



444 South 16th Street Mall
Omaha NE 68102-2247

May 12, 2003
LIC-03-0066

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

Reference: 1. Docket No. 50-285
2. Letter from OPPD (R. T. Ridenoure) to NRC (Document Control Desk), dated February 28, 2003, Fort Calhoun Station Unit No. 1, 2003 Biennial Decommissioning Funding Status Report, (LIC-03-0026)

SUBJECT: Fort Calhoun Station Unit No. 1, 2003 Biennial Decommissioning Funding Status Report, Revised.

In accordance with the requirements of 10 CFR 50.75(f), the Omaha Public Power District has attached the Fort Calhoun Station Unit No. 1, 2003 Biennial Decommissioning Funding Status Report. In a telephone discussion with Mr. M. A. Dusaniwskyj (NRR/DRPM) on April 21, 2003, OPPD verbally communicated its intention to recalculate the Biennial Decommissioning Funding Status Report, submitted in Reference 2, in accordance with the guidance contained in NUREG-1037, Revision 10, October 2002. Attached please find the revised 2003 Biennial Decommissioning Funding Status Report for FCS.

No commitments are made to the NRC in this letter. Should you have any questions regarding this matter, please contact Dr. Richard Jaworski at (402) 533-6833.

Sincerely,

D. J. Bannister
Plant Manager
Fort Calhoun Station

DJB/RLJ/trl

Attachment

c: E. W. Merschoff, NRC Regional Administrator, Region IV (w/o Attachment)
A. B. Wang, NRC Project Manager (w/o Attachment)
J. G. Kramer, NRC Senior Resident Inspector (w/o Attachment)
Winston & Strawn (w/o Attachment)

A001

Revised April 2003

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2003 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT**

Based on Nuclear Regulatory Commission (NRC)
Regulation 10 CFR 50.75 (f)

The NRC requires that Omaha Public Power District (OPPD) report by March 31, 2003 and at least once every two years thereafter on the status of its decommissioning funding for Fort Calhoun Station Unit No. 1. Based on the decommissioning funding requirement as outlined in 10 CFR 50.75 (f), OPPD reports the following information:

A. Current Decommissioning Cost Estimate

Pursuant to 10 CFR 50.75 (c), the January 2003 estimated minimum decommissioning amount to decommission Fort Calhoun Station Unit No. 1 is **\$267,817,000**. See Attachment A for detailed decommissioning cost calculation.

B. Current Decommissioning Fund Balance

The OPPD Decommissioning Fund balance as of December 31, 2002 is **\$176,650,100**.

C. Annual Decommissioning Collections

The annual decommissioning collection for 2001 was \$3,581,400. There was no annual collection for 2002. (Fort Calhoun Station's scheduled license termination occurs in 2013.) The revenue source for the collections is "cost-of-service" electric rates. See Attachment B for detail on the annual decommissioning collections from 2001.

D. Rates Used to Escalate Decommissioning Costs and Fund Balances

The rates used for the escalation of the decommissioning cost estimate and earnings rates on the Decommissioning Fund are shown in Attachment B. DRI Corporation of Lexington, Massachusetts provides the decommissioning cost estimate inflation rates forecasts for inflation escalation. DRI Corporation also provides the Decommissioning Fund earnings rates forecasts for 3-5 year government bonds. OPPD adjusts the DRI supplied Decommissioning Fund earnings rates to reflect the portion of the Decommissioning Fund invested in investment-grade credit securities. OPPD's Board of Directors approved both the inflation rates and earnings rates in December 2002 as part of OPPD's Corporate Operating Plan.

E. Contracts to Help Fund Decommissioning

OPPD does not have any contracts pursuant to 10 CFR 50.75 (e)(1)(ii)(C) and is not relying on contracts with a "non-bypassable charge" to fund decommissioning.

F. Modifications to Method of Providing Financial Assurance

There have been no modifications to OPPD's method of providing financial assurance since the decommissioning funding plan began in 1982 and continued pursuant to NRC Regulations in 1990.

G. Changes in the Decommissioning Funding Plan Trust Agreement

There have been no changes to OPPD's Decommissioning Funding Plan Trust Agreement since the Plan began pursuant to NRC Regulations in 1990.

Dated: 4-24-03


C. P. Moriarty
Senior Financial Officer

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2003 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT TO NRC**

ATTACHMENT A

**2003 Escalation of the Minimum Decommissioning Amount (MDA) Estimate
for Fort Calhoun Station Unit No. 1
Based on Nuclear Regulatory Commission (NRC) Formulas and Application to OPPD**

The NRC accepted OPPD's Decommissioning Funding Plan in 1990. As part of the Decommissioning Funding Plan, OPPD annually calculates the MDA as follows:

NRC Formula for MDA

$\$75 \text{ million} + \$8800(P) = \text{MDA for a Pressurized Water Reactor (PWR) Plant}$

where: P = MWt reactor rating
Fort Calhoun = 1500
MDA expressed in 1986 Dollars (to be escalated)

Escalation of NRC Formula for MDA

$\text{Estimated Decommissioning Cost in Year XX} = \text{MDA} \times (.65L + .13E + .22B)$

Where: "L" is the Labor factor. The Labor factor is to be obtained from "Monthly Labor Review", published by the U. S. Department of Labor - Bureau of Labor Statistics. Specifically, the appropriate regional data from the table entitled "Employment Cost Index - Private Nonfarm Workers", subtitled "Compensation" is to be used. In OPPD's case, data from the Midwest Region is to be used.

"E" is the Energy factor. The Energy factor is to be obtained from the following two component formula specifically weighted for PWR plants:

$$.58P + .42F = E \text{ (Energy Factor)}$$

where: "P" is the component for electric power, and "F" is the component for fuel oil

Both "P" and "F" can be found in "Producer Price Indices", published by the U. S. Department of Labor - Bureau of Labor Statistics. "P" is to be obtained from the Industrial Electric Power Index and "F" is to be obtained from the Light Fuel Oils Index.

"B" is the Waste Burial factor. The Waste Burial factor is to be obtained from NRC report NUREG-1307, "Report on Waste Burial Charges" or its updates.

OPPD's MDA and Escalation

$$\text{MDA} = \$75 \text{ million} + \$8800(P) \text{ (where } P = 1500 \text{ MWt)}$$

$$\$75 \text{ million} + \$8800(1500)$$

$$\$75 \text{ million} + \$13.2 \text{ million} = \$88.2 \text{ million (1986 Dollars)}$$

$$\text{OPPD Escalation of MDA} = \$88.2 \text{ million} \times (.65L + .13E + .22B)$$

Where "L", "E", and "B" =

"L" = Labor Index Change

Employment Cost Index - Private Nonfarm Workers - Compensation
Midwest Region (Quarterly Basis Increase)

$$\begin{array}{ll} 12-2002 & \frac{164.6}{88.7} = 1.8557 \text{ (an increase of 85.57\%)} \\ 1-1986 & \end{array}$$

(NRC Interpolated from 12/85 - Rebased 6-89)

"E" = Energy Index Change

$$\text{Energy Index Change} = (\text{Electric Power Index Change} \times 58\%) + (\text{Light Fuel Oils Index Change} \times 42\%)$$

Producer Price Indices

$$\text{Industrial Electric Power} \begin{array}{ll} 1-2003 & \frac{139.7}{114.2} = 22.33\% \text{ increase change} \\ 1-1986 & \end{array}$$

$$\text{Light Fuel Oils} \begin{array}{ll} 1-2003 & \frac{96.7}{82.0} = 17.93\% \text{ increase change} \\ 1-1986 & \end{array}$$

Application of the formula to 1-2003 leads to

$$\begin{aligned} \text{Energy} &= ((139.7/114.2) \times .58) + ((96.7/82.0) \times .42) \\ \text{Energy} &= .7095 + .4953 \\ \text{Energy} &= 1.2048 \text{ (an increase of 20.48\%)} \end{aligned}$$

"B" = Waste Burial Index Change
NUREG-1307 (Revision 10)

The Waste Burial escalation factor is found in Nuclear Regulation NUREG-1307 and its updates. The original regulation specified three indices based on direct radioactive waste burial at particular burial locations. The base value for January 1986, independent of burial site location, is 1.0. As of January 1993, NUREG-1307 (Revision 3) removed the Nevada Waste Burial Site from the regulation. In 1999, NUREG-1307 (Revision 8) provided indices for using alternative waste vendors for waste disposal in addition to the standard option of direct burial at the two available disposal facilities. The alternative waste vendor indices are used to determine the 2002 escalation because OPPD will be using waste vendors to support decommissioning. The remaining locations and indices are:

Washington Index	1-02	<u>5.748</u>	= 5.748 (an increase of 474.8%)
(Waste Vendor Index)	1-86	1.000	

South Carolina Index	1-02	<u>9.467</u>	= 9.467 (an increase of 846.7%)
(Waste Vendor Index)	1-86	1.000	

Given that two Waste Burial indices are provided in the regulation, two separate escalated cost formulas are developed.

Washington Burial Index

$\$88.2 \text{ million} \times (.65(1.8557) + .13(1.2048) + .22(5.748)) = \231.735 million

South Carolina Burial Index

$\$88.2 \text{ million} \times (.65(1.8557) + .13(1.2048) + .22(9.467)) = \303.899 million

An average of the Escalated Minimum Decommissioning Amount for the two burial sites results in the following average cost:

Washington Burial Index	=	\$231,735,000
South Carolina Burial Index	=	<u>\$303,899,000</u>
		\$535,634,000 divided by 2 = \$267,817,000

In summary, OPPD's Fort Calhoun Station Unit No. 1 NRC Minimum Decommissioning Amount estimate escalated to January 2003 is **\$267,817,000**.

**OMAHA PUBLIC POWER DISTRICT
FORT CALHOUN STATION UNIT NO. 1
2003 BIENNIAL DECOMMISSIONING FUNDING STATUS REPORT TO NRC**

ATTACHMENT B

**Omaha Public Power District
Minimum Decommissioning Amount Decommissioning Fund
Annual Collections, Inflation Rates and Earnings Rates**

YEAR	Decommissioning Fund Annual Collection for NRC MDA	Inflation Rate	Earnings Rate
2001	\$3,581,400	2.30%	4.82%
2002	\$0	2.20%	5.21%
2003	\$0	2.40%	6.05%
2004	\$0	2.50%	6.34%
2005	\$0	2.40%	6.24%
2006	\$0	2.40%	6.27%
2007	\$0	2.40%	6.29%
2008	\$0	2.30%	6.32%
2009	\$0	2.30%	6.35%
2010	\$0	2.40%	6.38%
2011	\$0	2.60%	6.41%
2012	\$0	2.70%	6.82%
2013	\$0	2.90%	6.93%