



Public Service®

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Public Service
Company of Colorado
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February 25, 1993
Fort St. Vrain
Unit No. 1
P-93014

A. Clegg Crawford
Vice President
Electric Production

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

ATTN: John H. Austin, Chief
Decommissioning and
Regulatory Issues Branch

Docket No. 50-267

SUBJECT: Proposed Amendment to Indemnity Agreement B-50

- REFERENCES:
1. NRC Letter, Erickson to Crawford, dated November 23, 1992 (G-92244)
 2. NRC Letter, Erickson to Crawford, dated May 21, 1991 (G-91106)

Dear Mr. Austin:

This letter requests NRC approval of a revision to Indemnity Agreement No. B-50, between Public Service Company of Colorado (PSC) and the Nuclear Regulatory Commission. PSC requests that this Indemnity Agreement be revised to reduce the primary financial protection requirement from \$200 million to \$50 million, and to delete the requirement for secondary financial protection, as shown in the Attachment to this letter. These changes are requested to reflect the fact that the Fort St. Vrain Nuclear Station has been permanently shut down, is no longer licensed to operate, and is being actively dismantled in accordance with the Decommissioning Order provided in Reference 1.

Background

Indemnity Agreement No. B-50 currently reflects the requirements of 10 CFR 140.11(a)(4) for a minimum of \$200 million as primary financial protection, and the amount available as secondary financial protection. This secondary financial protection

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is in the form of private liability insurance available under an industry retrospective rating plan, under which PSC is liable for deferred premium charges of up to \$63 million per nuclear incident at any other nuclear facility (\$10 million per calendar year). The requirements of 10 CFR 140.11(a)(4) specifically apply *"for each nuclear reactor which is licensed to operate and which is designed for the production of electrical energy and has a rated capacity of 100,000 electrical kilowatts or more."*

PSC is not authorized to operate Fort St. Vrain, as evidenced by the Possession Only License (Reference 2) and the Decommissioning Order (Reference 1). All nuclear fuel has been removed from the Reactor Building and transferred to an Independent Spent Fuel Storage Installation. In its current condition of active dismantlement, the plant is not considered to have any capacity for electrical production. The primary and secondary financial protection requirements of 10 CFR 140.11(a)(4) do not apply to PSC.

The remaining sections of 10 CFR 140.11 also apply only to licensees with reactors that are licensed to operate, and they also do not apply to Fort St. Vrain. For other reactors, the financial protection requirements of 10 CFR 140.12 apply. 10 CFR 140.12 includes a formula to determine primary financial protection requirements, based on authorized power level, subject to a minimum of \$4.5 million. For Fort St. Vrain, the formula results in a primary financial protection requirement of zero dollars, so the minimum requirement applies. This \$4.5 million minimum requirement is exceeded by the \$50 million coverage requested by PSC. 10 CFR 140.12 does not include any secondary financial protection requirements.

Justification for Proposed Amendment

The reduction to \$50 million in primary financial protection is appropriate for the reduced risks associated with the decommissioning status of Fort St. Vrain. As noted previously, all nuclear fuel is located in the Independent Spent Fuel Storage Installation. The risk of accidents resulting in a radiological release is therefore considerably less than during plant operation. The accidents evaluated in the Decommissioning Plan involve events such as fires and electric power outages, and dismantling activities such as dropping activated or contaminated materials. Doses to an individual located at the Emergency Planning Zone (EPZ) boundary are orders of magnitude below the guidelines established in 10 CFR 100 and are a small fraction of the EPA Protective Action Guidelines. PSC owns and maintains direct control over all property and activities within the EPZ. \$50 million in primary financial protection is adequate for any fire, accident, or other hazardous event that could credibly occur during the decommissioning of Fort St. Vrain.

Approval of this reduction in Fort St. Vrain's primary financial protection requirements and elimination of secondary financial protection requirements is requested to reduce PSC's financial exposure in the event of an accident at another nuclear facility, and to reduce unnecessary insurance premium expenses. Since the potential damages from an accident at Fort St. Vrain are reduced to the extent that PSC could not benefit from the secondary protection funds available from other utilities, PSC does not believe that we should be unfairly burdened with financial liability for an accident at another nuclear facility. PSC currently pays annual fees of approximately \$250,000 for primary financial protection and \$7500 for secondary financial protection. Any reduction in the primary protection premium that would result from the requested reduction in primary protection requirements is not known at this time. The elimination of secondary protection requirements would result in an annual savings of at least \$7500 and would eliminate PSC's potential liability for up to \$63 million per incident at another nuclear facility.

Conclusion

PSC considers that the proposed revision to Indemnity Agreement No. B-50, as shown in the Attachment, ensures adequate financial protection against all credible accidents during decommissioning activities, is in agreement with the regulations, and reduces unnecessary financial liabilities for PSC. For these reasons, PSC requests approval of this request as soon as practical.

If you have any questions regarding this request, please contact Mr. M. H. Holmes at (303) 620-1701.

Very truly yours,



A. Clegg Crawford
Vice President
Electric Production

ACC/SWC

Attachment

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cc: Regional Administrator, Region IV

Mr. Ramon E. Hall, Director
Uranium Recovery Field Office

Mr. Robert M. Quillin, Director
Radiation Control Division
Colorado Department of Health

Attachment to

P-93014

**Proposed Amendment to
Indemnity Agreement No. B-50**

Docket Nos. 70-1278
and 50-267

AMENDMENT TO INDEMNITY AGREEMENT NO. B-50

AMENDMENT NO. _____

Effective (date) , Indemnity Agreement No. B-50, between Public Service Company of Colorado, and the Atomic Energy Commission, dated April 21, 1971, as amended, is hereby further amended as follows:

Item 2a of the Attachment to the indemnity agreement is deleted in its entirety and the following substituted therefor:

Item 2 - Amount of financial protection

- | | | |
|----|----------------|--|
| a. | \$1,000,000 | (From 12:01 a.m., April 21, 1971,
to 12 midnight, December 20,
1973, inclusive) |
| | \$95,000,000 | (From 12:01 a.m., December 21, 1973,
to 12 midnight, February 28,
1974, inclusive) |
| | \$110,000,000 | (From 12:01 a.m., March 1, 1974,
to 12 midnight, March 20, 1975,
inclusive) |
| | \$125,000,000 | (From 12:01 a.m., March 21, 1975,
to 12 midnight, April 30, 1977,
inclusive) |
| | \$140,000,000* | (From 12:01 a.m., May 1, 1977, to
12 midnight, April 30, 1979,
inclusive) |

\$160,000,000*

(From 12:01 a.m., May 1, 1979, to
12 midnight, June 30, 1989,
inclusive)

\$200,000,000*

(From 12:01 a.m., July 1, 1989, to
12 midnight, (date), inclusive)

* and, as of August 1, 1977 until (date) , the amount available as
secondary financial protection.

\$50,000,000

(From 12:01 a.m., (date))

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

By _____

Accepted _____, 1993

By _____

Public Service Company of Colorado