

September 8, 2011

10 CFR 50.74(f)

ZS-2011-0591

U.S Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Zion Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-39 and DPR-48
NRC Docket Nos. 50-295 and 50-304

References: 1. NRC Letter, Hickman (NRC) to Christian (ZionSolutions, LLC), "Decommissioning Funding Status Report – Request for Additional Information," July 15, 2011
 2. ZS Letter, Daly (ZionSolutions, LLC) to Hickman (NRC), "Partial Response to Decommissioning Funding Status Report Requests for Information (RAIs) and Due Date Extension Request, August 1, 2011

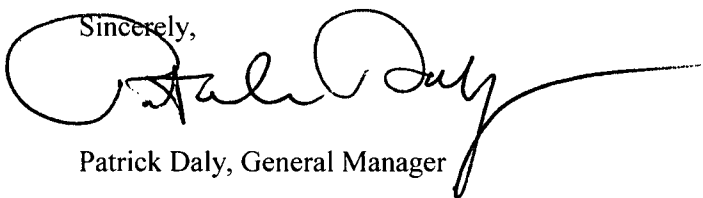
Subject: Follow-up Response to Decommissioning Funding Status Report Requests for Information (RAIs) and Due Date Extension Request

Dear Mr. Hickman:

This letter responds to your request of July 15, 2011 (reference 1) and is consonant with the schedule and the information limitations as discussed in reference 2). As indicated in reference 2, this response provides the information that ZS possesses; reference 1 requests information that pre-dates the transfer of the Zion Nuclear Power Station assets and NRC licenses is in the possession of Exelon Generating Company, LLC (EGC) and is available via an NRC request to EGC.

Our responses to the individual RAIs are provided in the attachment to this letter. Should you have any questions or require further information, please contact Mr. Patrick Thurman of my staff at (224) 789-4041.

Sincerely,



Patrick Daly, General Manager

cc: John Hickman, U.S. NRC Senior Project Manager
 Service List

48ME20

Attachment

ZionSolutions LLC Responses

**Decommissioning Funding Status Report – NRC Request for Additional Information,
July 15, 2011**

NRC RAI # 1: Decommissioning Expenses

Provide the amount spent on decommissioning, both cumulative and over the previous calendar year, in a schedule showing the expenses for each year since the permanent cessation of operations. Provide the amount withdrawn from the decommissioning trust fund for expenses related to decommissioning planning prior to the permanent cessation of operation.

ZS Response to RAI # 1

ZionSolutions, LLC acquired the Zion Station Nuclear Decommissioning Trust Funds as of September 1, 2010. This response to RAI # 1 is for only the period September 1, 2010 through December 31, 2010. As indicated in our August 1, 2011 response (reference 2), the RAI requests information that pre-dates the transfer of the Zion Nuclear Power Station assets and NRC licenses. That information is in the possession of Exelon Generating Company, LLC (EGC) and is available via an NRC request to EGC.

The following table summarizes amounts withdrawn from the decommissioning trusts funds for decommissioning and expenses related to decommissioning for the period September 1, 2010 through December 31, 2010 under ZS management:

ZionSolutions, LLC				
Trust Fund - Withdrawals				
September 1, 2010 through Decmber 31, 2010				
(\$ Millions)				
		From	To	Decommissioning Expenses
Previous Calendar Year		9/1/2010	12/31/2010	\$8.62
Cumulative		9/1/2010	12/31/2010	\$8.62

Also during the same period, the company withdrew \$0.8 million to pay an outstanding decommissioning planning liability existing as of September 1, 2010. The company assumed the liability when the nuclear decommissioning trusts were acquired on September 1, 2010.

NRC RAI #2: Decommissioning Costs

Provide an estimate of the costs to complete decommissioning, reflecting any difference between actual and estimated costs for work performed during the year, and the decommissioning criteria upon which the estimate is based.

ZS Response to RAI # 2

The cost to complete decommissioning as of December 31, 2010 was \$755.9 million. This estimate includes the impact of actual decommissioning expenses incurred during the period September 1, 2010 through December 31, 2010 of \$25.2 million versus the budget of \$24.1 for the same period.

The decommissioning estimate (see NRC RAI #4 below) is based on prior estimates for Zion and experience from other recent decommissioning projects such as the Yankee plants, Big Rock Point, and others. This base of information then was incorporated into the Zion estimate using ZS and external subject matter experts' input to detail the specific approaches to be used, estimated schedule durations, and resource loading. The site-specific estimate also includes the transfer of fuel from wet storage into dry storage within an independent spent fuel storage installation (ISFSI) and is based on the DECON method to achieve unrestricted release of the site (excluding the ISFSI) to current NRC standards. The low level radioactive waste disposal cost estimate is based on historical knowledge of disposal operations and costs for disposal at the Clive and Barnwell disposal sites and related waste management experience.

NRC RAI #3: Citation for real rate of returns

Provide the basis for the assumptions used regarding rates of escalation in decommissioning costs, rate of earnings on decommissioning funds and rates of other factors assumed in your DFS report.

ZS Response to RAI #3

In accordance with, 10CFR50.75 (e) (1) (ii), the DFS report took credit for a 2.0 percent annual real rate of return on trusts fund balances. A "net" 2.0% calculation was used in the DFS report. The following assumptions were used in the build-up of the "net" 2.0% calculation.

The costs escalated consist of 5 major categories. They are: Labor, Non-labor (Equipment, Material and Energy) Class A Waste Burial, Class B&C Waste Burial and Letter of Credit. The escalation rate used for Labor and Non-Labor is 2.84%. Escalation for these categories is the Consumer Price Index, Services, CUSASNS, as published by Global Insight Company. The rate is calculated by taking 70% of the average for the five years 2005 through 2009 and 30% of the forecasted average 2010 through 2014. Class A Waste escalation ranges from 0.0% to 2.25% based upon contractual terms in place with EnergySolutions, Inc., for disposal at their facility in Clive, Utah. Class B&C waste escalation of 8.8% was estimated based upon information derived from NUREG-1307, Rev. 10. The Letter of Credit has a 0.0% escalation rate based upon estimated interest rates.

Rates of other factors assumed in the DFS report included income tax rates. The funds are in qualified tax trusts only. The assumed Federal income tax rate is 20%, which is the current rate per Internal Revenue Code 468A. The assumed state income tax rate is 0.0%, since the qualified decommissioning trust earnings are not taxed by the State of Illinois.

NRC RAI #4: Citation for the Site-Specific Study

Provide the site specific cost estimate for ZNPS, Units 1 and 2, unless it was previously submitted to NRC. If the cost estimate was previously submitted to NRC, then provide a reference to its submittal. The site specific cost estimate should include a summary schedule of annual expenses, projected earnings and end-of-year fund balances, expressed in 2010 dollars.

ZS Response to RAI #4

The ZNPS site specific decommissioning cost estimate was previously provided to and evaluated by NRC as part of the Order transferring the facility licenses. The current cost estimate, reflecting actual performance through December 31, 2010 is provided below:

ZionSolutions, LLC
Decommissioning Expenses (Excluding Site Restoration) , Earnings and Fund Balance by
Year
(as of December 31, 2010)
2010\$ in Millions

Year	Spent Fuel	DECON	Total (2010\$)	Taxes on Unrealized Gains	Net Earnings	EOY Fund Balance
2010						\$ 788.3
2011	\$ 73.1	\$ 45.7	\$ 118.8	\$ 1.2	\$ 14.6	682.8
2012	52.7	38.9	91.6	4.4	12.7	599.5
2013	37.8	47.8	85.7	0.9	11.1	524.0
2014	19.1	74.7	93.8	3.6	9.5	436.1
2015	2.7	74.1	76.9	3.8	7.9	363.4
2016	3.0	81.8	84.7	2.1	6.4	282.9
2017	3.1	67.2	70.3	0.9	4.9	216.7
2018	3.4	71.2	74.6	1.0	3.6	144.7
2019	3.9	32.6	36.5	1.0	2.5	109.6
2020	2.7	20.2	22.9	1.4	1.9	87.3
	<u>\$201.6</u>	<u>\$554.3</u>	<u>\$755.9</u>	<u>\$20.3</u>	<u>\$75.2</u>	

NRC RAI # 5 Amounts accumulated

Provide the after-tax amount of funds accumulated through December 31, 2010.

ZS Response RAI#5

The pre-tax fair market value of the funds accumulated as of December 31, 2010 was \$805.1 million. There were outstanding disbursements of \$16.8 million, as of the same date, resulting in \$788.3 million of funds accumulated and available for decommissioning and taxes.

The estimated taxes on unrealized gains were approximately \$20.3 million. These taxes were not due and payable as of the December 31, 2010. They are due and payable as the gains are eventually realized in the future. Over the decommissioning period, as gains were projected to be realized, the related \$20.3 million in taxes were factored as a reduction in funds available for decommissioning.