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SUBJECT: Forwards, "Decommissioning Financial Certification Rept,"
 per 10CFR50.75 & decommissioning trust agreement.

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Carolina Power & Light Company

P.O. Box 1551 • Raleigh, N.C. 27602

SERIAL: NLS-90-139
10 CFR 50.33(k)(2)

JUL 26 1990

A. B CUTTER
Vice President
Nuclear Services Department

United States Nuclear Regulatory Commission
ATTENTION: Document Control Desk
Washington, DC 20555

H. B. ROBINSON STEAM ELECTRIC PLANT, UNIT NO. 2
DOCKET NO. 50-261/LICENSE NO. DPR-23

DECOMMISSIONING FINANCIAL ASSURANCE CERTIFICATION REPORT

Gentlemen:

The Nuclear Regulatory Commissions's regulations require that, on or before July 26, 1990, all production or utilization facility licensees submit to the NRC information in the form of a report as described in 10 CFR 50.75 indicating how reasonable assurance will be provided that funds will be available to decommission facilities. Carolina Power & Light Company (CP&L) hereby submits a Decommissioning Financial Assurance Certification Report for the H. B. Robinson Steam Electric Plant, Unit No. 2 (HBR2).

HBR2 is a PWR producing less than 3400 MWt, for which NRC License No. DPR-23 is currently and will continue to be in effect on July 27, 1990. This report is submitted on behalf of CP&L who is the sole owner of HBR2. CP&L hereby certifies that financial assurance for decommissioning HBR2 will be provided in an amount of \$124,383,440 (in January 1, 1990 dollars), utilizing the methodology in 10 CFR 50.75(c). This figure will be revised annually during the licensed operating life of the facility by the adjustment factors defined in 10 CFR 50.75(c)(2). Exhibit A of this report provides the calculation of the minimum financial assurance amount and the estimated fund requirement at the time of license expiration. Exhibit B defines the sources and values of escalation factors used in the calculation of the minimum financial assurance amount.

In accordance with 10 CFR 50.75(e), CP&L will begin accumulating funds in an external sinking fund trust beginning July 1, 1991. A copy of the related financial instrument for the external trust is attached as Exhibit C.

The Company is currently authorized by the Federal Energy Regulatory Commission (FERC) and the applicable state regulatory commissions to recover decommissioning expenses based on internal funding; however, such recovery (annual revenue requirement) is currently at a level less than the minimum financial assurance amount required by 10 CFR 50.75 through external funding. CP&L currently anticipates filing a general rate case in each regulatory jurisdiction between 1992 and 1995 which would include provisions to update the decommissioning collection levels. CP&L will begin external funding of

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the entire minimum financial assurance amount upon receipt of new rate orders, but in any case no later than January 1, 1996. Exhibits D and E are representative external funding schedules should the rate cases be filed as early as 1992 or as late as 1995, respectively. CP&L will adjust the actual external funding schedules based upon the conclusion of the next general rate case.

If you have any questions concerning this information, please contact Mr. L. I. Loflin at (919) 546-6242.

Yours very truly,



A. B. Cutter

LSR/JRS/ecc (759ECC)

Attachments

cc: Mr. S. D. Ebnetter
Mr. L. Garner (NRC-HBR)
Mr. R. Lo

Calculation of Minimum Financial Assurance Amount

H. B. ROBINSON STEAM ELECTRIC PLANT, UNIT NO. 2

Labor (L) = South
 Energy (E) = South Atlantic
 Waste Burial (B) = South Carolina

		For PWR Unit
L	=	1.15
E	=	.90
B	=	2.007

PWR Escalation Factor =

$.65(L) + .13(E) + .22(B) = \text{Factor}$

$.65(1.15) + .13(.90) + .22(2.007) = \underline{1.306}$

Base Amount for PWR between 1200 MWt and 3400 MWt =

$\$(75 + 0.0088P)$ million; (P = power level of unit in megawatts thermal (MWt) = 2,300 MWt).

$\$(75 + 0.0088 (2,300))$ million = \$95,240,000

Base Amount Escalated per the NRC Rule Formula to January 1, 1990:

$\$95,240,000 \times 1.306 = \underline{\$124,383,440}$

External Fund Requirement at License Expiration Date (See Note 1)

$\$124,383,440 \times (1.05)^{20.58} =$

$\$124,383,440 \times 2.7295 = \underline{\$339,504,599}$

Note 1: Escalated Amount per NRC Rule Formula inflated at 5% from January 1, 1990, to July 31, 2010. This date is based on the anticipated approval by the NRC of Carolina Power & Light Company's request for license extension dated August 17, 1987.

Labor ("L") Escalation Factor for December 1989

<u>Region</u>	<u>Jan '86*</u>	<u>Dec '89*</u>	<u>L = Dec '89/Jan '86</u>
South	127.7	147.3	1.15

* Values used were obtained from "Monthly Labor Review," published by the U.S. Department of Labor, Bureau of Labor Statistics (April, 1990).

Energy ("E") Escalation Factor for December 1989

The equations for calculating the energy escalation factors are as follows:

PWR: $E = [0.58P + 0.42F]$

BWR: $E = [0.23P + 0.77F]$

<u>Region</u>	<u>P for Dec '89/ P for Jan '86 *</u>	<u>F for Dec '89/ F for Jan '86 *</u>
South Atlantic	113.8/119.3 = 0.95	68.1/82 = .83
	<u>PWR</u>	<u>BWR</u>
	$E = [(0.58 \times .95) + (.42 \times .83)]$	$E = [(0.23 \times .95) + (.77 \times (.83))]$
	E = .90	E = .86

* Values for P (electric power) and F (fuel oil) were obtained from the "Producer Price Indexes," published by the U.S. Department of Labor, Bureau of Labor Statistics. Monthly information for P and F was obtained from Table 6, "Producer Price Indexes and Percent Changes for Commodity Groupings and Individual Items." Commodity Code 0543 was used for P. Commodity Code 0573 was used for F. P is divided into regional statistics; F is not.

Waste Burial ("B") Escalation Factor for January 1988

<u>Region</u>	<u>PWR = (1988 ÷ 1986)*</u>	<u>BWR = (1988 ÷ 1986)*</u>
South Carolina	2.007/1.000	1.814/1.000

* The waste burial escalation factors were obtained from data in Table 2.1 of "Report on Waste Burial Charges," NUREG-1307, Revision 1 (October, 1989) which is updated annually by the NRC. All values are normalized to the Washington (PWR/BWR) Value for 1986 (which were equal to 1.000).