



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 17, 2022

Mr. David P. Rhoades
Senior Vice President
Constellation Energy Generation, LLC
President and Chief Nuclear Officer
Constellation Nuclear
4300 Winfield Road
Warrenville, IL 60555

SUBJECT: DRESDEN NUCLEAR POWER STATION, UNIT NO. 1, AND PEACH BOTTOM ATOMIC POWER STATION, UNIT NO. 1 - U.S. NUCLEAR REGULATORY COMMISSION'S ANALYSIS OF CONSTELLATION ENERGY GENERATION'S DECOMMISSIONING FUNDING STATUS REPORT (DOCKET NOS. 50-010 AND 50-171)

Dear David Rhoades:

By letter dated March 23, 2022, the U.S. Nuclear Regulatory Commission (NRC) received the decommissioning funding status (DFS) report for the Dresden Nuclear Power Station, Unit No. 1 (Dresden Unit 1), and Peach Bottom Atomic Power Station, Unit 1 (Peach Bottom Unit 1) (Agencywide Documents Access and Management System (ADAMS) (Accession No. [ML22082A227](#)), which was submitted by Constellation Energy Generation, LLC (CEG, the licensee).

The NRC has reviewed and analyzed the site-specific decommissioning cost estimates for these facilities, as required by Section 50.82, "Termination of license – For power reactor licensees," of Title 10 of the *Code of Federal Regulations* (10 CFR). The NRC staff also verified the amount(s) stated within the licensee's decommissioning trust funds for Dresden Unit 1 and Peach Bottom Unit 1 as of December 31, 2021, as well as earnings assumptions. Based on the reported decommissioning trust fund balances, the NRC has determined that as of December 31, 2021, CEG is providing a total amount of radiological decommissioning funding assurance in the amount of \$467,203,000 in 2021 dollars for Dresden Unit 1 and \$159,188,000 in 2021 dollars for Peach Bottom Unit 1.

The NRC staff notes that Peach Bottom Unit 1 had a shortfall in decommissioning funding, which was self-identified by the licensee in the March 23, 2022, submittal and confirmed by the staff. In the cash flow analysis used to evaluate the decommissioning of this unit through license termination in 2034, the licensee experiences a shortfall of approximately \$6,765,120 following radiological decommissioning expenditures of over \$261 million.

However, CEG identified a solution to the shortfall in the DFS submittal, which states:

Due to recent market performance, Peach Bottom, Unit 1, did not meet the minimum funding assurance criteria under 10 CFR 50.75 and 10 CFR 50.82 as of December 31, 2021, based solely on the trust fund balance. Financial

assurance for decommissioning this reactor is provided by the external sinking fund method, coupled with an external trust fund, in accordance with 10 CFR 50.75(e)(1)(ii). The source of revenue for the external sinking fund is a “nonbypassable charge” approved by the Pennsylvania Public Utilities Commission (PaPUC) authorizing PECO Energy Company to continue to collect decommissioning funds for CEG. The amount to be collected will be adjusted, as necessary, in accordance with the applicable tariff in the next submission to the PaPUC of the Nuclear Decommissioning Cost Adjustment (NDCA) to cover any funding shortfall that exists at that time. This cost adjustment is made every five years pursuant to PaPUC Electric Tariff No. 4. The next rate adjustment will be effective January 1, 2023. The PaPUC will be notified by April 15, 2022, that the amount collected will need to be increased. CEG's ability to adjust the amount collected for Peach Bottom, Unit 1, is consistent with the guidance in Regulatory Guide 1.159, “Assuring Availability of Funds for Decommissioning Nuclear Reactors,” Revision 2, page 13, which provides that, “Adjustments to the annual amount of funds being set aside may be made to coincide with rate cases considered by a licensee's public utility commission (PUC).”

The NRC staff agrees that CEG's approach is an acceptable means to address the Decommissioning Trust Fund (DTF) shortfall for Peach Bottom Unit 1. Coupled with its current DTF balance of \$159,188,000 (December 31, 2021), reliance on future contributions from the rate setting authority (Pennsylvania Public Utilities Commission) as stated above to address the DTF shortfall meets the intent of decommissioning funding assurance for utility licensees. Accordingly, no further action is required at this time to address this shortfall.

This letter confirms the correspondence, described above, regarding DFS reports for permanently shut down power reactors as required under 10 CFR 50.82(a)(8)(v) - (vi). As of the date of this letter, considering the available information, the NRC has determined that CEG has satisfied the decommissioning funding assurance requirements of 10 CFR 50.82 for Dresden Unit 1 and Peach Bottom Unit 1 as of December 31, 2021. A summary report reflecting decommissioning power reactor DFS is expected to be completed and made publicly available by the end of calendar year 2022.

In accordance with 10 CFR 2.390, “Public inspections, exemptions, requests for withholding,” of the NRC's “Agency Rules of Practice and Procedure,” a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's ADAMS. ADAMS is accessible from the NRC website at <https://www.nrc.gov/reading-rm/adams.html>.

D. Rhoades

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If you or your staff have any questions regarding the above, please contact me at 301-415-3178 or via email at marlayna.doell@nrc.gov

Sincerely,

/RA/

Marlayna V. Doell, Project Manager
Reactor Decommissioning Branch
Division of Decommissioning, Uranium Recovery
and Waste Programs
Office of Nuclear Material Safety
and Safeguards

Docket Nos. 50-010 and 50-171
License Nos. DPR-2 and DPR-12

cc: Distribution via Listser

SUBJECT: DRESDEN NUCLEAR POWER STATION, UNIT NO. 1, AND PEACH BOTTOM ATOMIC POWER STATION, UNIT 1- NRC ANALYSIS OF CONSTELLATION ENERGY GENERATION'S DECOMMISSIONING FUNDING STATUS REPORT (DOCKET NO 50-010 AND 50-171) DATE: OCTOBER 17, 2022

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