONING

CONSUMERS POWER COMPANY
Adjusted NRC Minimum Financial Assurance Amount
For Nuclear Decommissioning Under 10CFR50.75(c)
January 1, 1991

24-Jun-91
08:21 AM

BIG ROCK POINT NUCLEAR PLANT

Escalation Factors for a BWR Plant:

Labor (L) = 1.212
Energy (E) = 1.062
Waste Burial (B)* = 2.331

BWR Escalation Formula:

Factor = $0.65 * L + 0.13 * E + 0.22 * B$
Factor = 1.439

Base Amount for a BWR Plant less than 1,200 MWt:

Base Amount = $\$(104 + 0.009 * P)$ million (P = minimum power level in megawatts thermal = 1,200 MWt)
Base Amount = \$114,800,000

Adjusted NRC Minimum Financial Assurance Amount:

Minimum Amount = Base Amount * Factor

Minimum Amount = \$165,197,200

Note:

* - Assumes South Carolina is used for waste burial since it is the closest site to the Big Rock Point Nuclear Plant.

Prepared by: TLSimonsen
Tax Dept, M-419, 8-1595

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CONSUMER3 POWER COMPANY
Adjusted NRC Minimum Financial Assurance Amount
For Nuclear Decommissioning Under 10CFR50.75(c)
January 1, 1991

24-Jun-91
08:21 AM

PALISADES NUCLEAR PLANT

Escalation Factors for a PWR Plant:

Labor (L) = 1.212
Energy (E) = 1.021
Waste Burial (B)* = 2.494

PWR Escalation Formula:

Factor = $0.65 * L + 0.13 * E + 0.22 * B$
Factor = 1.469

Base Amount for a PWR plant between 1,200 MWt and 3,400 MWt:

Base Amount = $\$(75 + 0.0088 * P)$ million (P = power level in megawatts thermal = 2,650 MWt)
Base Amount = \$98,320,000

Adjusted NRC Minimum Financial Assurance Amount:

Minimum Amount = Base Amount * Factor

Minimum Amount = \$144,432,080

Note:

* - Assumes South Carolina is used for waste burial since it is the closest site to the Palisades Nuclear Plant.

Prepared by: TLSimonsen
Tax Dept, M-419, 8-1595

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CONSUMERS POWER COMPANY
Adjusted NRC Minimum Financial Assurance Amount
For Nuclear Decommissioning Under 10CFR50.75(c)
January 1, 1991

24-Jun-91
08:21 AM

APPENDX

Labor (L) Escalation Factor

Base Index	88.400	January 1, 1986
Current Index	107.100	January 1, 1991

Escalation Factor for L = Current Index / Base Index
Escalation Factor for L = 1.212

The escalation factor for labor, L, was obtained from the "Monthly Labor Review," published by U.S. Department of Labor, Bureau of Labor Statistics (March, 1991). As directed by NUREG-1307, data from Table 25, entitled "Employment Cost Index, private nonfarm workers, by bargaining status, region, and area size," subtitle "COMPENSATION, Workers, by region, Midwest," was utilized.

Energy (E) Escalation Factor:

Electric Power (P):

Base Index	115.300	January 1, 1986
Current Index	112.100	January 1, 1991

Escalation Factor for P = Current Index / Base Index
Escalation Factor for P = 0.972

Fuel Oil (F):

Base Index	82.000	January 1, 1986
Current Index	89.300	January 1, 1991

Escalation Factor for F = Current Index / Base Index
Escalation Factor for F = 1.089

BWR escalation factor for E = $(0.23 * P + 0.77 * F)$
BWR escalation factor for E = 1.062

PWR escalation factor for E = $(0.58 * P + 0.42 * F)$
PWR escalation factor for E = 1.021

The energy escalation factor, E, is an equation made up of two components, electric power, P, and fuel oil, F. A separate equation was used for BWR and PWR plants. The values for P and F were obtained from the "Producer Price Indexes," published by the U.S. Department of Labor, Bureau of Labor Statistics. Data from Table 6 entitled "Producer Price Indexes for Commodity Groupings and Individual Items" was utilized per NUREG 1307. The value for P was taken from the East North Central regional data for industrial power (Commodity Code 0543 in Table 6). The value for F was taken from data for light fuel oil (Commodity Code 0573 in Table 6). The Producer Price Indexes do not provide region data for the value of F.

CONSUMERS POWER COMPANY
Adjusted NRC Minimum Financial Assurance Amount
For Nuclear Decommissioning Under 10CFR50.75(c)
January 1, 1991

24-Jun-91
08:21 AM

Waste Burial (B) Escalation Factor:

BWR Plant:

Base Index	1.000	January 1, 1986
Current Index	2.331	January 1, 1991

Escalation Factor for B = $\text{Current Index} / \text{Base Index}$
Escalation Factor for B = 2.331

PWR Plant:

Base Index	1.000	January 1, 1986
Current Index	2.494	January 1, 1991

Escalation Factor for B = $\text{Current Index} / \text{Base Index}$
Escalation Factor for B = 2.494

Values for Waste Burial, B, for both a BWR and PWR plant were obtained from the NRC's Report on Waste Burial Charges* (NUREG 1307) and assumes that South Carolina is used as the Waste burial site.

ATTACHMENT

Consumers Power Company
Big Rock Point Plant
Docket 50-155

EXHIBIT B

TO THE REVISED CERTIFICATION OF FINANCIAL
ASSURANCE FOR DECOMMISSIONING

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of
CONSUMERS POWER COMPANY for
adjustment of its surcharges for nuclear
power plant decommissioning.

Case No. U-9668

At the November 20, 1991 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Steven M. Fetter, Chairman
Hon. Ronald E. Russell, Commissioner
Hon. John L. O'Donnell, Commissioner

OPINION AND ORDER

On June 29, 1990, Consumers Power Company (Consumers) filed an application requesting Commission approval to adjust its nuclear plant decommissioning surcharges that had been previously approved in the Commission's December 2, 1986 order in Case No. U-8536.

Subsequent to the prehearing conference held on August 17, 1990, the parties reached a settlement agreement, attached as Exhibit A. However, on July 1, 1991, the Commission issued an order that returned the settlement agreement to the parties because it did not explicitly address the effect, if any, of Consumers' proposed sale of the Palisades plant.

The parties continued their negotiations and have reached a supplemental settlement agreement, attached as Exhibit B. The supplemental stipulation addresses the concerns raised by the Commission.

After review of the supplemental stipulation, the Commission finds that approval of the stipulation and its supplement is in the public interest.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 163, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. The stipulation and its supplement should be approved.

THEREFORE, IT IS ORDERED that:

A. The stipulation, attached as Exhibit A, and the supplemental stipulation, attached as Exhibit B, are approved.

B. Consumers Power Company is authorized to adjust its nuclear plant decommissioning surcharges as set forth in Exhibits A and B.

C. Consumers Power Company shall file with the Commission, within 30 days, four copies of its tariff sheets covering the approved surcharges.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Steven M. Fetter

Chairman

(SEAL)

/s/ Ronald E. Russell

Commissioner

/s/ John L. O'Donnell

Commissioner

By its action of November 20, 1991.

/s/ Dorothy Wideman

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application)
of CONSUMERS POWER COMPANY for)
Adjustment of its Surcharges for)
Nuclear Power Plant Decommissioning)

Case No. U-9668

STIPULATION

On June 29, 1990 Consumers Power Company (Consumers) filed its Application in Case No. U-9668 requesting that the Michigan Public Service Commission (Commission) adjust its surcharges for nuclear power plant decommissioning. Consumers requested that the annual decommissioning provision for Applicant's Big Rock Point Nuclear Plant (Big Rock) be \$19,372,800 and the annual decommissioning provision for Applicant's Palisades Nuclear Plant (Palisades) be \$25,464,400, for a total annual decommissioning provision of \$44,837,200. Consumers requested Applicant's annual decommissioning surcharges be adjusted to levels set forth in Attachment B to its Application.

An initial prehearing conference was held August 17, 1990. The Commission Staff is a participant by virtue of Rule 7 (R 460.17) of the Commission's Rules of Practice and Procedure. At the prehearing conference the Attorney General, the Association of Businesses Advocating Tariff Equity (ABATE) and the Residential Ratepayer Consortium (RRC) were granted intervenor status. By

letter dated January 10, 1991 the Attorney General submitted to the Commission his "Attorney General's Withdrawal of Intervention."

Consumers filed the testimony and exhibits of seven witnesses in support of its request. Cross-examination occurred in January 1991. Consumers also submitted testimony of one witness by means of deposition, which testimony was received into the record as Exhibit A-6.

The Commission Staff filed the testimony of one witness, Mr. Berquist. Mr. Berquist stated in testimony Staff would not oppose Consumers proposal to increase the total annual decommissioning provision to the \$44.8 million requested. Mr. Berquist recommended that Exhibit A-19 (TLS-5), Information Necessary to Obtain an IRS Schedule Ruling Amounts for Big Rock Point; Exhibit A-20 (TLS-5), Information Necessary to Obtain an IRS Schedule of Ruling Amounts for Palisades; and Exhibit A-24 (JES-1) Proposed Nuclear Decommissioning Surcharges be approved by the Commission. Staff's witness was presented for cross-examination on April 17, 1991.

The RRC and ABATE did not present testimony of any witness.

Encouraged by the Commission's Rules of Practice and Procedure (Rule 33, R 460.43), a favorable Commission policy toward settlement, and Commission precedent, the signatories hereto have resolved through settlement discussions all contested issues regarding these proceedings as set forth below. For purposes of settling the issues in the above-captioned proceeding, and subject to the acceptance and approval of the Commission without modification, and without prejudice to the pre-negotiation positions of the parties, the signatories hereto agree and stipulate as follows:

1. The estimated annual decommissioning provision necessary for funding the external trust funds for Big Rock is \$19,372,800 and for Palisades is \$25,464,400 for a total estimated annual decommissioning provision of \$44,837,200 to be recovered through surcharge revenues.

2. Surcharge revenues shall be allocated 43.21% to the Big Rock external trust funds and 56.79% to the Palisades external trust funds.

3. Surcharges are determined based on the following methodology: The annual surcharge revenue requirement of \$44,837,200 is allocated to each rate schedule based on demand allocation factors. The allocated surcharge revenue requirement is then divided by estimated 1991 kWh sales for the rate to determine the surcharge by rate. The surcharges for each rate class are listed in Exhibit A to the Stipulation, which is a copy of Exhibit A-24 (JES-1), Proposed Nuclear Decommissioning Surcharges.

4. The surcharge amounts in Exhibit A shall be implemented for service rendered on and after the first day of the calendar month following the Commission's order in this case and will continue until revised by the Commission.

5. Attached hereto as Exhibit B to this Stipulation is a summary of pertinent decommissioning funding practices to which the undersigned parties have agreed for purposes of this Stipulation. Decommissioning funding practices were originally included in the Commission's order dated August 26, 1986 in Case No. U-6150, "In the Matter of the Establishment and Treatment of Nuclear Plant Decommissioning Funds" and the Commission's order dated December 2, 1986 in Case No. U-8536, "In the Matter of the Application of Consumers Power Company for Authority to Establish Provisions to Fund Nuclear Power Plant Decommissionings." Exhibit B sets forth those practices, as revised to reflect current IRS, NRC, and MPSC requirements. The undersigned parties request that the Commission approve the revised Decommissioning Funding Practices for Consumers set forth in Exhibit B.

6. Attached hereto as Exhibits C and D are summaries of the pertinent information used to calculate the annual decommissioning provision of \$19,372,800 for Big Rock and \$25,464,400 for Palisades. Exhibit C to this Stipulation is a copy of Exhibit A-19 (TLS-5), Information Necessary to Obtain an IRS Schedule of Ruling Amounts for Big Rock. Exhibit D to this Stipulation is a copy of Exhibit A-20 (TLS-6), Information Necessary to Obtain an IRS Schedule of Ruling Amounts for Palisades. This information was relied upon by the parties to determine the surcharge amounts and is subject to the acceptance and approval of the Commission. It is a condition of this Stipulation that the Commission will expressly rely upon Exhibits C and D.

7. The signatories to this Stipulation agree and understand that this Stipulation does not limit any party's right to take other or different positions on similar issues in other administrative proceedings, or appeals related thereto. Each signatory agrees not to appeal, challenge or contest a Commission order adopting this Stipulation if the Commission accepts and approves this Stipulation without modification. The parties further agree and understand that this Stipulation is entered into for the sole and express purpose of reaching a compromise among positions of parties to this proceeding who are executing this Stipulation. All offers of settlement and discussions relating to settlement are and shall be privileged.

8. This Stipulation is based on the facts and circumstances of this case and is intended for final disposition of Case U-9668. The signatories hereto request that the Commission grant prompt approval of this Stipulation. If this Stipulation is not approved by the Commission without change, this Stipulation shall be void in all respects, shall be deemed to be withdrawn, shall not be a part of the record in this proceeding, and shall be without prejudice to the pre-negotiation positions of the parties.

9. The Commission Staff certifies that this Stipulation is reasonable and in the public interest.

10. The signatories hereto agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281) as it applies to the issues in this proceeding, if the Commission approves this Stipulation without modification.

WHEREFORE, the parties hereto respectfully request the Commission to approve this Stipulation and make it effective in accordance with its terms by final order.

MICHIGAN PUBLIC SERVICE
COMMISSION STAFF

by David Voges
David Voges
Assistant Attorney General
1000 Long Blvd., Suite 11
Lansing, MI 48910

Date 5/2/91

CONSUMERS POWER COMPANY

by Richard Chambers
H. Richard Chambers
212 West Michigan Avenue
Jackson, MI 49201

Date 5-2-91

RESIDENTIAL RATEPAYERS
CONSORTIUM

by Diane R. Royal
Diane R. Royal
115 West Allegan
Suite 210
Lansing, MI 48933-1712

Date 5-2-91

ASSOCIATION OF BUSINESS
ADVOCATING TARIFF EQUITY

by _____
Joseph R. Assenzo
Hill, Lewis
200 N. Capitol Avenue, Suite 600
Lansing, MI 48910

Date _____

Exhibit A to Stipulation

Case No U-9668
 Exhibit A- (JES-1)
 Witness J E Savoie
 Date August 1990
 Page 1 of 1

CONSUMERS POWER COMPANY
 Proposed Nuclear Decommissioning Surcharges

<u>Line</u>	<u>Rate</u> (a)	<u>Surcharge*</u> (b)
1	Residential Service Rates A-1, A-2, A-3, A-4, A-5	\$.001618
2	General Service Rates B, B-1	.001813
3	General Service Rates C, B-2, E-4 (C)	.001685
4	Primary Service Rate B-1	.001716
5	Primary Service Rates D, B-3, CG-1, CG-2, E-1, E-2, E-4, F, F-1, I	.001351
6	Electric Heating Service Rate CM	.001595
7	Water Heating Service Rate H	.001525
8	Time-of-Day Farm Irrigation Rate IR	.001813
9	Primary Electric Furnace Rates J, J-1	.001532
10	Secondary Pumping Service Rate PS-1	.001432
11	Primary Pumping Service Rate PS-2	.001496
12	Primary Pumping Service Rate PS-3	.001151
13	Streetlighting Service Rate L-1	.000980
14	Streetlighting Service Rates L-2, L-3	.000980
15	Area Lighting Rate L-4	.000980
16	Unmetered Service Rate UR	.001134

AMERICAN PUBLIC SERVICE COMMISSION

U-9668

EXHIBIT NO. A-24

DATE 1-6-91 Gutierrez REPORTER

*Expressed in dollars per kWh.

Case No. U-9668
Exhibit B to Stipulation

DECOMMISSIONING FUNDING PRACTICES
FOR CONSUMERS POWER COMPANY

1. Consumers will file four copies of tariff sheets indicating the approved surcharges with the Commission within thirty days of the date of the Commission's order approving the surcharges.

2. The method of funding the decommissioning cost of Consumers' nuclear power plants shall be by the means of external trust funds. Two separate external trust funds have been set up for each plant and segregated from Consumers' assets and outside its control. The external trust funds shall be used solely for the payment of the costs incurred for decommissioning nuclear power plants of Consumers, its successors or assigns, and to pay administrative and other incidental expenses, including taxes, if applicable, of the funds. One fund is a Nuclear Decommissioning Trust Fund (Section 468A trust), as defined in Section 468A of the Internal Revenue Code of 1954, as amended (the Code), and the second fund is a trust fund (Non-Section 468A trust) to receive payments above the amounts which are permitted to be placed in the Section 468A trust. Consumers shall fund these trusts by charging in its rates surcharges for nuclear plant decommissioning.

3. Consumers shall practice federal income tax normalization (deferred taxes) for book accounting and ratemaking purposes regarding book/tax timing differences, if any, applicable to its provision for nuclear plant decommissioning costs coincident with rate recognition of such provision.

4. Consumers shall pay to the Section 468A trust with respect to each year for which a provision for nuclear plant decommissioning is in effect, the lesser of the revenues from such provision or the jurisdictional portion of the Ruling Amount for such year. The balance remaining, if any, shall be paid into the Non-Section 468A trust. Such payments shall be made on or before the

21st day of the month following the month in which the billings for nuclear plant decommissioning are made.

5. Consumers shall file with the Commission within 30 days of filing its preliminary decommissioning plan for Big Rock with the Nuclear Regulatory Commission, but in any event no later than March 31, 1995, a report on the adequacy of the existing annual decommissioning provision for Big Rock and Palisades, if then owned by Consumers. Any person desiring copies of this report shall, upon request, be furnished with same by Consumers. Should any person petition the Commission for a hearing on the appropriateness of the annual decommissioning provision, and upon good cause shown, the Commission may commence a hearing to be conducted in accordance with the Administrative Procedures Act, 1969 PA 306, MCL 24.201, et seq.; MSA 3.560(101), et seq.

6. The report to the Commission described in paragraph 5 shall include a review of:

- a. fund adequacy in light of the amount needed for decommissioning;
- b. inflation rates;
- c. fund earning rates;
- d. remaining life of nuclear generating units;
- e. requirements of other taxing and/or regulatory bodies;
- f. administrative and incidental expenses of the fund;
- g. measures Consumers anticipates will be used to control the costs of decommissioning, including the identification of qualified contractors and the role of competitive bidding in the selection of contractors.

7. Consumers shall promptly request from the Internal Revenue Service a schedule(s) of annual amounts for nuclear plant decommissioning (the "Ruling Amount(s)") under Section 468A of the Code. Jurisdictional schedules may be requested. It shall further be the obligation of Consumers to seek to

minimize the payments of taxes with respect to jurisdictional amounts collected for decommissioning.

8. Each year Consumers will file, under this case number, each trust's annual financial statements and audit report, if any, with the Commission. Upon request, such statements and reports will also be provided to any person. Each trust shall meet the following objectives:

- a. The trustee shall optimize after-tax earnings over the life of the trust, giving consideration to liquidity, risk, diversification, and other prudent investment objectives.

The trustee shall not invest in any securities issued by Consumers, its successors or assigns. The trustee of a Section 486A trust shall limit investments to those allowed by Section 468A of the Code and the regulations thereunder.

- b. The trustee shall have a net worth of at least \$100 million.
- c. No part of the assets of the trust may be used for, or diverted to, any purpose other than to fund, in whole or in part, the costs of nuclear plant decommissioning or to pay administrative and other incidental expenses, including taxes, if applicable, of the fund.
- d. If any part of any contribution made to the trust is determined by the Commission to be in excess of the amount actually expended for decommissioning, after decommissioning has been completed, the excess jurisdictional amount shall be refunded to Michigan ratepayers, as determined by the Commission. Should the amount contributed to the trust be insufficient to cover the costs of decommissioning Consumers may petition the Commission for relief.
- e. The trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements and transactions, and all accounts, books and records relating thereto shall be open to inspection and audit at reasonable times by Consumers, its designee or the Commission. The Commission shall be notified by Consumers prior to any such inspection or audit. The Commission may direct Consumers to conduct an audit or inspection.
- f. The trust agreement shall be administered, construed and enforced according to the laws of the State of Michigan.

9. Consumers shall keep the Commission informed of contractor prequalification, bidding, regulatory, operational and financial milestones of decommissioning of Big Rock, and Palisades, if then owned by Consumers, on a timely basis once information becomes known to Consumers Power.

Case No. U-9668
Exhibit A- (TLC-5)
Witness T L Simonsen
Date August, 1990
Page No. 2 of 2

CONSUMERS POWER COMPANY

Information Necessary to Obtain an
IRS Schedule of Ruling Amounts
for Big Rock Point

- h. The estimated decommissioning cost expressed in 1989 dollars, was converted to a future estimated decommissioning cost in year 2000 dollars, using an annual inflation rate of 6.1% compounded annually, using the following equation:
- FV = Estimated decommissioning cost expressed in year 2000 dollars
PV = Estimated decommissioning cost expressed in 1989 dollars
i = Inflation rate of 6.1%
n = Number of years (2000 - 1989)
- $FV = PV (1 + i)^n$
- i. The assumed after-tax rate of return to be earned by the amounts collected for decommissioning is 7.1%.
- j. The proposed period over which decommissioning costs will be included in the cost of service is January 1, 1991 through December 31, 2000. During this time period a variable amount decommissioning cost will be included in cost of service depending on the total amount of electric sales. This will be calculated using the projected sales for 1991 and an estimated annual decommissioning cost of \$19,372,600.
- k. The estimated date on which the plant will no longer be included in the cost of service is May 31, 2000.
- l. The estimated year in which the plant will no longer be included in the cost of service, based on the first ratemaking assumptions that were used by the Commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in Consumers Power's rate base was 1982.
- m. The Commission relied upon the decommissioning cost study prepared by TLC Engineering, dated March 1990, in determining the amount of decommissioning costs to be included in Consumers Power's cost of service.

Exhibit C to Stipulation

Case No. U-9668
 Exhibit A- (T.S-5)
 Witness T L Simonsen
 Date August, 1990
 Page No. 1 of 2

CONSUMERS POWER COMPANY

Information Necessary to Obtain an
 IRS Schedule of Ruling Amounts
 for Big Rock Point

- a. The amount of decommissioning costs that are to be included in Consumers Power's cost of service for each taxable year during the period beginning January 1, 1991 and ending December 31, 2000 is to be based on the surcharge rates included as Exhibit A of the order. The surcharges were calculated to initially yield \$19,372,800 annually, based on estimated 1991 electric sales.
- b. The proposed method of decommissioning is the prompt removal/dismantling method.
- c. The estimated year in which substantial decommissioning costs will first be incurred is 2000.
- d. Estimated year in which decommissioning will be substantially completed is 2016.
- e. The total estimated cost of decommissioning expressed in current dollars (1989 dollars) for Michigan jurisdiction is \$160,343,431.
- f. The total estimated cost of decommissioning expressed in future dollars for Michigan jurisdiction is \$414,930,924.
- g. Listed below are each taxable year in the period that begins with the estimated year in which a substantial decommissioning cost will first be incurred and ends with the estimated year in which the decommissioning of the nuclear power plant will be substantially complete, are the estimated future cost of decommissioning expressed in future dollars at the time of expenditure:

Year	Cost	Year	Cost	Year	Cost
2000	7,927,570	2006	51,471,178	2012	4,547,445
2001	14,355,771	2007	3,382,132	2013	4,324,435
2002	15,221,473	2008	3,588,442	2014	5,119,154
2003	17,428,976	2009	3,807,337	2015	5,430,968
2004	36,173,975	2010	4,039,584	2016	3,366,707
2005	209,951,137	2011	4,285,640		

MICHIGAN PUBLIC SERVICE COMMISSION
 CASE U-9668
 Application EXHIBIT NO. A-19
 DATE 1-16-91 M. J. REPORTER

Case No. U-9668
Exhibit A- (TLS-6)
Witness T L Simonson
Date August, 1990
Page No. 2 of 2

CONSUMERS POWER COMPANY

Information Necessary to Obtain an
IRS Schedule of Ruling Amounts
for Palisades

- h. The estimated decommissioning cost expressed in 1989 dollars, was converted to a future estimated decommissioning cost in year 2007 dollars, using an annual inflation rate of 6.0% compounded annually, using the following equation:

FV = Estimated decommissioning cost expressed in year 2000 dollars
PV = Estimated decommissioning cost expressed in 1989 dollars
i = Inflation rate of 6.0%
n = Number of years (2007 - 1989)

$$FV = PV (1 + i)^n$$

- i. The assumed after-tax rate of return to be earned by the amounts collected for decommissioning is 7.1%.
- j. The proposed period over which decommissioning costs will be included in the cost of service is January 1, 1991 through December 31, 2007. During this time period a variable amount decommissioning cost will be included in cost of service depending on the total amount of electric sales. This will be calculated using the projected sales for 1991 and an estimated annual decommissioning cost of \$25,464,400.
- k. The estimated date on which the plant will no longer be included in the cost of service is March 13, 2007.
- l. The estimated date on which the plant will no longer be included in the cost of service, based on the first ratemaking assumptions that were used by the Commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in Consumers Power's rate base was December 31, 1990.
- m. The Commission relied upon the decommissioning cost study prepared by TLC Engineering, dated March 1990, in determining the amount of decommissioning costs to be included in Consumers Power's cost of service.

Exhibit D to Stipulation

Case No. U-9668
 Exhibit A- (TLS-6)
 Witness T L Simonsen
 Date August, 1990
 Page No. 1 of 2

CONSUMERS POWER COMPANY

Information Necessary to Obtain an
 IRS Schedule of Ruling Amounts
 for Palisades

- a. The amount of decommissioning costs that are to be included in Consumers Power's cost of service for each taxable year during the period beginning January 1, 1991 and ending December 31, 2007 is to be based on the surcharge rates included as Exhibit A of the order. The surcharges were calculated to initially yield \$25,464,400 annually, based on estimated 1991 electric sales.
- b. The proposed method of decommissioning is the prompt removal/dismantling method.
- c. The estimated year in which substantial decommissioning costs will first be incurred is 2007.
- d. Estimated year in which decommissioning will be substantially completed is 2018.
- e. The total estimated cost of decommissioning for the Michigan jurisdiction expressed in current dollars (1989 dollars) is \$308,314,149.
- f. The total estimated cost of decommissioning for the Michigan jurisdiction expressed in future dollars is \$1,150,068,822.
- g. Listed below for each taxable year in the period that begins with the estimated year in which substantial decommissioning cost will first be incurred and ends with the estimated year in which the decommissioning of the nuclear power plant will be substantially complete, are the estimated future cost of decommissioning expressed in future dollars at the time of expenditure:

Year	Cost	Year	Cost
2007	27,536,390	2013	233,196,328
2008	36,385,044	2014	99,004,816
2009	41,493,523	2015	7,061,773
2010	120,759,002	2016	7,485,479
2011	273,791,395	2017	7,934,608
2012	290,218,878	2018	5,701,586

MICHIGAN PUBLIC SERVICE COMMISSION
 FILE U-9668
 Applicant EXHIBIT NO. A-20
 DATE 7-6-91 M. J. J. J. REPORTER

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application)	
of CONSUMERS POWER COMPANY for)	
Adjustment of its Surcharges for)	Case No U-9668
Nuclear Power Plant Decommissioning)	
<hr/>)	

SUPPLEMENTAL STIPULATION

At a hearing on May 2, 1991 Consumers Power Company ("Consumers"), the Michigan Public Service Commission ("Commission") Staff and the Residential Ratepayer Consortium ("RRC") jointly sponsored a Stipulation (the "May 2 Stipulation") to resolve all issues in Case No U-9668. The Association of Businesses Advocating Tariff Equity ("ABATE") filed a Statement of Non-Opposition.

On July 1, 1991 the Commission issued its Order Returning the Stipulation. In its Order, the Commission directed the parties to explicitly address certain matters related to the effect of the proposed sale of the Palisades Plant on decommissioning, if agreement could be reached, and returned the Stipulation to the parties for further action. For purposes of settling the issues in the above-captioned proceeding, subject to the acceptance and approval of the Commission without modification, and without prejudice to the pre-negotiation position of the parties, the signatories hereto hereby supplement the May 2, 1991 Stipulation and agree and stipulate as follows:

1. Separate Palisades and Big Rock Point nuclear decommissioning surcharges shall be implemented. The separation of nuclear power plant decommissioning surcharges for each rate class by nuclear facility shall be as set forth in Exhibit E to this Supplemental Stipulation. Exhibit E is a copy of Exhibit A-26 (JES-3). Column (b) of Exhibit E shows the total surcharge amounts as set forth in Exhibit A to the May 2 Stipulation. Columns (c) and (d) of Exhibit E show the allocation of the total surcharge amounts in Column (b) using the allocation percentages of 56.79% to the Palisades external trust fund and 43.21% to the Big Rock Point external trust funds, respectively. The Palisades Nuclear Decommissioning surcharge amounts set forth in Column (c) and the Big Rock Nuclear Decommissioning surcharge amounts set forth in Column (d) shall be implemented for service rendered on and after the first day of the calendar month following the Commission's order in this case.

2. Consumers has reached an agreement, subject to certain contingencies, to sell the Palisades plant to the Palisades Generating Company (PGC) and to purchase the electricity generated by that facility. Consumers states that the PGC transaction is designed such that on and after the date PGC takes title to the Palisades plant Consumers will pay decommissioning charges to PGC. The signatories hereto agree that, if the sale is consummated, the Palisades Nuclear Decommissioning surcharges set forth in Column (c) of Exhibit E will be terminated upon consummation of the sale. Thus, effective on the date of the sale of the Palisades plant to PGC, the remaining nuclear decommissioning surcharges will be the Big Rock Nuclear Decommissioning surcharges set forth in Column (d) of Exhibit E.

3. The signatories hereto agree to amending paragraph 1 of Exhibit B to the May 2 Stipulation to read:

"1. Consumers will file four copies of tariff sheets indicating the approved surcharges with the Commission within thirty days of the date of the Commission's order approving the surcharges. If the sale of the Palisades plant to PGC is consummated, Consumers will file with the Commission, within thirty days of the date PGC takes title to Palisades, four copies of tariff sheets indicating revised surcharges which do not include Palisades decommissioning surcharges, effective on the date the sale is consummated."

4. Pursuant to the Commission's Order, dated August 26, 1980 in Case No. U-6150, the method of funding the decommissioning costs for Consumers' nuclear power plants is by the means of external trust funds. Two separate external trust funds have been set up for the Palisades plant, segregated from Consumers' assets and outside its control. One fund is a Nuclear Decommissioning Trust Fund (Section 468A Trust) as defined in Section 468A of the Internal Revenue Code of 1954, as amended. The second fund (Non-Section 468A Trust) is a trust fund to receive payments above the amounts which are permitted to be placed in the Section 468A Trust. Consumers funds these trusts by charging in its rates surcharges for nuclear plant decommissioning. Consumers asserts that, if the sale of the Palisades plant takes place, Consumers Power intends to (i) transfer all right, title and interest it holds as beneficiary or trustor of the Section 468A and Non-Section 468A Palisades decommissioning trusts to PGC, or (ii) transfer the trust assets or cash equal to such assets to a Section 468A Trust and a Non-Section 468A Trust established by PGC for Palisades plant decommissioning, with the transfer structured to minimize adverse tax consequences, if any, under the tax laws then in effect. The transaction contemplates that the trusts created by PGC shall be subject to substantially the

same restrictions and conditions as Consumers' current decommissioning trusts, subject to any required approval of the appropriate regulatory agencies and changes in law that may occur. Following the consummation of the PGC transaction, Consumers will file a report with the Commission within 30 days setting forth the amounts of the Palisades Section 468A and Non-Section 468A trusts transferred to PGC, the costs, including tax costs, if any, resulting from the transfer, and other relevant information requested by the Commission, together with copies of the PGC trust agreements. If any taxes or transaction costs are due because of the transfer of the funds from Consumers to PGC, Consumers agrees that either it or PGC will pay those costs. Consumers agrees that any taxes or transaction costs it pays will not diminish the funds or be part of the cost of service to its ratepayers. Consumers commits that in the event of the sale of Palisades to PGC, that Consumers will, as a shareholder of PGC, exercise a reasonable level of supervision and diligence with respect to the trust funds established by PGC.

5. Following the completion of decommissioning, Consumers will file a report with the Commission setting forth the amounts expended on decommissioning, accompanied with supporting documentation, and whether any excess in the decommissioning trust funds remain. If decommissioning funds for the Palisades plant are ultimately found to be in excess of amounts needed for decommissioning by the appropriate regulatory agency, any excess amounts returned to Consumers by PGC will be reported to the Commission and will be distributed in accordance with an order of the Commission.

6. The signatories to this Supplemental Stipulation agree and understand that the May 2 Stipulation, as supplemented by this Supplemental Stipulation, does not limit any party's right to take other or different positions on similar issues in other administrative proceedings, or appeals related thereto. Each signatory agrees not to appeal, challenge or contest a Commission order adopting the May 2 Stipulation, as supplemented by this Supplemental Stipulation, if the Commission accepts and approves the May 2 Stipulation, as supplemented by this Supplemental Stipulation, without modification. The parties further agree and understand that the May 2 Stipulation, as supplemented by this Supplemental Stipulation, is entered into for the sole and express purpose of reaching a compromise among positions of parties to this proceeding who are executing this Supplemental Stipulation. All offers of settlement and discussions relating to settlement are and shall be privileged.

7. The May 2 Stipulation, as supplemented by this Supplemental Stipulation, is based on the facts and circumstances of this case and is intended for final disposition of Case U-9668. The signatories hereto request that the Commission grant prompt approval of the May 2 Stipulation, as supplemented by this Supplemental Stipulation. If the May 2 Stipulation, as supplemented by this Supplemental Stipulation, is not approved by the Commission without change, the May 2 Stipulation, as supplemented by this Supplemental Stipulation, shall be void in all respects, shall be deemed to be withdrawn, shall not be a part of the record in this proceeding, and shall be without prejudice to the pre-negotiation positions of the parties.

8. The Commission Staff certifies that the May 2 Stipulation, as supplemented by this Supplemental Stipulation, is reasonable and in the public interest.

9. The signatories hereto agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281) as it applies to the issues in this proceeding, if the Commission approves the May 2 Stipulation, as supplemented by this Supplemental Stipulation, without modification.

WHEREFORE, the parties hereto respectfully request the Commission to approve the May 2 Stipulation, as supplemented by this Supplemental Stipulation, and make it effective in accordance with its terms by final order.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By *David Voges*
 David Voges
 Assistant Attorney General
 1000 Long Blvd, Suite 11
 Lansing, MI 48910

Date 10/10/91

CONSUMERS POWER COMPANY

By *Richard Chambers*
 H Richard Chambers
 212 West Michigan Avenue
 Jackson, MI 49201

Date 10-9-91

RESIDENTIAL RATEPAYERS CONSORTIUM

By *Diane R. Royal*
 Diane R Royal
 115 West Allegan, Suite 210
 Lansing, MI 48933-1712

Date 10-10-91

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

By _____
 Joseph R Assenzo
 Hill Lewis
 200 N Capitol Avenue, Suite 600
 Lansing, MI 48910

Date _____

Exhibit E to Supplemental Stipulation

Case No U-9668
 Exhibit A- (JES-3)
 Witness J. E. Savio
 Date August 1990
 Page 1 of 1

CONSUMERS POWER COMPANY
 Separation of Surcharges by Nuclear Facility

Line	Rate (a)	Total Surcharge* (b)	56.79% Palisades* (c)	43.21% Big Rock* (d)
1	Residential Service Rates A-1, A-2, A-3, A-4, A-5	\$.001618	\$.000919	\$.000699
2	General Service Rates B, B-1	.001813	.001030	.000783
3	General Service Rates C, C-2, E-4 (C)	.001685	.000957	.000728
4	Primary Service Rate R-1	.001716	.000975	.000741
5	Primary Service Rates D, D-3, CC-1, CC-2, E-1, E-2, E-4, F, F-1, I	.001351	.000767	.000584
6	Electric Heating Service Rate CH	.001595	.000906	.000689
7	Water Heating Service Rate H	.001525	.000866	.000659
8	Time-of-Day Farm Irrigation Rate IR	.001813	.001030	.000783
9	Primary Electric Furnace Rates J, J-1	.001532	.000870	.000662
10	Secondary Pumping Service Rate PS-1	.001432	.000813	.000619
11	Primary Pumping Service Rate PS-2	.001496	.000850	.000646
12	Primary Pumping Service Rate PS-3	.001151	.000654	.000497
13	Streetlighting Service Rate L-1	.000980	.000557	.000423
14	Streetlighting Service Rates L-2, L-3	.000980	.000557	.000423
15	Area Lighting Rate L-4	.000980	.000557	.000423
16	Unmetered Service Rate UR	.001134	.000644	.000490

MICHIGAN PUBLIC SERVICE COMMISSION

U-9668

EXHIBIT NO. A-26

DATE 1-16-91 BY [Signature] REPORTER

*Expressed in dollars per kWh.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application)	
of CONSUMERS POWER COMPANY for)	
adjustment of its surcharges for)	Case No. U-9668
nuclear power plant decommissioning)	
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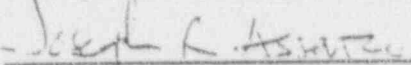
STATEMENT OF NON-OBJECTION

The Association of Businesses Advocating Tariff Equity does not object to the entry of the Stipulation executed by Consumers Power Company, the Staff of the Michigan Public Service Commission, and the Residential Ratepayer Consortium in the above captioned case.

Respectfully submitted,

Association of Businesses
Advocating Tariff Equity

By Its Attorneys
HILL LEWIS
Timothy P. Collins (P34375)
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Dated: October 25, 1971