



Long Island
Power
Authority

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Richard M. Kessel
Chairman

June 20, 1991

50-322

Mr. Dennis Crutchfield
Division Director for Advanced
Reactors and Special Projects
Office of Nuclear Reactor Regulation
Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Comments of the Long Island Power Authority
Regarding Decommissioning Funding Assurance

Dear Mr. Crutchfield:

This letter responds to the NRC Staff's May 29, 1991 request that LIPA address the three NRC Staff inquiries concerning decommissioning funding posed in your letter to LILCO dated May 22, 1991. In response, LIPA hereby endorses LILCO's responses but wishes to comment further upon LILCO's Answer 1.

LIPA agrees with LILCO that decommissioning funding is fully assured (1) by the mechanism of the Site Cooperation and Reimbursement Agreement, dated January 24, 1990 ("Site Agreement") and (2) by the ongoing commitment of the New York Public Service Commission ("PSC") to effectuation of the Shoreham Settlement. Accordingly, LIPA also agrees that creation of a separate \$10 million contingency fund was not a necessary ingredient of assuring decommissioning funding. However, as noted by LILCO, creation of the fund was useful as a step constituting "further assurance" of decommissioning funding.

LIPA is providing these additional comments to put into more appropriate context LILCO's statement in its Answer 1 that, if "decommissioning activities [were] suspended," \$10 million would suffice to place Shoreham in a radiologically safe condition pending resumption of decommissioning activities. LIPA does not dispute LILCO's technical conclusion, but believes that such a scenario is so remote as not to be credible.

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First, as noted above, the assurances provided by the Site Agreement and PSC commitments demonstrate that decommissioning funding is amply assured and hence that there will be no interruptions in funding. The \$10 million fund provides a further assurance that decommissioning can continue without interruption. And LILCO has now committed to yet another level of assurance by dedicating portions of its line of credit to cover decommissioning costs. (See LILCO Answer 3.) But assuming hypothetically that the foregoing financial resources were not equal to some unforeseeable and extreme circumstance, all interested entities in New York State would recognize that the type of temporary decommissioning suspension referred to by LILCO would be wasteful and disruptive and that, if necessary, additional financial resources should be tapped to assure uninterrupted decommissioning.

Please advise if further information from LIPA would be of assistance. LIPA is, of course, anxious that the NRC's funding concerns be resolved expeditiously so as to allow further progress on the joint LILCO-LIPA application for license transfer.

Very truly yours,


Richard M. Kessel

cc: Stewart W. Brown, Project Manager