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August 9, 2018

AEP-NRC-2018-45
10 CFR 50.75(f)(1)

Docket Nos. 50-315
50-316

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

Donald C. Cook Nuclear Plant Unit 1 and Unit 2
Response to Request for Additional Information Concerning
2017 Decommissioning Funding Status Report

References:

1. Letter from Q. S. Lies, Indiana Michigan Power Company (I&M), to U. S. Nuclear Regulatory Commission (NRC), "Donald C. Cook Nuclear Plant, Units 1 and 2, Decommissioning Funding Status Report," dated March 21, 2017, Agencywide Documents Access and Management System Accession (ADAMS) No. ML17081A443.
2. Letter from A. W. Dietrich, NRC, to J. P. Gebbie, I&M, "Donald C. Cook Nuclear Plant, Unit Nos. 1 and 2 – Request for Additional Information Concerning 2017 Decommissioning Funding Status Report," dated May 29, 2018, ADAMS No. ML18142B531.
3. Letter from A. W. Dietrich, NRC, "Summary of July 17, 2018 Meeting with Indiana Michigan Power Company Regarding Donald C. Cook Nuclear Plant, Unit Nos. 1 and 2," dated August 3, 2018, ADAMS No. ML18204A302.

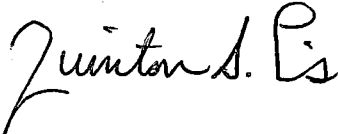
This letter provides Indiana Michigan Power Company's (I&M), licensee for Donald C. Cook Nuclear Plant (CNP) Unit 1 and Unit 2, response to the Request for Additional Information (RAI) by the U. S. Nuclear Regulatory Commission (NRC) concerning the 2017 Decommissioning Funding Status Report.

By Reference 1, I&M submitted the biennial Decommissioning Funding Status Report. By Reference 2, the NRC transmitted an RAI concerning the report submitted by I&M in Reference 1. On June 25, 2018, I&M requested a meeting to discuss I&M's intended response to the RAI, which was held on July 17, 2018 (Reference 3). As stated at the meeting on July 17, 2018, and indicated in Enclosure 1, I&M is providing Enclosure 2 to this letter as its response to the NRC's RAI from Reference 2. Enclosure 2 provides a revised 2016 Decommissioning Funding Status Report which will replace the report provided by Reference 1 in its entirety.

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There are no new regulatory commitments made in this letter. Should you have any questions, please contact Mr. Michael K. Scarpello, Regulatory Affairs Director, at (269) 466-2649.

Sincerely,

A handwritten signature in cursive script, appearing to read "Q. Shane Lies".

Q. Shane Lies
Site Vice President

MDS/ml

Enclosures:

1. Response to Request for Additional Information Concerning the 2017 Decommissioning Funding Status Report
2. Revised 2016 Decommissioning Funding Status Report

c: R. J. Ancona – MPSC
A. W. Dietrich, NRC Washington, DC
MDEQ – RMD/RPS
NRC Resident Inspector
S. K. West, NRC Region III
A. J. Williamson – AEP Ft. Wayne, w/o enclosures

Enclosure 1 to AEP-NRC-2018-45

Response to Request for Additional Information Concerning the 2017 Decommissioning Funding Status Report

By letter dated March 21, 2017 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17081A443), Indiana Michigan Power Company (I&M), the licensee for the Donald C. Cook Nuclear Plant (CNP), Unit 1 and Unit 2, submitted the biennial Decommissioning Funding Status Report.

The U. S. Nuclear Regulatory Commission (NRC) staff is currently reviewing the submittal and has determined that additional information is needed in order to complete the review. The text of the request for additional information (RAI) and I&M's responses are provided below.

On July 17, 2018, a meeting was held between the NRC and I&M to discuss I&M's intended response to the RAI. In this meeting, I&M stated that in response to this RAI, I&M planned to resubmit the 2016 Decommissioning Funding Status Report for CNP. In the revised 2016 report the total fund value is now allocated for radiological decommissioning consistent with the percentage previously reported in the 2014 Decommissioning Funding Status Report by I&M letter dated March 20, 2015 (ADAMS Accession No. ML15084A007). Enclosure 2 to this letter provides I&M's revised 2016 Decommissioning Funding Status Report which will replace the report, provided by letter dated March 21, 2017, in its entirety.

RAI-1

... the end-of-year balance in the DTFs reported to the NRC for CNP, Unit Nos. 1 and 2, decreased between 2015 and 2017. During the April 10, 2018, public meeting, I&M indicated that there was no disbursement from the decommissioning fund. Confirm whether the reported decrease of decommissioning funding between 2015 and 2017 was the result of a withdrawal or disbursement from the DTFs for CNP, Unit Nos. 1 and 2.

I&M Response to RAI-1

See report contained in Enclosure 2 to this letter, which revises the allocation for radiological decommissioning to be consistent with the allocation previously reported, in the 2014 Decommissioning Funding Status Report, by I&M letter dated March 20, 2015.

RAI-2

During the April 10, 2018, public meeting, I&M stated that the reduction in the amount of decommissioning funding reported to the NRC between 2015 and 2017 was due to the reallocation of the DTFs for CNP, Unit Nos. 1 and 2. Specifically, I&M indicated that it repurposed a percentage of the DTFs previously allocated to radiological decommissioning in 2015, to spent fuel management in 2017. Confirm whether funds allocated to radiological decommissioning within the DTFs for CNP, Unit Nos. 1 and 2, as reported to

the NRC in 2015, were repurposed in 2017 for use for spent fuel management.

I&M Response to RAI-2

See report contained in Enclosure 2 to this letter, which revises the allocation for radiological decommissioning to be consistent with the allocation previously reported, in the 2014 Decommissioning Funding Status Report, by I&M letter dated March 20, 2015.

RAI-3

If funds allocated for radiological decommissioning in 2015 were repurposed for spent fuel management, provide the reason for repurposing the funds. In your response, provide the regulatory basis for repurposing the funds. In your response, provide the regulatory basis for repurposing funds in the DTFRs, including an explanation of why this practice is consistent with NRC regulations and guidance. Indicate whether I&M intends to request a regulatory exemption to use its DTFs for CNP, Unit Nos. 1 and 2, for spent fuel management.

I&M Response to RAI-3

See report contained in Enclosure 2 to this letter, which revises the allocation for radiological decommissioning to be consistent with the allocation previously reported, in the 2014 Decommissioning Funding Status Report, by I&M letter dated March 20, 2015.

RAI-4

Were funds allocated to radiological decommissioning in 2015 reallocated for any other purpose in 2017? If so, explain why the funds were repurposed.

I&M Response to RAI-4

See report contained in Enclosure 2 to this letter, which revises the allocation for radiological decommissioning to be consistent with the allocation previously reported, in the 2014 Decommissioning Funding Status Report, by I&M letter dated March 20, 2015.

RAI-5

Assuming funds allocated to radiological decommissioning in 2015 in the DTFs for CNP, Unit Nos. 1 and 2, were repurposed (for any reason), provide the following information: (1) the percentage of the DTF allocated to radiological decommissioning in the 2015 status report; (2) the percentage of the DTF allocated to radiological decommissioning in the 2017 status report;

(3) the percentage and dollar amount of decommissioning funding that was repurposed between 2015 and 2017.

I&M Response to RAI-5

See report contained in Enclosure 2 to this letter, which revises the allocation for radiological decommissioning to be consistent with the allocation previously reported, in the 2014 Decommissioning Funding Status Report, by I&M letter dated March 20, 2015.

Enclosure 2 to AEP-NRC-2018-45

Revised 2016 Decommissioning Funding Status Report

ENCLOSURE 2 TO AEP-NRC-2018-45

Indiana Michigan Power Company (I&M), Donald C. Cook Nuclear Plant Units 1 and 2 2016 U. S. Nuclear Regulatory Commission Financial Assurance Requirements Report for Decommissioning Nuclear Power Reactors

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the U. S. Nuclear Regulatory Commission (NRC) on a calendar year basis, beginning on March 31, 1999, and every two years thereafter, on the status of its decommissioning funding for each reactor or share of reactors it owns.

1. The minimum decommissioning cost estimate, pursuant to 10 CFR 50.57(b) and (c):
 - a. Cook Unit 1 \$487,715,537
 - b. Cook Unit 2 \$492,049,320
 - c. Total \$979,764,857

These cost estimates were determined using the burial cost escalation values and the methods outlined in NUREG-1307, Revision 16, to determine minimum values.

2. The amount accumulated in the fund allocated to radiological decommissioning reflects the market value of the funds accumulated through December 31, 2016, net of all taxes currently due for items included in 10 CFR 50.75(b) and (c) are:
 - a. Cook Unit 1 \$585,532,973
 - b. Cook Unit 2 \$533,019,348
 - c. Total \$1,118,552,321
3. A schedule of the annual amounts to be collected for items in 10 CFR 50.75(b) and (c) are as follows:
 - a. See Table 1 for schedule of contributions. While there are no changes for Indiana and Michigan, the FERC contributions are expected to decline in years 2019, 2020, 2021, 2026, 2027, and 2034 as wholesale customers contracts expire.

The citations for the Orders that provide these rates are the State of Michigan Case Number U-15276 and the State of Indiana Cause Number 44075.

4. 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 are as follows:

A two percent real rate of return was applied to the annual balance for future funding projections. Incorporating the two percent real rate of return on trust assets as well as future contributions to the trust results in projected trust fund balances of approximately \$832 million for Unit 1 and \$807 million for Unit 2 net of tax at the time those units are shut-down, which are above the NRC minimum cost estimates.
5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v):

None.
6. Any modifications occurring to a licensee's current method of providing financial assurances since the last submitted report:

This report supersedes I&M's previous report provided by letter dated March 21, 2017, and supports I&M's response to the NRC RAI provided by letter dated May 29, 2018.
7. Any material changes to trust agreements:

None.

Table 1

Unit 1				
	Contributions			Total
	Indiana	Michigan	FERC	
2017	\$1,240,000	\$930,000	\$740,488	\$2,910,488
2018	\$1,240,000	\$930,000	\$740,488	\$2,910,488
2019	\$1,240,000	\$930,000	\$726,099	\$2,896,099
2020	\$1,240,000	\$930,000	\$484,171	\$2,654,171
2021	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2022	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2023	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2024	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2025	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2026	\$1,240,000	\$930,000	\$308,246	\$2,478,246
2027	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2028	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2029	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2030	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2031	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2032	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2033	\$1,240,000	\$930,000	\$300,773	\$2,470,773
10/25/2034	\$1,033,333	\$775,000	\$111,483	\$1,919,817

Unit 2				
	Contributions			Total
	Indiana	Michigan	FERC	
2017	\$1,240,000	\$930,000	\$740,488	\$2,910,488
2018	\$1,240,000	\$930,000	\$740,488	\$2,910,488
2019	\$1,240,000	\$930,000	\$726,099	\$2,896,099
2020	\$1,240,000	\$930,000	\$484,171	\$2,654,171
2021	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2022	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2023	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2024	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2025	\$1,240,000	\$930,000	\$318,707	\$2,488,707
2026	\$1,240,000	\$930,000	\$308,246	\$2,478,246
2027	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2028	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2029	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2030	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2031	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2032	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2033	\$1,240,000	\$930,000	\$300,773	\$2,470,773
2034	\$1,240,000	\$930,000	\$133,780	\$2,303,780
2035	\$1,240,000	\$930,000	\$50,739	\$2,220,739
2036	\$1,240,000	\$930,000	\$50,739	\$2,220,739
12/23/2037	\$1,240,000	\$930,000	\$50,739	\$2,220,739