



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 17, 2017

Mr. Danu Thomas
Vice President
The Northern Trust Company
50 South La Salle Street
Chicago, IL 60603

SUBJECT: THE NORTHERN TRUST COMPANY—NOTICE OF OBJECTION TO
DISBURSEMENT FROM DECOMMISSIONING TRUSTS FOR EXELON
GENERATION COMPANY, LLC UNITS (CAC NOS. MF9603–MF9620)

Dear Mr. Thomas:

By letter dated April 10, 2017 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML17115A206), The Northern Trust Company provided notice to the U.S. Nuclear Regulatory Commission (NRC) of the planned disbursement of funds from the decommissioning trusts for Exelon Generation Company, LLC (Exelon) nuclear reactor units.

The letter states, in part, that The Northern Trust Company intends to disburse a total of \$3,069,573.57 from individual decommissioning trusts that will reimburse Exelon for decommissioning planning costs incurred from 2004 to 2014 for the following nuclear reactors:

- Braidwood Station (Braidwood), Units 1 and 2
- Byron Station (Byron), Unit Nos. 1 and 2
- Dresden Nuclear Power Station, Units 2 and 3
- LaSalle County Station, Units 1 and 2
- Quad Cities Nuclear Power Station, Units 1 and 2
- Limerick Generating Station (Limerick), Units 1 and 2
- Peach Bottom Atomic Power Station, Units 2 and 3
- Salem Nuclear Generating Station, Unit Nos. 1 and 2
- Three Mile Island Nuclear Station, Unit 1
- Oyster Creek Nuclear Generating Station

Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.82(a)(8)(ii) states, in part, that “[i]nitially, 3 percent of the generic amount specified in § 50.75 [‘Reporting and recordkeeping for decommissioning planning’] may be used for decommissioning planning.” The NRC staff calculated the most recent generic amount described in 10 CFR 50.75(c), reflecting the U.S. Department of Labor Bureau of Labor Statistics data as of December 31, 2016, and found that the noticed amounts of decommissioning planning expenses fell within 3 percent of that generic amount for each specific unit. Furthermore, since the funds will be used as reimbursements of payments for decommissioning planning costs, the disbursements are in compliance with 10 CFR 50.82(a)(8)(ii). The NRC is unaware of any claim that the funds would be used for anything other than the stated purpose and has no reason to believe otherwise.

The letter also states that The Northern Trust Company intends to disburse a total of \$145,333.34 from individual decommissioning trusts that will reimburse Exelon for administrative costs incurred from 2004 to 2014. These costs consist of \$115,333.34 associated with the obtaining of Internal Revenue Service (IRS) tax rulings with respect to a pour over from the nonqualified funds to the qualified funds and \$30,000 associated with parent company guarantee financial tests for Braidwood, Units 1 and 2, Byron, Unit No. 2, and Limerick, Unit 1. By letter dated May 9, 2017 (ADAMS Accession No. ML17129A485), Exelon explained that the \$30,000 was for reimbursement of the costs associated with obtaining an independent auditor's report required by 10 CFR Part 30 in order for Exelon to maintain parent company guarantees used for providing decommissioning financial assurance for these reactor units. Exelon stated that, since this report is required by regulations in order to use a parent company guarantee for decommissioning financial assurance, these costs can be considered administrative costs or other incidental expenses of the decommissioning trusts. Exelon also stated that these costs can be considered a transfer to another financial assurance method.

The regulations in 10 CFR 50.75(h)(1)(iv) and 10 CFR 50.75(h)(2) state, in relevant part, that:

Disbursements or payments from the trust, escrow account, Government fund, or other account used to segregate and manage the funds, other than for payment of ordinary administrative costs (including taxes) and other incidental expenses of the fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the fund, are restricted to decommissioning expenses or transfer to another financial assurance method acceptable under paragraph (e) of this section until final decommissioning has been completed.

The NRC staff considered the administrative costs referred to in The Northern Trust Company letter and their applicability to 10 CFR 50.75(h)(1) and (2). The NRC staff agrees that costs associated with the obtaining of IRS tax rulings with respect to a pour over from the nonqualified funds to the qualified funds are incidental fund expenses in connection with the operation of the individual funds, as described in 10 CFR 50.75(h)(1) and (2), and, therefore, reimbursable.

However, the NRC staff does not agree that costs associated with satisfying financial tests, specifically calculations to demonstrate sufficient assets for parent company guarantees, are incidental fund expenses in connection with the operation of the individual funds, as described in 10 CFR 50.75(h)(1) and (2). The NRC staff's position is that costs that are not directly related to the administration or operation of decommissioning trusts do not meet the criteria in 10 CFR 50.75(h)(1) and (2) for reimbursable expenses. Moreover, the parent guarantee financial test costs do not constitute a transfer to another financial assurance method; rather, they are costs related to supplementing an existing financial assurance method. Therefore, pursuant to 10 CFR 50.75(h)(1) and (2), this letter provides written notice of objection to the following intended disbursements from the individual decommissioning trusts:

Braidwood, Unit 1	\$5,000 (parent guarantee financial test)
Braidwood, Unit 2	\$5,000 (parent guarantee financial test)
Byron, Unit No. 2	\$5,000 (parent guarantee financial test)
Limerick, Unit 1	\$15,000 (parent guarantee financial test)
 Total (not allowed)	 \$30,000

The NRC staff finds that all the other expenses associated with the decommissioning costs and administrative costs, as described in The Northern Trust Company letter, are reimbursable

expenses pursuant to 10 CFR 50.75(h)(1) and (2). Therefore, the NRC has no objection to the disbursement of \$3,069,573.57 for decommissioning costs or the remaining \$115,333.34 for administrative costs associated with the IRS ruling.

If you have any further questions or concerns, please contact Blake Purnell, Project Manager, by phone at (301) 415-1380 or by e-mail at Blake.Purnell@nrc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'W M Dean', written over a light blue horizontal line.

William M. Dean, Director
Office of Nuclear Reactor Regulation

Docket Nos. STN 50-456, STN-457, STN-454
STN 50-455, 50-237, 50-249,
50-373, 50-374, 50-352, 50-353,
50-254, 50-265, 50-277, 50-278,
50-272, 50-311, 50-289, and
50-219

cc: Mr. Bryan C. Hanson
Senior Vice President
Exelon Generation Company, LLC
President and Chief Nuclear Officer
Exelon Nuclear
4300 Winfield Road
Warrenville, IL 60555

Danu Thomas (Dt2@nrts.com)

Listserv

SUBJECT: THE NORTHERN TRUST COMPANY - NOTICE OF OBJECTION TO DISBURSEMENT FROM DECOMMISSIONING TRUSTS FOR EXELON GENERATION COMPANY, LLC UNITS (CAC NOS. MF9603–MF9620) DATED MAY 17, 2017

DISTRIBUTION:

PUBLIC	RidsAcrs_MailCTR Resource
LPL1 R/F	RidsNrrPMBraidwood Resource
LPL3 R/F	RidsNrrPMByron Resource
LSPB R/F	RidsNrrPMDresden Resource
RidsNrrPMExelon Resource	RidsNrrPMLaSalle Resource
RidsNrrDorILpl1 Resource	RidsNrrPMLimerick Resource
RidsNrrDorILpl3 Resource	RidsNrrPMOysterCreek Resource
RidsNrrDorILspb Resource	RidsNrrPMPeachBottom Resource
RidsNrrLALRonewicz Resource	RidsNrrPMQuadCities Resource
RidsNrrLASRohrer Resource	RidsNrrPMSalem Resource
RidsNrrLAJBurkhardt Resource	RidsNrrPMThreeMileIsland Resource
RidsRgn1MailCenter Resource	SHarwell, NRR
RidsRgn3MailCenter Resource	BMazuno, OGC
RidsNrrDirslfib Resource	JWachutka, OGC
RidsOgcMailCenter Resource	

ADAMS Accession No.: ML17124A115

*by email

OFFICE	DIRS/IFIB	DORL/LPL3/PM	DORL/LPL3/LA	QTE*	DIRS/IFIB/BC*
NAME	SHarwell*	BPurnell	SRohrer	CHsu	ABowers
DATE	05/15/2017	05/16/2017	05/16/2017	05/08/2017	05/15/2017
OFFICE	OGC – NLO*	DORL/LPL3/BC	NRR/DORL/DD(A)	NRR/OD	
NAME	JWachutka	DWrona	MJRoss-Lee	WDean	
DATE	05/15/2017	05/16/2017	05/16/2017	05/17/2017	

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