



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

September 8, 2011

Mr. Christopher R. Costanzo  
Vice President  
Duane Arnold Energy Center  
3277 DAEC Road  
Palo, IA 52324-9785

SUBJECT: DUANE ARNOLD ENERGY CENTER - ISSUANCE OF AMENDMENT  
PERTAINING TO DELETION OF DECOMMISSIONING FUNDING PARENT  
GUARANTEE LICENSE CONDITION (TAC NO. ME4940)

Dear Mr. Costanzo:

The U.S. Nuclear Regulatory Commission has issued the enclosed Amendment No. 279 to Renewed Facility Operating License No. DPR-49 for the Duane Arnold Energy Center (DAEC, the licensee). This amendment deletes the decommissioning funding parent guarantee license condition and other editorial changes to the renewed operating license. The amendment is in response to your application letter dated October 15, 2010, (Agencywide Documents Access and Management System Accession No. ML103020036).

A copy of our safety evaluation is also enclosed. A Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

A handwritten signature in black ink, reading "Karl D. Feintuch".

Karl D. Feintuch, Project Manager  
Plant Licensing Branch III-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosures:

1. Amendment No. 279  
to License No. DPR-49
2. Safety Evaluation

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

NEXTERA ENERGY DUANE ARNOLD, LLC

DOCKET NO. 50-331

DUANE ARNOLD ENERGY CENTER

AMENDMENT TO RENEWED FACILITY OPERATING LICENSE

Amendment No. 279  
Renewed License No. DPR-49

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:
  - A. The application for amendment by NextEra Energy Duane Arnold, LLC dated October 15, 2010, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
  - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
  - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
  - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
  - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, the license is amended by changes to the renewed operating license, as indicated in the attachments to this license amendment, and paragraph 2.C.(2) of Renewed Facility Operating License No. DPR-49, which is hereby amended to read as follows:

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 279, are hereby incorporated in the license. NextEra Energy Duane Arnold, LLC, shall operate the facility in accordance with the Technical Specifications.

3. Accordingly, the license is amended by changes to paragraph 2.C.(7), Additional Conditions, as follows:

(7) Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 279, are hereby incorporated into this license. NextEra Energy Duane Arnold, LLC shall operate the facility in accordance with the Additional Conditions.

4. Accordingly, the license is amended by changes to Appendix B, deleting the conditions regarding the decommissioning funding parent guarantee.
5. This license amendment is effective as of its date of issuance and shall be implemented within 30 days of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Robert J. Pascarelli, Chief  
Plant Licensing Branch III-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Attachments:

1. Renewed License Pages
2. Renewed License Appendix B,  
Additional Conditions Page

Date of Issuance: September 8, 2011

ATTACHMENT TO LICENSE AMENDMENT NO. 279

RENEWED FACILITY OPERATING LICENSE NO. DPR-49

DOCKET NO. 50-331

Replace the following pages of Renewed Facility Operating License No. DPR-49 with the attached revised pages. The revised pages are identified by amendment numbers and contain marginal lines indicating the areas of change.

Remove

3

4

Insert

3

4

Replace the following page of Appendix B, Additional Conditions, with the attached revised page as indicated. The revised page is identified by amendment number and contains marginal lines indicating the areas of change.

Remove

Appendix B, page 2

Insert

Appendix B, page 2

- C. This renewed operating license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I; Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50, and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

NextEra Energy Duane Arnold, LLC is authorized to operate the Duane Arnold Energy Center at steady state reactor core power levels not in excess of 1912 megawatts (thermal).

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 279, are hereby incorporated in the license. NextEra Energy Duane Arnold, LLC shall operate the facility in accordance with the Technical Specifications.

- (a) For Surveillance Requirements (SRs) whose acceptance criteria are modified, either directly or indirectly, by the increase in authorized maximum power level in 2.C.(1) above, in accordance with Amendment No. 243 to Facility Operating License DPR-49, those SRs are not required to be performed until their next scheduled performance, which is due at the end of the first surveillance interval that begins on the date the Surveillance was last performed prior to implementation of Amendment No. 243.

- (b) Deleted.

(3) Fire Protection

NextEra Energy Duane Arnold, LLC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the Duane Arnold Energy Center and as approved in the SER dated June 1, 1978, and Supplement dated February 10, 1981, subject to the following provision:

NextEra Energy Duane Arnold, LLC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- (4) The licensee is authorized to operate the Duane Arnold Energy Center following installation of modified safe-ends on the eight primary recirculation system inlet lines which are described in the licensee letter dated July 31, 1978, and supplemented by letter dated December 8, 1978.

(5) Physical Protection

NextEra Energy Duane Arnold, LLC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, training and qualification,

and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The combined set of plans, which contains Safeguards Information protected under 10 CFR 73.21, is entitled: "Duane Arnold Energy Center Physical Security Plan," submitted by letter dated May 16, 2006.

NextEra Energy Duane Arnold, LLC shall fully implement and maintain in effect all provisions of the Commission-approved Duane Arnold Energy Center/NextEra Energy Duane Arnold, LLC Cyber 10 CFR 50.54(p). The Duane Arnold Energy Center/NextEra Energy Duane Arnold, LLC CSP was approved by License Amendment No. 278.

(6) Deleted

(7) Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 279, are hereby incorporated into this license. NextEra Energy Duane Arnold, LLC shall operate the facility in accordance with the Additional Conditions.

(8) The licensee is authorized to revise the Updated Final Safety Analysis Report by deleting the footnote for Section 9.1.4.4.5 which states: "The NRC has not endorsed the reactor building crane as single-failure proof (Reference 9)," and by deleting Reference 9 of the references for Section 9.1.

(9) Mitigation Strategy License Condition

Develop and maintain strategies for addressing large fires and explosions and that include the following key areas:

(a) Fire fighting response strategy with the following elements:

1. Pre-defined coordinated fire response strategy and guidance
2. Assessment of mutual aid fire fighting assets
3. Designated staging areas for equipment and materials
4. Command and control
5. Training of response personnel

(b) Operations to mitigate fuel damage considering the following:

1. Protection and use of personnel assets
2. Communications
3. Minimizing fire spread
4. Procedures for implementing integrated fire response strategy
5. Identification of readily-available pre-staged equipment
6. Training on integrated fire response strategy
7. Spent fuel pool mitigation measures

(c) Actions to minimize release to include consideration of:

1. Water spray scrubbing
2. Dose to onsite responders

(10) The licensee shall implement and maintain all Actions required by Attachment 2 to NRC Order EA-06-137, issued June 20, 2006, except the last action that requires incorporation of the strategies into the site security plan, contingency plan, emergency plan and/or guard training and qualification plan, as appropriate.

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
260 (2)	DELETED	
260 (3)	NextEra Energy Duane Arnold shall take no action to cause FPL Group Capital, or its successors and assigns, to void, cancel, or modify its \$50 million contingency commitment to NextEra Energy Duane Arnold, as represented in the license transfer application, or cause it to fail or perform or impair its performance under the commitment, or remove or interfere with NextEra Energy Duane Arnold's ability to draw upon the commitment, without the prior written consent from the NRC. An executed copy of the Support Agreement shall be submitted to the NRC no later than 30 days after completion of the license transfer. Also, NextEra Energy Duane Arnold shall inform the NRC in writing any time that it draws upon the \$50 million commitment.	



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

RELATED TO AMENDMENT NO. 279 TO

RENEWED FACILITY OPERATING LICENSE NO. DPR-49

NEXTERA ENERGY DUANE ARNOLD, LLC

DUANE ARNOLD ENERGY CENTER

DOCKET NO. 50-331

1.0 INTRODUCTION

By letter dated October 15, 2010 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML103020036), NextEra Energy Duane Arnold, LLC, requested amendment to the Operating License DPR-49 for the Duane Arnold Energy Center (DAEC). According to the licensee's letter, the proposed amendment would modify the renewed operating license, Appendix B, by deleting the parent guarantee License Condition related to decommissioning funding assurance and make other administrative changes to make the formatting of the subsection numbering consistent among the pages. The FPL Group Capital Parent Guaranty has been terminated in accordance with the terms of the parent guarantee License Condition.

On December 16, 2010, Renewed Operating License No. DPR-49 (issued with ADAMS Accession No. ML102930586 and maintained as document ML053050309) with an expiration date of February 21, 2034, was issued to replace Operating License DPR-49, with an expiration date of February 21, 2014. Appendix B, Additional Conditions, of the license remained the same for the renewed operating license, and this application of October 15, 2010, to delete the parent guarantee License Condition remained applicable.

2.0 BACKGROUND

According to the October 15, 2010, letter to the NRC, incident to the 2005 application to transfer the licenses to own and operate DAEC from Interstate Power & Light Co. (IPL) and Nuclear Management Co., respectively, to FPL Energy Duane Arnold, LLC (now NextEra Energy Duane Arnold, LLC, referred to as "NextEra Energy Duane Arnold") (ML052150410) \$186 million was transferred to the NextEra Energy Duane Arnold decommissioning trust. At that time, NextEra Energy Duane Arnold and the NRC determined that \$75 million in additional financial assurance was necessary in order to provide sufficient assurance to meet the minimum funding amount calculated according to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.75(c) for NextEra's 70 percent share of DAEC.

Enclosure



Accordingly, the NRC Order (ML053420246) approving the license transfer required the condition on the DAEC operating license, by the date of the closing of the sale, that NextEra Duane Arnold obtain a parent company guarantee from FPL Group Capital, Inc. The license condition also required NextEra Energy Duane Arnold to recalculate funding levels annually and, as necessary, "obtain appropriate adjustments to the parent guarantee or otherwise provide any additional decommissioning funding assurance necessary for FPLE Duane Arnold to meet NRC requirements under 10 CFR 50.75". NextEra Energy Duane Arnold obtained a \$75 million Parent Guaranty from FPL Group Capital, Inc. at the time of the closing of the sale of the facility, and, in 2007, amended the Parent Guaranty to increase the amount of the guarantee to \$93 million.

Also according to NextEra Energy Duane Arnold, in November 2009, NextEra submitted a site-specific Decommissioning Cost Estimate for DAEC to the NRC (ML093130065), which included a site-specific cost estimate for the decommissioning of DAEC using the safe storage (SAFSTOR) decommissioning method. Using the site-specific cost estimate and the additional time SAFSTOR allows for decommissioning, NextEra concluded that the prepaid DAEC decommissioning trust fund balances were sufficient to demonstrate reasonable assurance of its share of decommissioning funding without the need for any additional form of assurance. The revised site-specific Decommissioning Cost Estimate that DAEC sent the NRC in 2010 did not materially change NextEra's ability to demonstrate decommissioning funding assurance. Therefore, on March 25, 2010, the NRC concluded that the decommissioning plan relying on the SAFSTOR method, "provides reasonable assurance of adequate decommissioning funding at the time permanent termination of operations is expected" (ML100770235).

According to NextEra Energy Duane Arnold, on March 25, 2010 (ML100970069), NextEra Energy Duane Arnold submitted the required decommissioning funding status report as required by 10 CFR 50.75(f) because it was within five years of the end of its then current licensed life. The submission provided the information required to make a determination if a parent guarantee or other additional assurances would be required to maintain adequate funding assurance.

According to NextEra Energy Duane Arnold, on April 7, 2010, FPL Group Capital Inc., guarantor of a portion of the decommissioning funding obligation for DAEC, provided notification of intent to terminate the Parent Guaranty providing partial decommissioning funding assurance for NextEra's share of DAEC 120 days after the NRC's receipt of letter. The NRC did not respond within the 120-day period and the Parent Guaranty was terminated on August 11, 2010. The NRC letter dated August 22, 2010 (ML101620393) indicated that it had no objections to the termination of the parent guarantee.

## 2.1 Editorial Changes

In addition to the deletion of the parent guarantee, the letter dated October 15, 2010, requested certain editorial changes, some of which were made moot by the issuance of the Renewed Operating License:

1 - Operation License Page 4 had a paragraph numbering format that was accurate but at variance to that on other pages. The Renewed Operating License displayed a paragraph numbering format that made the requested change unnecessary.

2 - Paragraph 2.C.(7), Additional Conditions, in both the Operating License and the Renewed Operating License, referred to the Additional Conditions contained in Appendix B, "as revised through Amendment No." and then identified Amendment No. 260. The rationale for citing Amendment No. 260 was to cite the text of the condition in the Additional Conditions Table. However, the requested editorial change would cite the Amendment No. associated with the latest change to the footer of the Appendix B pages. For this amendment Paragraph 2.C.(7) is on Renewed Operating License Page 5 and the cited Amendment No. will match that in the footer on Appendix B, page 2.

3 - The footnote on Appendix B, page 2, "\*\*On April 16, 2009, the name "FPL Energy Duane Arnold, LLC" was changed to "NextEra Energy Duane Arnold, LLC." Is no longer needed since the asterisk (\*) was contained in the text of the deleted parent guarantee. The footnote remains on Appendix B, Page 1, where it is referenced.

In summary, editorial change 1 has been rendered unnecessary by the format of the Renewed Operating License, which standardized the paragraph numbering format in the way in which it is consistent. Editorial changes 2 and 3 do not create any misunderstanding of the affected wording. Therefore, the editorial changes are acceptable as shown on the affected Renewed Operating License pages and Appendix B page.

### 3.0 REGULATORY EVALUATION

Section 50.75(a) of Title 10 of the *Code of Federal Regulations* establishes the requirements for indicating to the NRC "how a licensee will provide reasonable assurance that funds will be available for the decommissioning process". Licensees may determine the amount of necessary decommissioning funding assurance either by calculating the minimum amount required by 10 CFR 50.75(c) or by providing a site-specific cost estimate, so long as the site-specific amount is greater than the minimum, as determined in 10 CFR 50.75(c).

The NRC letter dated August 22, 2010, found no objection to the termination of the parent guarantee by NextEra as the site-specific cost estimate provided reasonable assurance without the need of a parent guarantee or additional funding mechanism other than the prepaid trust fund accounts.

### 4.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Iowa State official was notified of the proposed issuance of the amendment on May 24, 2011. The State official had no comments.

### 5.0 ENVIRONMENTAL CONSIDERATION

The amendment is an administrative change deleting the parent guarantee License Condition and other editorial changes. The NRC staff has determined that the amendment involves no significant increase in the amounts, and no significant change in the types of any effluents that may be released offsite, and that there is no significant increase in individual or cumulative occupational radiation exposure. The Commission has previously issued a proposed finding that this amendment involves no-significant-hazards consideration, and there has been no public comment on the finding issued in the *Federal Register*, notice dated February 22, 2011 (76 FR 9825).

Accordingly, the amendment meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(10)(i) for changes in surety and 10 CFR 51.22(c)(10)(v) for editorial changes. Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the issuance of the amendment.

## 6.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributors: A. Szabo, NRR  
K. Feintuch, NRR

Date: September 8, 2011

September 8, 2011

Mr. Christopher R. Costanzo  
Vice President  
Duane Arnold Energy Center  
3277 DAEC Road  
Palo, IA 52324-9785

SUBJECT: DUANE ARNOLD ENERGY CENTER - ISSUANCE OF AMENDMENT  
PERTAINING TO DELETION OF DECOMMISSIONING FUNDING PARENT  
GUARANTEE LICENSE CONDITION (TAC NO. ME4940)

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Sincerely,

/RA/

Karl D. Feintuch, Project Manager  
Plant Licensing Branch III-1  
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Docket No. 50-331

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ADAMS ACCESSION NO.: ML111520231 \* concurred by Memorandum on January 21, 2011

OFFICE	NRR/LPL3-1/ PM	NRR/LPL3-1/ LA	NRR/PFIB/BC	OGC /NLO	NRR/LPL3-1/ BC
NAME	KFeintuch	BTully	CRegan*	BMizuno	RPascarelli
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