

NUCLEAR REGULATORY COMMISSION

Docket Nos. 50-354, 50-272, 50-311, 50-277, 50-278, 72-48, 72-29

Hope Creek Generating Station, Salem Generating Station, Units 1 and 2, and

Peach Bottom Atomic Power Station, Units 2 and 3

Exemptions

I. Background.

PSEG Nuclear, LLC (PSEG, the licensee) is the holder of renewed facility operating license NPF-57 for Hope Creek Generating Station (Hope Creek). Hope Creek is a single unit boiling-water reactor licensed under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50. PSEG in conjunction with Constellation Energy Generation, LLC (Constellation) hold renewed facility operating licenses DPR-70 and DPR-75 for Salem Generating Station, Units 1 and 2 (Salem), respectively. PSEG holds a 57.41 percent ownership share in Salem and is the licensed operator. The exemption request, therefore, is only applicable to PSEG's portion of Salem's decommissioning trust fund. Salem is a dual unit pressurized-water reactor licensed under 10 CFR Part 50. Hope Creek and Salem are co-located and share the onsite independent spent fuel storage installation (ISFSI), which has a general license under 10 CFR Part 72. PSEG in conjunction with Constellation hold subsequent renewed facility operating licenses DPR-44 and DPR-56 for Peach Bottom Atomic Power Station, Units 2 and 3 (Peach Bottom). PSEG holds a 50 percent ownership share in Peach Bottom, and Constellation is the licensed operator. The exemption request, therefore, is only applicable to PSEG's portion of Peach Bottom's decommissioning trust fund. Peach Bottom is a dual unit boiling-water reactor licensed under 10 CFR Part 50. There is an ISFSI onsite at Peach Bottom, which has a general license under 10 CFR Part 72.

II. Request/Action.

By letter dated May 28, 2024 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML24150A002), and pursuant to 10 CFR 50.12, “Specific exemptions,” the licensee submitted to the NRC a request for exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) for Hope Creek, Salem, and Peach Bottom (collectively, the PSEG facilities). The licensee has requested these exemptions to allow the licensee to periodically transfer earnings from funds dedicated for radiological decommissioning activities consistent with the definition of “decommission” in 10 CFR 50.2 in its nuclear decommissioning trust (NDT) into separately maintained “non-50.75” subaccounts within the NDT without prior NRC notification. The “non-50.75” subaccounts would be used to separately account for funds to pay for “decommissioning costs,” as defined by the U.S. Treasury Department,¹ for each facility. These costs include costs for radiological and non-radiological activities that do not fall within the NRC’s definition of “decommission” in 10 CFR 50.2, including major radioactive component (MRC) disposal during operations, site restoration activities, and certain spent fuel management activities. The licensee states that these periodic transfers of earnings may only occur if certain conditions, as discussed below in section III, have been met. The licensee also indicated that because the request relies on earnings during operations, the exemptions would terminate for a facility once the certifications of permanent cessation of operations and permanent removal of fuel from the applicable reactor vessel have been submitted to the NRC.

The licensee previously notified the NRC in 2023 of a proposed amendment to the PSEG Master Decommissioning Trust Agreement that would exclude funds in a

¹ See Title 26 of the CFR (26 CFR), Section 1.468A-1(b)(6), of the Treasury Department regulations implementing Section 468A of the Internal Revenue Code.

“non-50.75” subaccount from being subject to NRC requirements and clarify that the funds in these subaccounts will not be relied upon for providing decommissioning financial assurance required by 10 CFR 50.75 (ML23252A001). The licensee indicated that the funds in the “non-50.75” subaccounts were intended to pay for decommissioning costs as defined by the U.S. Treasury Department in 26 CFR 1.468A-1(b)(6). The NRC objected to this notification from PSEG indicating that while the subaccounts may be established and withdrawals made, the earnings from funds originally dedicated to radiological decommissioning as defined in 10 CFR 50.2 are restricted by 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) to being withdrawn only for radiological decommissioning expenses as defined in 10 CFR 50.2 (ML23270C007). Further, the NRC staff noted that PSEG would need to request and have approved an exemption from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) in order for PSEG to periodically transfer future earnings from the NDT to specific subaccounts within the NDT for decommissioning costs that do not fall under the definition in 10 CFR 50.2 and amend the Master Decommissioning Trust Agreement.

The Commission’s regulation 10 CFR 50.82(a)(8)(i)(A) restricts withdrawals from the decommissioning trust fund (DTF) to expenses for legitimate decommissioning activities consistent with the definition in 10 CFR 50.2, “Definitions.” The definition of “decommission” in 10 CFR 50.2 is “to remove a facility or site safely from service and reduce residual radioactivity to a level that permits (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license.” The regulation at 10 CFR 50.75(h)(1)(iv) also restricts the use of DTF disbursements (other than for ordinary administrative costs and other incidental expenses of the fund in connection with the operation of the fund) to decommissioning expenses until final radiological

decommissioning is completed. These regulations would prohibit a licensee from transferring earnings from funds dedicated to radiological decommissioning as defined in 10 CFR 50.2 to any “non-50.75” subaccounts within the DTF for activities that do not fall within the definition of “decommission” in 10 CFR 50.2. Therefore, exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) are needed to allow PSEG to transfer earnings from the NDT to “non-50.75” subaccounts within the NDT for activities such as MRC disposal during operations, spent fuel management, and site restoration.

The requirements in 10 CFR 50.75(h)(1)(iv) further provide that, except for withdrawals being made under 10 CFR 50.82(a)(8) or for payments of ordinary administrative costs and other incidental expenses of the fund in connection with the operation of the fund, no disbursement may be made from the DTF without written notice to the NRC at least 30 working days in advance. Therefore, an exemption from 10 CFR 50.75(h)(1)(iv) is also needed to allow the licensee to make withdrawals from the “non-50.75” subaccounts within the NDT without prior notification to the NRC.

PSEG also notes that its exemption request is informed by draft NRC Interim Staff Guidance (ISG) on the use of decommissioning trust funds during operations, “Draft Interim Staff Guidance on the Use of the Decommissioning Trust Fund During Operations for Major Radioactive Component Disposal,” dated June 21, 2023 (ML23150A051). After consideration of public comments, the NRC staff issued REFS-ISG-2024-01, “Interim Staff Guidance on the Use of the Decommissioning Trust Fund During Operations for Major Radioactive Component Disposal,” dated August 5, 2024 (ML24114A263), which provides clarifying guidance on the NRC’s position on the use of decommissioning trust funds during operations for MRC disposal. The ISG states, in part, as follows:

A licensee may request an exemption in accordance with 10 CFR 50.12, to permit withdrawal of funds from the DTF for the removal and disposal of MRCs, prior to the cessation of operations and initiation of decommissioning. The withdrawal of funds from the DTF may only be used to pay for the offsite disposal of MRCs when the NRC has determined the total DTF contains funds in excess of cost estimates to complete all required radiological decommissioning. In addition, licensees may use economic projections for future years in calculating the amount of excess funds in the DTF. However, significant changes in the economic conditions of a licensee, combined with withdrawals from the trust fund, have the potential to result in future shortfalls in the DTF. The Commission has stated trust fund withdrawals for the disposal of MRCs would be granted only "in extraordinary circumstances" (73 FR 62221, 62222, and 62224; October 20, 2008). For these reasons, the staff evaluates each exemption request for a DTF withdrawal based on a totality of facts in determining whether to grant or deny a request. REFS-ISG-2024-01 at 3-4 (internal citations omitted).

III. Discussion.

Pursuant to 10 CFR 50.12, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 50 when (1) the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security; and (2) any of the special circumstances listed in 10 CFR 50.12(a)(2) are present. These special circumstances include, among other things, (1) application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule and (2) compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated.

A. The Exemptions are Authorized by Law.

The requested exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) would allow the licensee to periodically transfer earnings from funds in the NDT dedicated for radiological decommissioning, as defined in 50.2, to "non-50.75"

subaccounts within the NDT dedicated for decommissioning activities not restricted to radiological decommissioning without prior notice to the NRC for the PSEG facilities. The “non-50.75” subaccounts would be used to separately account for funds to pay for “decommissioning costs,” as defined by the U.S. Treasury Department in 26 CFR 1.468A-1(b)(6), for each facility. These costs include costs for radiological and non-radiological activities that do not fall within the definition of “decommission” in 10 CFR 50.2, including MRC disposal during operations, site restoration activities, and certain spent fuel management activities. These periodic transfers of earnings may only occur if certain conditions, as discussed below, have been met.

As stated above, 10 CFR 50.12 allows the NRC to grant exemptions from the requirements of 10 CFR Part 50 when the exemptions are authorized by law. The NRC staff has determined that, as explained in section D below, there would be reasonable assurance of adequate funding for radiological decommissioning of the PSEG facilities because the licensee’s periodic transfer of the decommissioning trust fund earnings from the NDT into “non-50.75” subaccounts within the NDT for future non-radiological decommissioning activities including MRC disposal during operations, site restoration, and spent fuel management activities, would not negatively impact the licensee’s ability to complete radiological decommissioning within 60 years of permanent cessation of operations or the licensee’s ability to terminate licenses for the PSEG facilities. Accordingly, granting the licensee’s proposed exemptions will not result in a violation of the Atomic Energy Act of 1954, as amended, or the Commission’s regulations. Therefore, issuance of the exemptions is authorized by law.

B. The Exemptions Present no Undue Risk to Public Health and Safety.

As explained in further detail in section D below, based on the NRC staff’s review of PSEG’s exemption request and the site-specific decommissioning cost estimates

(SSDCEs) for Hope Creek, Salem, and Peach Bottom, and the associated cash flow analyses, as confirmed by NRC staff, there would be reasonable assurance of adequate funding for radiological decommissioning of the PSEG facilities because the periodic transfer of some of the excess earnings from NDT funds dedicated to radiological decommissioning into “non-50.75” subaccounts, as well as the subsequent use of the funds within the subaccounts, will not adversely affect the licensee’s ability to complete radiological decommissioning within 60 years of permanent cessation of operations or the licensee’s ability to terminate licenses at Hope Creek, Salem, and Peach Bottom. Furthermore, an exemption from 10 CFR 50.75(h)(1)(iv) to allow the licensee to transfer earnings to the subaccounts dedicated to non-radiological decommissioning activities without prior written notification to the NRC will not affect the sufficiency of funds in the NDT to accomplish radiological decommissioning because such transfers are constrained by conditions set forth in the exemption request and further discussed below in section D and are reviewable under the biennial reporting requirements of 10 CFR 50.75(f)(1). Therefore, the requested exemptions will not present an undue risk to public health and safety if granted.

In addition, granting the requested exemptions will not alter the operation of any plant equipment or systems and, therefore, does not present an undue risk to public health and safety. The proposed exemptions do not introduce any new industrial, radiological, or chemical hazards that would present a health and safety risk nor would granting the exemptions result in modifying or removing design or operational controls or safeguards that are intended to mitigate onsite hazards. This exemption does not diminish the effectiveness of other regulations that ensure available funding for decommissioning, including 10 CFR 50.82(a)(6), which prohibits licensees from performing any decommissioning activities that could foreclose release of the site for

possible unrestricted use, result in significant environmental impacts not previously reviewed, or result in there no longer being reasonable assurance that adequate funds will be available for decommissioning; therefore, the requested exemptions will not present an undue risk to the public health and safety.

C. The Exemptions are Consistent with the Common Defense and Security.

The requested exemptions would allow the licensee to transfer earnings from funds dedicated to radiological decommissioning of the PSEG facilities to subaccounts dedicated to non-radiological decommissioning activities. The proposed exemptions, including the use of these funds without prior NRC notification, would not alter the design, function, or operation of any structures or plant equipment that is necessary to maintain the safe and secure status of the plant and would not adversely affect the licensee's ability to physically secure its sites or protect special nuclear material. Furthermore, this change to enable the use of a portion of the NDT funds for non-radiological decommissioning activities has no relation to physical security issues. Therefore, the common defense and security is not impacted by the requested exemptions.

D. Special Circumstances

The regulation under 10 CFR 50.12(a)(2) states, in part, that "[t]he Commission will not consider granting an exemption unless special circumstances are present," and identifies, in 10 CFR 50.12(a)(2)(i)-(iv), when special circumstances are present. In accordance with 10 CFR 50.12(a)(2)(ii), special circumstances are present whenever application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule.

The underlying purpose of 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) is to ensure that there is reasonable assurance that adequate funds will be available for radiological decommissioning of power reactors within 60 years of permanent cessation of operations. Strict application of 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) would prohibit the transfer and subsequent use of earnings from the funds dedicated to radiological decommissioning as defined by the NRC in 10 CFR 50.2 in the NDT into “non-50.75” subaccounts within the NDT dedicated to “decommissioning” activities, as defined by the U.S. Department of Treasury (including the disposal of MRCs during operations, spent fuel management activities, and site restoration), and would require prior NRC notification of any withdrawals or transfer of such funds.

The NRC staff performed an independent analysis of the financial information provided in Enclosure 1, as supported by the site-specific decommissioning cost estimates for Salem, Hope Creek, and Peach Bottom in Attachments 1-3, respectively, of PSEG’s exemption request. PSEG conservatively chose to use a starting NDT balance for each unit that excludes any funds accounted for in the “non-50.75” subaccounts, as of December 31, 2023. Accordingly, the NRC staff used the more conservative projected NDT starting balances provided by PSEG in its exemption request. The balances in the NDT for each unit as of December 31, 2023, were \$495.17 million (M) for Salem, Unit 1, \$413.6M for Salem, Unit 2, \$662.95M for Hope Creek, \$408.97M for Peach Bottom, Unit 2, and \$403.48M for Peach Bottom, Unit 3. NRC staff then escalated these amounts using a 2 percent real rate of return, as allowed by NRC regulations, to each unit’s respective expected date of permanent cessation of operations. The resulting NDT balances for each unit were \$603.61M for Salem, Unit 1, \$565.79M for Salem, Unit 2, \$985.10M for Hope Creek, \$469.78M for Peach Bottom, Unit 2, and \$472.73M for Peach Bottom, Unit 3. Finally, the most recent SSDCEs for

each unit used by NRC staff in its analysis were \$518.81M for Salem, Unit 1, \$511.62M for Salem, Unit 2, \$1.22B for Hope Creek, \$474.28M for Peach Bottom, Unit 2, and \$501.61M for Peach Bottom, Unit 3.

Using the projected NDT balance at the time of permanent cessation of operation (as described above), the estimated annual radiological costs over SAFSTOR and active decommissioning periods, and a 2 percent real rate of return on the NDT over the decommissioning period, the NRC staff performed a beginning-of-year cashflow analysis for each unit to confirm the information provided in the exemption request. PSEG used a beginning-of-year analysis in its request, which is a more conservative approach than what the NRC staff typically uses in its standard review process (middle-of-year analysis). In its analysis, the NRC staff found that excess amounts were projected after completion of radiological decommissioning. The resulting excess funding amounts for each unit were \$1.23B for Salem, Unit 1, \$961.86M for Salem, Unit 2, \$1.5B for Hope Creek, \$831.7M for Peach Bottom, Unit 2, and \$775.78M for Peach Bottom, Unit 3.

Additionally, PSEG performed sensitivity analyses using the same SSDCE cashflow analyses described above with the exception of taking credit for earnings on NDT funds during operations. NRC staff confirmed that, when considering a 0% real rate of return during operations (effectively, conservatively assuming that all excess earnings on the funds are transferred to “non-50.75” subaccounts during operations) and a 2% real rate of return during the decommissioning period for each unit, significant surplus of funds remain at completion of decommissioning. Specifically, the resulting excess funding for each unit were \$786.9M for Salem 1, \$485.2M for Salem 2, \$284.3M for Hope Creek, \$565.9M for Peach Bottom, Unit 2, and \$486.1M for Peach Bottom, Unit 3.

In addition, PSEG has proposed three conditions to the exemption that would allow periodic transfers to the “non-50.75” subaccounts without prior NRC notification over the operating life of each unit such that:

- Transfers are limited to earnings from funds dedicated for radiological decommissioning determined by an increase in the amount of funds accumulated in the NDT since the last decommissioning funding status (DFS) report submitted under 10 CFR 50.75(f)(1).
- At the time of the transfer, the amount of decommissioning funding assurance (DFA) provided by NDT funds, excluding funds held in the subaccounts, using the prepayment method in 10 CFR 50.75(e)(1)(i) must exceed the amount of DFA required by 10 CFR 50.75(b) and (c) for the associated station by at least \$100 million (nominal dollars).
- DFS reports submitted under 10 CFR 50.75(f)(1) will include the amount of funds transferred into the subaccounts since the last submitted report.

Based on its review, the NRC staff finds that these conditions, proposed by PSEG: (1) ensure periodic transfers are restricted to actual earnings from funds dedicated to radiological decommissioning in the NDT (RD funds) and that no transfers can be made if the value of the RD funds has decreased since the last submitted DFS report; (2) ensure that post-transfer NDT funding for each unit is in the amount required to ensure at least \$100M above NRC DFA requirements in 10 CFR 50.75(b) and (c); and (3) allow the periodic transfers to the “non-50.75” subaccounts to be monitored by the NRC. In addition, the NRC staff notes that PSEG also requested that the exemptions cease to be effective on an individual reactor basis once the certifications of permanent cessation of operations and permanent removal of fuel from the reactor vessel required under 10 CFR 50.82(a)(1)(i) and (ii) have been submitted. The NRC staff finds that

expiration of the exemption at this stage would ensure that RD funds and future earnings are designated for their intended purpose during decommissioning.

Furthermore, in its request, PSEG describes various methods to augment the NDT in the event of a projected shortfall in funding dedicated to the radiological decommissioning of the PSEG units. In accordance with 10 CFR 50.75, if the NDT is not sufficiently funded, as identified in a DFS report submitted under 10 CFR 50.75(f)(1), then the shortfall in funding must be rectified by the next DFS report submission. PSEG identified various additional funding methods, as described in 10 CFR 50.75(e)(1) and NRC Regulatory Guide 1.159 Revision 2, “Assuring the Availability of Funds for Decommissioning Nuclear Reactors” (ML112160012), that could be used including:

- Funds held in “non-50.75” subaccounts would be readily available to be transferred to their associated RD funds account without prior approval (or subject to disapproval) by a State regulatory authority, thereby dedicated for radiological decommissioning as prepaid funds under 10 CFR 50.75(e)(1)(i).
- Generation of electric energy from PSEG’s operating nuclear plants provides a source of revenue for cash injections to the NDT as prepaid funds under 10 CFR 50.75(e)(1)(i).
- PSEG’s parent company meets Financial Test A.2 in Appendix A in 10 CFR Part 30 for providing a guarantee in an amount that would be a significant part of the required amount of funding, pursuant to 10 CFR 50.75(e)(1)(iii).

Based on its review, the NRC staff finds that the additional funding mechanisms identified by PSEG provide assurance that there are means available to address any shortfalls in radiological decommissioning funding identified in a DFS report analysis.

In summary, the NRC staff finds that reasonable assurance exists that adequate funds will be available in PSEG’s NDT to complete radiological decommissioning and

terminate the Part 50 licenses for Salem, Hope Creek, and Peach Bottom because the proposed periodic transfer of funds to “non-50.75” subaccounts will not adversely impact PSEG’s ability to complete radiological decommissioning within 60 years of permanent cessation of operations and terminate the PSEG licenses based on the following considerations: 1) the NRC staff’s independent review of the licensee’s request confirmed large projected excess amounts remaining in each fund after completion of decommissioning for each facility; 2) the exemptions would be subject to three conditions proposed by PSEG described above that place certain restrictions on the periodic transfer of excess earnings from NDT funds dedicated to radiological decommissioning to “non-50.75” subaccounts such that the transfers will not adversely affect PSEG’s ability to meet the minimum decommissioning funding assurance requirements described in 10 CFR 50.75, and the conditions provide a means for the NRC staff to track the periodic transfers; 3) the exemptions will cease to be effective on an individual reactor basis once the certifications for permanent cessation of operations and permanent removal of fuel from the reactor vessel required under 10 CFR 50.82(a)(1) have been submitted; and 4). the additional funding mechanisms identified by PSEG ensure there are means available to address any shortfalls in radiological decommissioning funding identified in a DFS report analysis. Further, based on a totality of the circumstances discussed above, the NRC staff finds that PSEG has demonstrated extraordinary circumstances in support of the proposed exemptions allowing PSEG to periodically transfer earnings from the NDT to “non-50.75” subaccounts within the NDT for MRC disposal during operations. Accordingly, the NRC staff finds that the underlying purposes of 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) to ensure that there is reasonable assurance that adequate funds will be available for radiological decommissioning of power reactors within 60 years of permanent cessation of

operations would still be achieved by allowing the exemptions for PSEG to transfer excess earnings to “non-50.75” subaccounts and use the funding for MRC disposal during operations, spent fuel management, and site restoration activities at Salem, Hope Creek, and Peach Bottom.

In its submittal, the PSEG also requested exemption from the requirement of 10 CFR 50.75(h)(1)(iv) concerning prior written notification to the NRC for periodic transfers made in accordance with the exemption request. The underlying purpose of notifying the NRC prior to the use of funds from the NDT is to provide the opportunity for NRC intervention, when deemed necessary, if the withdrawals are for expenses other than those authorized by 10 CFR 50.75(h)(1)(iv) and 10 CFR 50.82(a)(8) that could result in there being insufficient funds in the DTF to accomplish radiological decommissioning of the facilities.

Pursuant to the requirements in 10 CFR 50.75(f)(1), licensees are required to monitor and report to the NRC every two years, the status of the NDT funds for Salem, Hope Creek, and Peach Bottom. These reports provide the NRC staff with awareness of, and the ability to take action on, any actual or potential funding deficiencies. As previously discussed, PSEG proposed that the exemption be subject to certain conditions, including that the DFS reports submitted under 10 CFR 50.75(f)(1) will include the amount of funds transferred into the “non-50.75” subaccounts since the last submitted report. By granting the exemption to 10 CFR 50.75(h)(1)(iv) and 10 CFR 50.82(a)(8)(i)(A), subject to this condition, the NRC staff considers that withdrawals consistent with the licensee’s submittal dated May 28, 2024, are authorized. The NRC staff finds that the additional reporting provided by PSEG’s proposed condition would provide similar information to the NRC as the prior notification requirement in 10 CFR

50.75(h)(1)(iv) and is, therefore, not necessary to achieve the underlying purpose of the regulation.

The requested exemption would not allow the use of funds from the PSEG NDTs for any purpose that is not currently authorized in the regulations without prior notification to the NRC. In addition, the existing reporting requirement in 10 CFR 50.75(f)(1) allows the NRC staff to continually monitor the status of funding for radiological decommissioning and provides the opportunity for the NRC to take appropriate actions, if needed. Additionally, the exemption does not change the requirement that any shortfall in funding assurance identified in a DFS report be corrected by the time the next report is due. Therefore, the granting of the exemption to 10 CFR 50.75(h)(1)(iv) to allow the PSEG to make periodic transfers, as described in the exemption request, to subaccounts within the PSEG NDTs to cover authorized expenses for decommissioning activities other than radiological decommissioning of Salem, Hope Creek, and Peach Bottom without prior written notification to the NRC will still meet the underlying purpose of the regulation.

For the reasons discussed above, the NRC staff concludes that the underlying purposes of 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) would be achieved by allowing PSEG to transfer excess earnings to “non-50.75” subaccounts and use the funding for MRC disposal during operations, spent fuel management, and site restoration activities at Salem, Hope Creek, and Peach Bottom without prior NRC notification. Accordingly, the NRC staff finds that the special circumstance of 10 CFR 50.12(a)(2)(ii) is present in the particular circumstances of Hope Creek, Salem, and Peach Bottom.

Special circumstances, in accordance with 10 CFR 50.12(a)(2)(iii), are present whenever compliance would result in undue hardship or other costs that are significantly

in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others similarly situated.

As discussed above, the licensee states, and the NRC staff confirmed, that the overarching NDT accounts for Hope Creek, Salem, and Peach Bottom contain funds in excess of the estimated costs of radiological decommissioning of the facilities, as described in the individual SSDCEs. PSEG states that if funds accumulated in “non-50.75” subaccounts (i.e., subaccounts dedicated to non-radiological decommissioning activities) cannot be used for their intended purpose, then the licensee would need to obtain additional funds to pay for activities that would not be recoverable from the NDT or modify operations at the facilities to avoid or delay such costs until final radiological decommissioning has been completed. In its exemption request, PSEG describes the history of each facility’s dedicated DTF and states that more funds in the NDT have been dedicated for radiological decommissioning than originally intended through the rate-setting process. PSEG states that up until 2003, non-bypassable charges, authorized by the cognizant regulatory authority, were used as the funding mechanism for NDTs. These non-bypassable charges, as described in the request, were collected and intended for use to fund all aspects of decommissioning a facility, including radiological decommissioning, spent fuel management, and site restoration. Commencing in 2004, these units were no longer rate-regulated and, therefore, were no longer eligible to use the sinking fund method. Accordingly, the funding mechanism transitioned to the prepaid method. The NDT fund balances for each unit in 2004 that included funds for the entire decommissioning process were \$212.16M for Salem, Unit 1, \$195.35M for Salem, Unit 2, \$324.44M for Hope Creek, \$178.11M for Peach Bottom, Unit 2, and \$180.64M for Peach Bottom, Unit 3.

The resulting NDT funds became “dedicated” to radiological decommissioning, as the total amounts were reported to the NRC as such in DFS reports. Based on its review of the application, the NRC staff finds that, though precise accounting that could be used to delineate the funding across the total decommissioning project was not maintained by the licensee, it appears that some excess funding in the NDT was initially dedicated to activities other than radiological decommissioning as defined in 10 CFR 50.2 through the rate-setting process.

In addition, in its exemption request, PSEG states, in relevant part, that, “The current environment in which a permanent federal repository for spent fuel does not exist requires PSEG to provide long-term storage for spent fuel in the onsite independent spent fuel storage installations. Not granting the requested exemptions to PSEG would impose costs in excess of those incurred by other 10 CFR Part 50 licensees that have requested and been granted exemptions from these regulations for similar purposes.”

PSEG further states that, “[P]reventing the use of these funds in the NDT would impose an unnecessary and undue burden in excess of that contemplated when the regulation was adopted without any corresponding safety benefit. Therefore, strict compliance with the rule would result in an undue hardship or other costs that are significantly in excess of those contemplated when the regulations were adopted, or that are significantly in excess of those incurred by others similarly situated, and the special circumstances of 10 CFR 50.12(a)(2)(iii) are present.”

The NRC has stated that funding for spent fuel management (and site restoration) activities may be commingled in the DTF, provided that the licensee is able to identify and account for the radiological decommissioning funds separately from the funds set aside for spent fuel management (and site restoration activities) (see NRC Regulatory Issue Summary 2001-07, Rev. 1, “10 CFR 50.75 Reporting and

Recordkeeping for Decommissioning Planning,” dated January 8, 2009 (ADAMS Accession No. ML083440158), and Regulatory Guide 1.184, Revision 1, “Decommissioning of Nuclear Power Reactors,” dated October 2013 (ADAMS Accession No. ML13144A840)). Preventing access to those excess funds in the NDT because spent fuel management (and site restoration) activities are not associated with radiological decommissioning would create an unnecessary financial burden without any corresponding safety benefit. The adequacy of the PSEG NDTs to cover the cost of activities associated with spent fuel management (and site restoration) for each of its units, in addition to radiological decommissioning, is supported by PSEG’s SSDCEs and associated analyses. If PSEG cannot use its NDTs for spent fuel management (and site restoration) activities, it would need to obtain additional funding that would not be recoverable from the DTF, or it would have to modify its decommissioning approach and methods. Based on the considerations described above, the NRC staff concludes that either outcome would impose an unnecessary and undue burden significantly in excess of that contemplated when 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) were adopted. Accordingly, the NRC staff finds that the special circumstance of 10 CFR 50.12(a)(2)(iii) is present.

For the reasons discussed above, the NRC staff concludes that the underlying purposes of 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) would be achieved by allowing PSEG to transfer excess earnings to “non-50.75” subaccounts and use the funding for MRC disposal during operations, spent fuel management, and site restoration activities at Salem, Hope Creek, and Peach Bottom without prior NRC notification, and compliance with the regulations would result in an undue hardship or other costs that are significantly in excess of those contemplated when the regulations

were adopted. Thus, the special circumstances required by 10 CFR 50.12(a)(2)(ii) and 10 CFR 50.12(a)(2)(iii) exist and support the approval of the requested exemption.

E. Environmental Considerations

The NRC staff considered whether there would be any significant environmental impacts associated with the proposed exemptions. For the proposed action, the NRC staff performed an environmental assessment (EA) pursuant to 10 CFR 51.30. The NRC determined that a finding of no significant impact (FONSI) is appropriate, and an environmental impact statement is not warranted. The EA and the FONSI were published on December 20, 2024 in the *Federal Register* (89 FR 104236).

IV. Conclusions.

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemptions are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security. Also, special circumstances are present. Therefore, the Commission hereby grants PSEG exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) to allow the periodic transfer of earnings from funds dedicated to radiological decommissioning, consistent with the definition of “decommission” in 10 CFR 50.2, of Salem, Hope Creek, and Peach Bottom, to “non-50.75” subaccounts dedicated to other “decommissioning” activities, as defined in U.S. Department of Treasury regulations in 26 CFR 1.468A-1(b)(6), without prior notice to the NRC subject to the following conditions:

- Transfers are limited to earnings from funds dedicated for radiological decommissioning determined by an increase in the amount of funds accumulated in the NDT since the last decommissioning funding status (DFS) report submitted under 10 CFR 50.75(f)(1).

- At the time of the transfer, the amount of decommissioning funding assurance (DFA) provided by NDT funds, excluding funds held in the subaccounts, using the prepayment method in 10 CFR 50.75(e)(1)(i) must exceed the amount of DFA required by 10 CFR 50.75(b) and (c) for the associated station by at least \$100 million (nominal dollars).
- DFS reports submitted under 10 CFR 50.75(f)(1) will include the amount of funds transferred into the subaccounts since the last submitted report.

The exemptions are effective upon issuance. The exemptions will expire on an individual reactor basis once the NRC has docketed the licensee's certifications of permanent cessation of operations and permanent removal of fuel from the reactor vessel required under 10 CFR 50.82(a)(1)(i) and (ii) for the respective reactor unit, consistent with 10 CFR 50.82(a)(2).

Dated: December 23, 2024.

For the Nuclear Regulatory Commission.

Jamie Pelton, Acting Director,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.