

Lent, Susan

From: Wilkins, Lynnea
Sent: Friday, May 24, 2013 9:32 AM
To: McCutchen, Edward L.
Cc: Lent, Susan; Burkhardt, Janet
Subject: DRAFT: RAIs for Cooper Nuclear Station Re: Decommissioning Funding Status Report (TAC No. MF1225)
Attachments: MF1225 RAIs Email.docx

Ed,

By letter dated March 21, 2013 (Agencywide Documents Access and Management System Accession No. ML13091A021), the Nebraska Public Power District (NPPD or the licensee), submitted to the U.S. Nuclear Regulatory Commission (NRC) the 2013 DFS Report for Cooper Nuclear Station (Cooper) as required under Title 10 of the *Code of Federal Regulations (10 CFR) Part 50, Section 50.75(f)(1)*.

The NRC staff has determined that additional information specified in the attached Request for Additional Information (RAI) is needed for the staff to complete its evaluation. Please contact me if a clarifying teleconference is needed for the attached RAI.

Thanks
Lynnea

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REQUEST FOR ADDITIONAL INFORMATION
BY THE OFFICE OF NUCLEAR REACTOR REGULATION
2013 DECOMMISSIONING FUNDING STATUS REPORT
FOR COOPER NUCLEAR STATION

By letter dated March 21, 2013 (Agencywide Documents Access and Management System Accession No.ML13091A021), the Nebraska Public Power District (NPPD or the licensee), submitted to the U.S. Nuclear Regulatory Commission (NRC) the 2013 DFS Report for Cooper Nuclear Station (Cooper) as required under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 50, Section 50.75(f)(1).

In order to complete its review of the licensee's submittal, the NRC staff requires additional information to complete its review.

RAI #1: Minimum Decommissioning Funding Assurance Calculation

By letter dated March 31, 2013, NPPD reported an amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c) that is greater than the amount calculated by the NRC staff.

According to 10 CFR 50.75(f)(1), the amount provided in the DFS report should be "the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c)."

Please provide the labor, energy, and burial factors used in the calculation of the minimum requirement for decommissioning financial assurance.

RAI #2: Citation for Real Rate of Return

Within its DFS report, NPPD reported that its assumed annual real rate of return is 2.5 percent. This assumption was approved on June 13, 2008, through a Board of Directors Resolution. According to the licensee, the assumption for a 2.5 percent real rate of return is based on a:

3 percent rate of escalation in decommissioning costs, and
5.5 percent rates of earnings on decommissioning funds post-tax.

10 CFR 50.75(f)(1) states in part:

the information in [the DFS] report must include [. . .] the assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections...

Please provide the citation (e.g., an Order by the rate-regulatory authority) by the regulatory entity that allows for the assumptions used regarding rates of escalation in decommissioning costs, rate of earnings on decommissioning funds and rates of other factors assumed within the DFS report. If there has been no change to the Board Resolution, dated June 13, 2008, that was submitted in the NPPD July 14, 2011, RAI response, please so state.

Attachment

RAI #3: Constant dollars

Within its DFS report, NPPD included a table of its "Schedule of Future Annual Fund Earnings and Decommissioning Cost Escalation," where the values have been escalated by the District's assumption of a 5.5 rates of earnings on decommissioning funds, and a 3 percent rate of escalation on the funding requirement beginning in 2034. The licensee stated that:

[t]he above amounts reflect the current projected annual contributions (including fund earnings) necessary to fully fund the decommissioning trust by the end of the operating license (license expiration January 18, 2034), and taking into account a pro rata credit during the dismantlement period (recognizing both cash expenditures and earnings) over the first seven years after shutdown (see 10 CFR 50.75(e)(1)(ii)).

As stated within 10 CFR 50.75(e)(1)(ii):

[l]icensees certifying only to the formula amounts . . . can take a pro-rata credit during the dismantlement period (i.e., recognizing both cash expenditures and earnings the first 7 years after shutdown).

Please provide all figures included in the "Schedule of Future Annual Fund Earnings and Decommissioning Cost Escalation," table in constant 2012 dollars.