



**10 CFR 50.75(f)(1)**  
**10 CFR 72.30(c)**

**Palo Verde**  
**Nuclear Generating Station**  
5871 S. Wintersburg Road  
Tonopah, AZ 85354

102-07891-MDD/MSC  
March 29, 2019

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

Dear Sirs:

Subject: **Palo Verde Nuclear Generating Station Units 1, 2, and 3**  
**Docket Nos. STN 50-528, 50-529, and 50-530**  
**Renewed Operating License Nos. NPF-41, NPF-51, NPF-74**  
**Independent Spent Fuel Storage Installation**  
**Docket No. 72-44**  
**Consolidated Decommissioning Funding Status Report - 2018**

In accordance with Title 10 of the Code of Federal Regulations (10 CFR) Part 50.75(f)(1), 10 CFR 72.30(c) and in accordance with the guidance in Nuclear Regulatory Commission (NRC) Regulatory Issue Summary (RIS) 2001-07, Revision 1, *10 CFR 50.75 Reporting and Recordkeeping for Decommissioning Planning*, dated January 8, 2009, Arizona Public Service Company (APS) is submitting the 2018 Decommissioning Funding Status Reports for Palo Verde Nuclear Generating Station (PVNGS), Units 1, 2, and 3, and for the PVNGS Independent Spent Fuel Storage Installation.

APS is relying upon the 2018 Annual Funding Status Report from each Participant Owner as well as the *2016 Decommissioning Cost Study for the Palo Verde Nuclear Generating Station*, issued April 7, 2017, in providing the information in these reports. The report, provided in Enclosure 1 to this letter, contains the information described in NRC RIS 2001-07, Revision 1, as well as the status of decommissioning funding for each PVNGS unit and for each of the Participants.

In order to reduce the ongoing burden of submitting reports on separate schedules under 10 CFR 72.30(c) and under 10 CFR 50.75(f)(1), APS is including the ISFSI report as Enclosure 2.

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Consolidated Decommissioning Funding Status Report - 2018  
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No commitments are being made in this letter. Should you need further information regarding this letter, please contact Matthew S. Cox, Licensing Section Leader, at (623) 393-5753.

Sincerely,

Michael D. DiLorenzo  
Department Leader, Nuclear Regulatory Affairs

MDD/MSC/mg

Enclosures: 1. 2018 Decommissioning Funding Status Report for Palo Verde Nuclear  
Generating Station Units 1, 2, and 3  
2. 2018 Decommissioning Funding Status Report for the Independent  
Spent Fuel Storage Installation at Palo Verde Nuclear Generating  
Station

cc:	S. A. Morris	NRC Region IV Regional Administrator
	S. P. Lingam	NRC NRR Project Manager for PVNGS
	C. A. Peabody	NRC Senior Resident Inspector for PVNGS

**Enclosure 1**

**2018 Decommissioning Funding Status Report for Palo  
Verde Nuclear Generating Station Units 1, 2, and 3**

**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

The Decommissioning Funding Status Report for the period ending December 31, 2018, is being submitted pursuant to Title 10 of the Code of Federal Regulations (10 CFR) Part 50.75(f)(1) by Arizona Public Service Company (APS) as the operator of Palo Verde Nuclear Generating Station (PVNGS), Units 1, 2, and 3. The information contained in this report is based on the best available information as provided by the Palo Verde Participants updated to the current revision of NUREG-1307, Revision 17, *Report on Waste Burial Charges*, dated February 2019.

The authorized megawatts thermal (MWt) and expiration dates for authority to operate the PVNGS units pursuant to the renewed licenses are as follows:

	<b>MWt</b>	<b>Expiration date</b>
<b>Unit 1</b>	3990	June 1, 2045
<b>Unit 2</b>	3990	April 24, 2046
<b>Unit 3</b>	3990	November 25, 2047

APS is submitting this report on behalf of the seven Palo Verde Participants identified below.

	<b>Participants</b>	<b>Percent Share of Each Unit (%)</b>
1.	Arizona Public Service Company (APS)	29.10
2.	Salt River Project Agricultural Improvement and Power District (SRP)	17.49
3.	El Paso Electric Company (EPE)	15.80
4.	Southern California Edison Company (SCE)	15.80
5.	Public Service Company of New Mexico (PNM)	10.20
6.	Southern California Public Power Authority (SCPPA)	5.91
7.	Los Angeles Department of Water and Power (LADWP)	5.70

Pursuant to the Participation Agreement governing the obligations of the PVNGS owners, each owner is required to establish and maintain Termination Fund(s) for the accumulation of funds to decommission PVNGS, including a requirement that such funds meet the regulatory requirements of the Nuclear Regulatory Commission (NRC) for providing financial assurance for decommissioning, as well as other requirements. Every year, each PVNGS owner provides an Annual Funding Status Report and certifies compliance with these requirements. Copies of the most recent certifications for the 2018 reports are provided as Appendix A to this enclosure. The information provided in this report is based upon the information in the 2018 Annual Funding Status Reports as certified by the Participants.

10 CFR 50.75(f)(1) requires, and Regulatory Issue Summary 2001-07, Revision 1, requests, that the following information be provided:

**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75 (b) and (c).
2. The amount accumulated to the end of the calendar year preceding the date of the report (this report is for the period ending December 31, 2018).
3. A schedule of the annual amounts remaining to be collected.
4. The assumptions used in determining rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.
5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).
6. Any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.
7. Any material changes to trust agreements.

**Item 1**

The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75 (b) and (c).

**Response**

NUREG-1307, Revision 17, *Report on Waste Burial Charges*, dated February 2019, provides the following information.

Using the format used in the examples in Section 3.5 of NUREG-1307, *Sample Calculations of Estimated Reactor Decommissioning Costs*, along with end of year inflation numbers:

Scenario Description

Reactor Type:	Pressurized Water Reactor
Thermal Power Rating:	3990 MWt
Location of Plant:	West Region, Southwestern Compact
Low Level Waste (LLW) Disposition Preference:	Generators Located in the Unaffiliated States and those Located in Compact-Affiliated States having no Disposal Facility
LLW Burial Location:	Andrews County, Texas and Clive, Utah
Base Cost (1986 Dollars) =	\$105 million [from 10 CFR 50.75(c)(1)]
Labor Escalation Factor ( $L_x$ ) =	2.826
Energy Factor ( $E_x$ ) =	2.365
Waste Burial Factor ( $B_x$ ) =	12.853
Decommissioning Cost (2018 dollars)	
= (\$105 million)*[(0.65)*(2.826)+(0.13)*(2.365)+(0.22)*(12.853)]	
= \$522 Million	

APS has reviewed the assumptions in this example as applicable to PVNGS. APS uses a site specific estimate of decommissioning costs. A comparison of the two costs is shown below:

**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

<b>TABLE 1</b>	
<b>PVNGS Unit</b>	<b>10 CFR 50.75 (b) and (c) Required<sup>1</sup></b>
Unit 1	522 Million (2018\$)
Unit 2	522 Million (2018\$)
Unit 3	522 Million (2018\$)

1. From NUREG-1307, Revision 17 calculation

<b>TABLE 2</b>	
<b>PVNGS Unit</b>	<b>Site Specific Basic Radiological Decommissioning<sup>1</sup></b>
Unit 1	753 Million (2016\$)
Unit 2	727 Million (2016\$)
Unit 3	767 Million (2016\$)

1. These values come from the 2016 Decommissioning Cost Study, Table 6.1, page 80 of 182.

## **Item 2**

The amount accumulated to the end of the calendar year preceding the date of the report. This report is for the period ending December 31, 2018.

## **Response**

Each Participant is entitled to exercise its own judgment regarding additional contingency factors and scope of work beyond the scope of work assumed in the site specific study. In addition, assumptions regarding decommissioning cost escalation and trust fund earnings may affect funding levels. Therefore, Participants may accumulate funds based upon a Basic Radiological Decommissioning Cost Estimate and Total Decommissioning Cost Estimate that exceed the amounts noted above. Regardless of such independent judgments, each Participant meets NRC requirements for purposes of estimating the decommissioning funds to be required, because the site specific estimates of costs noted above for the Basic Radiological Decommissioning of each PVNGS unit exceed the NRC minimum formula amount calculated in accordance with 10 CFR 50.75(c), NUREG-1307, Revision 17, *Report on Waste Burial Charges* and Regulatory Guide 1.159, *Assuring the Availability of Funds for Decommissioning Nuclear Reactors*.

The following table shows the actual accumulated funds by Participant at the end of the reporting year 2018.

**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

**Total Trust Balances at End of Reporting Period**  
**(In Thousands \$) <sup>1,2</sup>**

<b>Participant</b>	<b>Unit 1 Accumulation</b>	<b>Unit 2 Accumulation</b>	<b>Unit 3 Accumulation</b>
APS	248,970	281,531	258,787
SRP	132,703	132,034	137,287
EPE	91,946	92,517	87,203
SCE	386,665	395,978	408,400
PNM	87,503	95,097	103,537
SCPPA	56,954	57,801	63,580
LADWP	46,556	44,356	46,120
<b>Total</b>	<b>1,051,297</b>	<b>1,099,314</b>	<b>1,104,914</b>

1. These values represent liquidation values (i.e., after fees, expenses and taxes) as estimated by each Participant.
2. As indicated these amounts are total accumulated trust balances as of December 31, 2018, that eventually will be utilized to pay for radiological, non-radiological, spent fuel and ISFSI decommissioning costs.

Based upon the 2016 Decommissioning Cost Study, the portion of the Total Trust Balances reported above that are intended to be utilized to pay for NRC radiological license termination and ISFSI radiological license termination costs, in 2016 dollars, are as follows:

**Decommissioning Cost Study Estimates for Selected Decommissioning Functions**  
**(In Thousands \$) <sup>1</sup>**

<b>Purpose</b>	<b>Unit 1</b>	<b>Unit 2</b>	<b>Unit 3</b>
Radiological	752,822	727,338	767,325
ISFSI <sup>2</sup>	6,061	6,061	6,061

1. These values come from the 2016 Decommissioning Cost Study, Table 6.1, page 80 of 182 and Appendix L, page 159 of 182 and have not been escalated to 2018 dollars.
2. ISFSI decommissioning is a common cost for all three units, and is equally allocated above. The total ISFSI decommissioning cost estimate is \$18.183 million and is consistent with the reported value in Enclosure 2.

**Item 3**

A schedule of the annual amounts remaining to be collected.

**Response**

Pursuant to the Participation Agreement, as amended and reformed, the Participants agreed that each Participant would commit to minimum levels of accumulation of funds, regardless

**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

of fund investment performance, pursuant to a pre-established percentage funded commitment or Funding Curve for each year through the end of plant life. Every three years a site specific decommissioning cost estimate is performed, and each Participant applies the new site specific cost estimate to its pre-established Funding Curve. Each Participant is committed to minimum levels of accumulations, which cannot drop below a Funding Floor (which is never less than eighty percent of the Participant's Funding Curve and was established to take into account market fluctuations in the early years of fund accumulation).

For purposes of determining compliance with NRC's minimum financial assurance requirements, based upon an evaluation of the existing balances and earnings to be credited using the two percent real rate of return as authorized in 10 CFR 50.75(e)(1)(i) and (ii), minimum financial assurance is achieved. Some Participants continue to make annual contributions of additional amounts as authorized by rate setting authorities and/or as required by the Participation Agreement.

The amounts of additional annual funding reported by the Participants for the year 2018 are as follows:

**Annual Contributions by Participant in 2018**

<b>Participant</b>	<b>Unit 1 Contribution</b>	<b>Unit 2 Contribution</b>	<b>Unit 3 Contribution</b>
APS	\$377,000	\$868,000	\$1,036,000
SRP	\$150,000	\$150,000	\$150,000
EPE	\$708,116	\$636,036	\$788,034
SCE	\$0	\$0	\$0
PNM	\$0	\$0	\$1,300,000
SCPPA	\$0	\$0	\$0
LADWP	\$0	\$0	\$0

**Item 4**

The assumptions used in determining rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.

**Response**

For purposes of determining compliance with NRC's minimum financial assurance requirements, NRC's regulations authorize a two percent real rate of return. The actual rates of earnings and escalation assumed by rate setting authorities for the Participants may vary, but compliance with NRC's requirements is demonstrated when the NRC's two percent real rate of return is applied.



**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

**Item 5**

Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

**Response**

No PVNGS Participant is relying upon a contract for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

**Item 6**

Any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.

**Response**

Based upon trust fund balances reported as of December 31, 2018, and credit for a two percent real rate of return for projected earnings, all Participants currently satisfy NRC's decommissioning financial assurance requirements in accordance with the requirements of the prepayment method in 10 CFR 50.75(e)(1)(i). However, some Participants continue to make annual contributions of additional amounts as authorized by rate setting authorities and/or as required by the Participation Agreement.

**Item 7**

Any material changes to trust agreements.

**Response**

Based upon the Annual Funding Status Reports submitted to APS by the Participants, there have been no material changes to trust agreements.

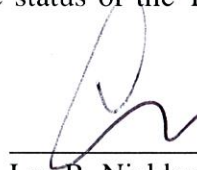
**Enclosure 1**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS Units 1, 2, and 3**

**APPENDIX A**  
**Certifications (7)**

ARIZONA PUBLIC SERVICE COMPANY'S CERTIFICATE  
FOR ANNUAL FUNDING STATUS REPORT  
FOR PERIOD ENDING DECEMBER 31, 2018

Lee R. Nickloy, Vice President and Treasurer of Arizona Public Service Company certifies on behalf of Arizona Public Service Company that the provisions of trust agreement(s) establishing, and all other instruments providing for investment management of, the Termination Fund(s) of Arizona Public Service Company, taken together, comply with Section 8A.7.2.2 and all other provisions of the Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by Amendment Nos. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Lee R. Nickloy, the information contained in the report to which this Certificate is attached is true and correct and accurately sets forth the status of the Termination Funds of Arizona Public Service Company as of the date stated.

DATED: February 28, 2019

  
\_\_\_\_\_  
Lee R. Nickloy  
Vice President and Treasurer

**SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT  
AND POWER DISTRICT'S CERTIFICATE  
FOR ANNUAL FUNDING STATUS REPORT  
FOR PERIOD ENDING DECEMBER 31, 2018**

Steven J. Hulet, Treasurer and Senior Director of Financial Services, Salt River Project Agricultural Improvement and Power District, certifies on behalf of Salt River Project Agricultural Improvement and Power District that the provisions of the trust agreement establishing, and all other instruments providing for investment management of, the Termination Fund of Salt River Project Agricultural Improvement and Power District, taken together, comply with Section 8A.7.2.2. and all other provisions of the Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by Amendment Nos. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Steven Hulet, the information contained in the report to which this Certificate is attached is true and correct and accurately sets forth the status of the Termination Fund of the Salt River Project Agricultural Improvement and Power Districts as of the date stated.

Dated: FEB. 21, 2019

Steven J. Hulet

Steven J. Hulet, Treasurer & Senior Director, Financial Services

**EL PASO ELECTRIC COMPANY  
CERTIFICATE FOR ANNUAL FUNDING STATUS REPORT  
FOR PERIOD ENDING DECEMBER 31, 2018**

Russell G. Gibson, Vice President-Controller, certifies on behalf of El Paso Electric Company that the provisions of trust agreements establishing, and all other instruments providing for investment management of, the Termination Funds of El Paso Electric Company, taken together, comply with Section 8A.7.2.2 and all other provisions of the Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by Amendment Nos. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Russell G. Gibson, the information contained in the report to which this Certificate is attached is true and correct and accurately set forth the status of the Termination Funds of El Paso Electric Company as of the date stated.

DATED: February 28, 2019

  
\_\_\_\_\_  
Russell G. Gibson  
Vice President-Controller

**Southern California Edison Company  
Certificate for Annual Funding Status Report  
For the Period Ending December 31, 2018**

Daniel Wood, Vice President and Treasurer of Southern California Edison, certifies on behalf of Southern California Edison that the provisions of the trust agreement establishing, and all other instruments providing for investment management, of the Termination Funds of Southern California Edison Company, taken together, comply with Section 8.A.7.2.2 and all other provisions of the Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by Amendments No. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Daniel Wood, the information contained in the report to which this Certificate is attached is true and correct and accurately sets forth the status of the Termination Funds of Southern California Edison Company as of the date stated.

Dated: March 1, 2019

A handwritten signature in black ink, appearing to read 'D. Wood', is written over a horizontal line.

Daniel Wood  
Vice President and Treasurer  
Southern California Edison Company



*Public Service Company of New Mexico  
Corporate Headquarters – MS-0905  
Albuquerque, NM 87158*

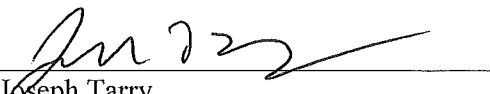
## MANUAL OF THE TERMINATION FUNDING COMMITTEE

Public Service Company of New Mexico

Certificate for Annual Funding Status Report  
For Period Ending December 31, 2018

Joseph Tarry, Vice President, Controller and Treasurer of Public Service Company of New Mexico, certifies on behalf of the Public Service Company of New Mexico, that the provisions of the trust agreement establishing, and all other instruments providing for investment management of, the Termination Funds of Public Service Company of New Mexico, taken together, comply with Section 8A.7.2.2 and all other provisions of the Arizona Nuclear Power Project Participation Agreement, dated as of August 23, 1973, as amended by Amendment Nos. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Joseph Tarry, the information contained in the report to which this Certificate is attached is true and correct and accurately sets forth the status of the Termination Funds of Public Service Company of New Mexico as of the date stated.

Dated: March 4, 2019

  
\_\_\_\_\_  
Joseph Tarry,  
Vice President, Controller and Treasurer



**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY**

1160 Nicole Court  
Glendora, California 91740  
(626) 793-9364 • Fax: (626) 793-9461  
[www.scppa.org](http://www.scppa.org)

ANAHEIM • AZUSA • BANNING • BURBANK •  
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• PASADENA RIVERSIDE • VERNON • IMPERIAL  
IRRIGATION DISTRICT

**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
CERTIFICATE FOR ANNUAL FUNDING STATUS REPORT  
FOR THE PERIOD ENDING DECEMBER 31, 2018**

Michael S. Webster, Executive Director of Southern California Public Power Authority certifies on behalf of Southern California Public Power Authority that the provisions of the trust agreements establishing, and all other instruments providing for investment management of the Termination Funds of Southern California Public Power Authority, taken together, comply with Section 8A.7.2.2 and all other provisions of the Arizona Nuclear Project Participation Agreement dated as of August 23, 1973, as amended by Amendment Nos. 1 through 16 establishing requirements for such agreements and instruments; and further certifies that, to the best of the knowledge of Michael S. Webster, the information contained in the report to which this certificate is attached is true and correct and accurately sets forth the status of the Termination Fund of So California Public Power Authority as of the date stated.

Dated: February 25, 2019

**MICHAEL S. WEBSTER**  
Executive Director of  
Southern California Public Power Authority



**LOS ANGELES DEPARTMENT OF WATER & POWER  
CERTIFICATE FOR ANNUAL FUNDING STATUS REPORT  
FOR THE PERIOD ENDING DECEMBER 31, 2018**

**Ann M. Santilli, Interim Chief Financial Officer** of Los Angeles Department of Water and Power certifies on behalf of Los Angeles Department of Water and Power that the provisions of the trust agreements establishing, and all other instruments providing for investment management of, the Termination Funds of Los Angeles Department of Water and Power, taken together, comply with Section 8A.7.2.2 and all other provisions of the Arizona Nuclear Project Participants agreement, dated August 23, 1973, as amended by Amendments Nos. 1 through 16, establishing requirements for such agreements and instruments; and further certifies that, to the best of his knowledge, the information contained in the report to which this certificate is attached is true and correct and accurately sets forth the status of the Termination Funds of Los Angeles Department of Water and Power as of the date stated.

Dated: February 27, 2019

  
\_\_\_\_\_  
Ann M. Santilli  
Interim Chief Financial Officer

**Enclosure 2**

**2018 Decommissioning Funding Status Report for the  
Independent Spent Fuel Storage Installation at  
Palo Verde Nuclear Generating Station**

**Enclosure 2**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS ISFSI**

Pursuant to 10 CFR 72.30(c), each licensee for an Independent Spent Fuel Storage Installation (ISFSI), including an ISFSI licensed under the General License provided for in 10 CFR Part 72, Subpart K, is required, at intervals not to exceed 3 years, to resubmit a decommissioning funding plan with adjustments as necessary to account for changes in costs and the extent of contamination, as well as information regarding the financial assurance provided for funding such costs. On behalf of the owners of Palo Verde Nuclear Generating Station, Units 1, 2 and 3 (PVNGS) and the PVNGS ISFSI, Arizona Public Service Company (APS) provides the requested information below:

**1. Information on how reasonable assurance will be provided that funds will be available to decommission the ISFSI:**

See response to number 4 below, which discusses the appropriate method of financial assurance contemplated under 10 CFR 72.30(e).

**2. A detailed cost estimate (DCE) for decommissioning:**

In 1998, TLG Services, Inc. (TLG) prepared a site specific Decommissioning Cost Study for the PVNGS, which included the costs of decommissioning the ISFSI. This report has been updated, most recently in 2016. The most recent TLG Report found that the total cost of decommissioning the PVNGS ISFSI (license termination radiological only) after 60 years of operation would be 18.2 million dollars in 2016. This cost estimate includes the cost of an independent contractor to perform all radiological decommissioning activities, an adequate contingency factor of 16.3 percent, and the cost of meeting the 10 CFR 20.1402 criteria for unrestricted release.

Below is the effect of the following on the detailed cost estimate since the previous report:

- a. Spills of radioactive material producing additional residual radioactivity in onsite subsurface material: None
- b. Facility modifications: None
- c. Changes in authorized possession limits: None
- d. Actual remediation costs that exceed the previous cost estimate: None

**3. Identification of and justification for using the key assumptions contained in the decommissioning cost estimate:**

The key ISFSI assumption from the 2016 Decommissioning Cost Study is that some activation of the liner material in the casks is assumed to occur over the dry storage period of the spent fuel. The cost of the disposition of this material, as well as the conventional demolition of the ISFSI facility, is included in the estimate.

**Enclosure 2**  
**2018 Decommissioning Funding Status Report**  
**for PVNGS ISFSI**

**4. A description of the method of assuring funds for decommissioning from 10 CFR 72.30(e), including means of adjusting cost estimates and associated funding levels periodically over the life of the facility:**

The PVNGS owners are using the prepayment and external sinking fund methods as authorized in 10 CFR 72.30(e)(5) and 50.75(e)(1)(i)-(ii). The owners recover their costs for decommissioning through cost of service ratemaking, including the estimated costs to decommission the PVNGS ISFSI, which are included in the TLG Report.

In the event that funds remaining to be placed into the PVNGS owners' external sinking funds are no longer approved for recovery in rates by competent rate making authorities or if the funds no longer qualify using the prepayment method, the PVNGS owners will make changes to provide financial assurance using one or more of the methods stated in 10 CFR 72.30(e)(1)-(4).

The Participation Agreement governing the obligations of the PVNGS owners requires that the site specific DCE for PVNGS be updated once every three years. This provides the means for updating the cost estimate and required funding levels associated with the decommissioning of the PVNGS ISFSI.

**5. The volume of onsite subsurface material containing residual radioactivity that will require remediation to meet the criteria for license termination:**

APS assumes that there is no volume of onsite subsurface material at the PVNGS ISFSI that contains residual radioactivity that will require remediation to meet the criteria for license termination.

**6. A certification that financial assurance for decommissioning has been provided in the amount of the cost estimate for decommissioning:**

Pursuant to the Participation Agreement governing the obligations of the PVNGS owners, each owner is required to establish and maintain Termination Fund(s) for the accumulation of funds to decommission PVNGS, including a requirement that such funds meet the regulatory requirements of the NRC for providing financial assurance for decommissioning, as well as other requirements. Every year, each PVNGS owner provides an Annual Funding Status Report and certifies compliance with these requirements. Copies of the most recent certifications for the 2018 reports are provided as Appendix A to Enclosure 1.