

ACCELERATED DISTRIBUTION DEMONSTRATION SYSTEM

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR: 8905300037 DOC. DATE: 89/05/15 NOTARIZED: NO DOCKET #
 FACIL: 50-000 Generic Docket 05000000
 50-261 H.B. Robinson Plant, Unit 2, Carolina Power & Light C 05000261
 50-324 Brunswick Steam Electric Plant, Unit 2, Carolina Powe 05000324
 50-325 Brunswick Steam Electric Plant, Unit 1, Carolina Powe 05000325
 50-400 Shearon Harris Nuclear Power Plant, Unit 1, Carolina 05000400

AUTH. NAME AUTHOR AFFILIATION
 LOFLIN, L.I. Carolina Power & Light Co.
 RECIP. NAME RECIPIENT AFFILIATION
 Document Control Branch (Document Control Desk)

SUBJECT: Confirms 890222 discussion re util interpretation of portions of NRC decommission rule issued 880627.

DISTRIBUTION CODE: A001D COPIES RECEIVED: LTTR 1 ENCL 1 SIZE: 3
 TITLE: OR Submittal: General Distribution

NOTES: Application for permit renewal filed.

05000400

RECIPIENT ID CODE/NAME	COPIES LTTR ENCL	RECIPIENT ID CODE/NAME	COPIES LTTR ENCL
PD2-1 LA	1 1	PD2-1 PD	1 1
LO, R	5 5	TOURIGNY, E	5 5
BECKER, D	5 5		
INTERNAL: ACRS	6 6	NRR/DEST/ADS 7E	1 1
NRR/DEST/CEB 8H	1 1	NRR/DEST/ESB 8D	1 1
NRR/DEST/ICSB	1 1	NRR/DEST/MTB 9H	1 1
NRR/DEST/RSB 8E	1 1	NRR/DOEA/TSB 11	1 1
NUDOCS-ABSTRACT	1 1	OC/LFMB	1 0
OGC/HDS1	1 0	REG FILE 01	1 1
RES/DSIR/EIB	1 1		
EXTERNAL: LPDR	3 3	NRC PDR	1 1
NSIC	1 1		

NOTE TO ALL "RIDS" RECIPIENTS:

PLEASE HELP US TO REDUCE WASTE! CONTACT THE DOCUMENT CONTROL DESK,
 ROOM P1-37 (EXT. 20079) TO ELIMINATE YOUR NAME FROM DISTRIBUTION
 LISTS FOR DOCUMENTS YOU DON'T NEED!

TOTAL NUMBER OF COPIES REQUIRED: LTTR 40 ENCL 38

m/A-4
 ar



Carolina Power & Light Company

SERIAL: NLS-89-082
10CFR50.75

MAY 1 5 1989

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

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NOS. 1 AND 2
DOCKET NOS. 50-325 & 50-324/LICENSE NOS. DPR-71 & DPR-62

SHEARON HARRIS NUCLEAR POWER PLANT
DOCKET NO. 50-400/LICENSE NO. NPF-63

DECOMMISSIONING FUNDING

Gentlemen:

This letter will confirm the discussions with your staff on Wednesday, February 22, 1989 between representatives of Carolina Power & Light Company (CP&L) and the Nuclear Regulatory Commission (NRC) staff regarding CP&L's interpretation of particular portions of the NRC's Decommissioning Rule, issued June 27, 1988 (53 FR 24018). It is CP&L's intention to proceed based on the understandings reached at the meeting regarding the rule as stated below.

Decommissioning Funding in Excess of the Certification Amount

Based on CP&L's reading of the Decommissioning Rule and the Supplemental Information provided in conjunction with the rule, and upon the clarification provided at the above noted meeting, CP&L understands that in responding to the requirements of 10CFR50.33(k), any excess amount of decommissioning funding, i.e., any amount over and above the certification amount, need not (though of course may) be accumulated using one of the three funding methods approved for accumulation of the certification amount.

The Supplemental Information accompanying the Decommissioning Rule clearly states that the Commission has determined there is reasonable assurance that the public health and safety will be protected, and the requirements of the certification provisions of the rule will be satisfied, when decommissioning funding is provided in an amount equal to the minimum certification amount. In the meeting noted, CP&L provided several references to Commission statements which specifically noted that the rule allows, but does not require, the use of site-specific cost estimates (which need not be submitted to or reviewed by the NRC) in meeting the certification provisions of the Decommissioning Rule, so long as the minimum certification amount is funded by one of the three approved methods.

411 Fayetteville Street • P. O. Box 1551 • Raleigh, N. C. 27602

8905300037 890515
PDR ADOCK 05000261
P PDC

Adol
111

To summarize, we reached general agreement that to satisfy 10CFR50.33(k), CP&L must provide assurance to the Commission that, at a minimum, the certification amount will be funded using one of the three acceptable funding methods. Furthermore, we clarified that this funding requirement does not pertain to any excess amount pursuant to a site-specific cost estimate.

**Funding Methods for Cost Estimate Differentials in the
Preliminary and Proposed Decommissioning Plans**

The second issue discussed was related to requirements for decommissioning funds in excess of the certification amount that are predicted to be necessary by decommissioning cost estimates provided with the preliminary or proposed decommissioning plans.

Sections 50.72(f) and 50.82, respectively, require the licensee to prepare and submit preliminary (approximately five years prior to cessation of operations) and proposed (generally, no later than one year prior to expiration of the operating license) decommissioning plans. These plans must include updated cost estimates to complete decommissioning and, if necessary, plans for adjusting the level of funds accumulated. Carolina Power & Light Company understands that the staff is of the opinion that any such funds in excess of the certification amount required to be collected to adjust funding levels must be obtained prior to reactor shutdown and maintained in one of the specified funding methods in 10CFR50.75(e).

**Inflation Considerations for Funding of
Options with Extended Period of Storage**

Finally, the third matter upon which we reached general agreement concerned the level of funding to be provided upon entering an extended period of storage prior to completion of decommissioning. It is CP&L's understanding that a licensee's final decommissioning plan must include information that provides reasonable assurance of the availability of adequate funds ultimately to complete decommissioning, in dollars current as of the time the plan is submitted. Stated another way, decommissioning funds initially available at the commencement of the storage period need not be based on the estimated cost for decommissioning following a period of storage using already inflated dollar values which would reflect the costs at the end of storage period (e.g., estimated costs in 50+ years dollars).

Carolina Power & Light Company noted that the rule provides that a licensee shall establish a mechanism to adjust its decommissioning cost estimates and funding levels over the period of storage, and that the earnings of a funding approach are intended by the Commission to offset the effects of inflation over the storage period. Carolina Power & Light Company further referred to the Commission's express rejection of comments on the proposed rule seeking the use of inflated dollars to establish decommissioning fund requirements. Instead, the Commission has repeatedly stated its intention to rely on its requirement for the maintenance of adequate funds by methods which keep pace with inflation and require periodic adjustments of funding levels over the storage period to provide adequate assurance that funds will be available to pay for decommissioning when needed.

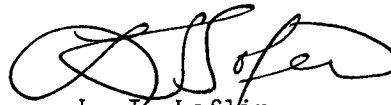
Indeed, CP&L noted that the above-referenced process and the intent of the rule would be negated by any requirement that licensees fund in inflated dollar amounts at the beginning of an extended storage period. This is so because projected earnings of the fund would, when added to the principal, far exceed the estimated cost of decommissioning. Therefore, CP&L indicated its understanding, and you concurred, that the level of funding for decommissioning that involved an extended storage period must be in then-current dollar values (or present-worth future dollars), subject to the periodic review and updating provisions of the Decommissioning Rule.

Conclusion

Carolina Power & Light Company intends to proceed on the basis that its understanding of the three issues stated above accurately reflects the clarifications provided by the staff in the recent meeting to discuss these decommissioning issues.

If you have any questions, please contact me at (919) 546-6242 or Mr. Lewis S. Rowell at (919) 546-2770.

Yours very truly,



L. P. Loflin
Manager

Nuclear Licensing Section

PS/ers (327CRS)

cc: Mr. R. A. Becker
Mr. W. H. Bradford (NRC-SHNP)
Mr. S. D. Ebnetter
Mr. L. Garner (NRC-HBR)
Mr. R. Lo
Mr. W. H. Ruland (NRC-BSEP)
Mr. E. G. Tourigny
Mr. R. S. Wood