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 50-316 Donald C. Cook Nuclear Power Plant, Unit 2, Indiana & 05000316  
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 ALEXICH,M.P. Indiana Michigan Power Co. (formerly Indiana & Michigan Ele  
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SUBJECT: Provides certification of funding plan for decommissioning,  
 per 10CFR50.33 & 50.75.

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AEP:NRC:1119  
10 CFR 50.33  
10 CFR 50.75

Donald C. Cook Nuclear Plant Units 1 and 2  
Docket Nos. 50-315 and 50-316  
License Nos. DPR-58 and DPR-74  
COMPLIANCE WITH NEW DECOMMISSIONING RULE

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington, D.C. 20555

Attn: T. E. Murley

July 3, 1990

Dear Dr. Murley:

This letter is in response to the new decommissioning rule as put forth in 10 CFR 50.33 and 10 CFR 50.75. Indiana Michigan Power Company is setting aside funds for the decommissioning of the Donald C. Cook Nuclear Plant. This letter is a certification of the funding plan for decommissioning as outlined in the Attachment.

This document has been prepared following Corporate procedures that incorporate a reasonable set of controls to ensure its accuracy and completeness prior to signature by the undersigned.

Sincerely,

A handwritten signature in dark ink, appearing to read 'M. P. Alexich', is written over the typed name.

M. P. Alexich  
Vice President

edg

Attachment

cc: D. H. Williams, Jr.  
A. A. Blind - Bridgman  
J. R. Padgett  
NFEM Section Chief  
G. Charnoff  
NRC Resident Inspector - Bridgman  
A. B. Davis - NRC Region III

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FDR ADOCK 05000315  
P PDC

*Adol*  
*11*

## REPORT TO NUCLEAR REGULATORY COMMISSION

## DECOMMISSIONING FUNDING FOR DONALD C. COOK UNITS 1 AND 2

Three site-specific studies of decommissioning costs for the Donald C. Cook Nuclear Plant have been prepared over the past several years. We will continue to update these studies in the future as necessary or as requested. The first study was prepared in 1982 and the second in 1986. The most recent study was prepared by Nuclear Energy Services, (NES) Inc. in a report dated December 1989. This NES study reports the following results in 1989 dollars for both Units 1 and 2.

<u>Decommissioning Alternative</u>	<u>Immediate Post-Shutdown Period Cost, \$</u>	<u>Thirty-Year Dormancy Period Cost, \$</u>	<u>Delayed Dismantling Cost, \$</u>	<u>Total Program Cost, \$</u>
DECON	\$340,049,600	N/A	N/A	\$340,049,600
ENTOMB with Thirty-Year Delayed Dismantling	\$ 53,987,800	\$22,578,000	\$282,290,600	\$358,856,400
SAFSTOR with Thirty-Year Delayed Dismantling	\$ 52,816,100	\$33,768,000	\$282,290,600	\$368,874,700

This study is based on the license life extension requested for both Cook Nuclear Plant units. The Company also has a 1989 study based on the original license life of 2009 which shows moderately lower dollar amounts because there would be a simultaneous shutdown of both units in this instance but not in the case of the license life extension.

Indiana Michigan Power Company has not determined what method will be used to decommission the plant and will not select a method until a later date. However, for purposes of nuclear decommissioning funding, the Company is assuming the DECON method since this method appears the most probable and appropriate at this time. It conservatively also requires the greatest immediate dollar expenditures.

The DECON site-specific cost estimate of \$340,049,600 for both units is higher compared to the following NRC required minimum cost estimate of \$261,700,000.

The NRC formula minimum cost estimate for Unit 1, which is rated at 3250 MWt power, is  $(75 + 0.0088 \times 3250)$  million dollars or \$103,600,000. The NRC formula minimum cost estimate for Unit 2, which is rated at 3411 MWt power, is  $(75 + 0.0088 \times 3411)$  or \$105,000,000. These minimum cost estimates are adjusted per the regulations. We have calculated the adjusted minimum cost estimate in 1989 dollars to be \$130,000,000 for Unit 1 and \$131,700,000 for Unit 2. The adjusted minimum cost estimate for both units in 1989 dollars is \$261,700,000.

The Company will continue to request recovery of funds for nuclear decommissioning from regulator commissions having jurisdiction over utility rates. The amount requested will be determined by a site-specific study or the minimum generic estimate pursuant to the NRC regulations, whichever amount is higher. At the present time, this amount is \$340,049,600 in 1989 dollars. Requests for changes in decommissioning recoveries would usually be included as part of a general rate filing.

The amount of revenues to be requested for nuclear decommissioning is dependent on various factors in addition to the current dollar estimate of the cost to decommission the nuclear plant. These other factors include:

1. The estimated remaining service life of the plant.
2. The rate at which nuclear decommissioning costs are expected to increase in the future.
3. The funds which have been previously collected from customers for nuclear decommissioning purposes and accumulated investment earnings on such funds.
4. The estimated future investment earnings on nuclear decommissioning funds.
5. The income tax status of nuclear decommissioning collections and earnings on nuclear decommissioning funds.

The amount permitted in rates for nuclear decommissioning expenses is dependent on the decision of the commission in each jurisdiction. This decision reflects the commission's conclusions based on evidence presented by the Company, and usually other parties, as to the assumptions to be adopted and the amounts needed to provide for decommissioning.

Indiana Michigan Power Company's utility rates are subject to approval by three commissions with respect to portions of its business:

The Indiana Utility Regulatory Commission  
The Federal Energy Regulatory Commission  
The Michigan Public Service Commission

In each jurisdiction the Company is presently collecting funds from customers for decommissioning the Cook Nuclear Plant units. The amounts reflected in rates as decommissioning expenses are deposited in one or more external trust funds established for the purpose of decommissioning the Donald C. Cook Nuclear Plant units. Certain of these funds are qualified pursuant to provisions of the Internal Revenue code. In each case the trustee is a banking institution having trust powers. The book value of all nuclear decommissioning trust funds was \$89,469,129.08 at December 31, 1989. A schedule of the trust funds is shown on Exhibit A.

## Exhibit A

## INDIANA MICHIGAN POWER COMPANY

## DONALD C. COOK NUCLEAR PLANT

## DECOMMISSIONING TRUSTS

## OTHER SPECIAL FUNDS - ACCOUNT 128

DECEMBER 31, 1989

Fort Wayne National Bank Fort Wayne, Indiana	\$26,942,281.24
Lincoln National Bank Fort Wayne, Indiana	25,887,636.15
First Source Bank South Bend, Indiana	33,517,429.17
National Bank of Detroit Detroit, Michigan	3,121,782.52
TOTAL	<u>\$89,469,129.08</u>