

## **Part 1—Attachment E**

### **Decommissioning Funding Assurance Report**

Pursuant to 10 CFR 50.33(k) and 10 CFR 50.75(b), Virginia Electric and Power Company, doing business as Dominion Virginia Power (DVP or Dominion) and Old Dominion Electric Cooperative (ODEC) hereby submit this decommissioning funding report in support of their application for a combined Construction Permit and Operating License for North Anna Unit 3. Dominion and ODEC certify that decommissioning funding assurance will be provided in an amount and by the method described below.

#### **Amount of Decommissioning Funds**

Dominion has calculated the decommissioning funding assurance amount escalated to December 31, 2009 pursuant to the methodology set out in 10 CFR 50.75(c), using available regional labor and energy escalation factors from the Bureau of Labor Statistics, and escalation factors for waste burial from NUREG-1307, Revision 13, which is the most currently available revision at this time. The 1986 BWR base decommissioning amount is premised on the thermal rating of the new reactor of 4451 MWt. Dominion has calculated the decommissioning funding assurance amount assuming disposal of LLRW using waste vendors. This calculation results in a decommissioning funding assurance amount of \$402,628,792.

The calculation of the decommissioning funding assurance amount assuming the use of waste vendors is set forth in Appendix A.

Dominion will provide assurance for 88.4 percent of this amount and ODEC will provide assurance for 11.6 percent of this amount, in proportion to their respective ownership shares.

#### **Decommissioning Funding Assurance Mechanism**

Pursuant to 10 CFR 50.75(b), a reactor licensee is required to provide decommissioning funding assurance by one or more of the methods described in 10 CFR 50.75(e), as determined to be acceptable to the NRC. Dominion and ODEC have each chosen to provide decommissioning funding assurance for their respective shares of the decommissioning funding amount by means of external sinking funds established and maintained by setting funds aside periodically in an account segregated from licensee assets and outside the administrative control of the licensee and its subsidiaries or affiliates in which the total amount of funds would be sufficient to pay decommissioning costs at the time permanent termination of operations is expected. This method is permitted pursuant to 10 CFR 50.75(e)(1)(ii). Both Dominion's and ODEC's external sinking fund will be in the form of a trust; will be established in writing and maintained at all times in the United States with an entity that is an appropriate State or Federal government agency, or an entity whose operations are regulated and examined by a State or Federal agency; and will include the provisions required by 10 CFR 50.75(h)(2).

For purposes of establishing the amount of periodic funding required to meet the necessary decommissioning amount at the expected time of permanent termination of operations, Dominion will take credit for projected earnings on its external sinking fund using a real annual rate of return of 2 percent, unless otherwise authorized by its rate setting authority, from the time of future funds' collection up to permanent termination of operations. ODEC will take credit for projected earnings on its external fund using a real rate of return as permitted by its rate-setting authority. The funding amount will meet or exceed the amount required for decommissioning specified in 10 CFR 50.75(c).

Use of an external sinking fund is appropriate because both Dominion and ODEC will be entities that recover, either directly or indirectly, their share of the estimated total cost of decommissioning through rates established by "cost of service" or similar ratemaking regulation.

#### **Certification Updates, Financial Instruments, and Annual Adjustment**

Two years and one year before the scheduled date for initial loading of fuel, Dominion and ODEC will submit a report updating this certification in accordance with 10 CFR 50.75(e)(3) and providing copies of the financial instruments to be used. In addition, no later than 30 days after the NRC publishes the notice in the Federal Register under 10 CFR 52.103(a), Dominion and ODEC will submit a report containing a certification that the financial assurance for decommissioning is being provided in an amount specified in the most recent updated certification and will include a copy of the executed financial agreements obtained to satisfy the requirements of 10 CFR 50.75(e). Thereafter, the decommissioning funding amount will be adjusted annually using a rate at least equal to that stated in 10 CFR 50.75(c)(2).

## Appendix A

NAPS U3 - NRC Minimum Calculation Worksheet - US-APWR (in whole dollars)				
Based on			NUREG-1307, REV 13	
Thermal Power Rating - MWt			4,451	
PWR Formula			105 Million Base	
Base Cost (January 1986 Dollars)			\$105,000,000	
Adjustment Factor (12/31/2009 Dollars)			3.8345599	
Adjusted Level (12/31/2009)			\$402,628,792	
NRC Minimum as of 12/31/2009 (using 12/31/2009 indices)			\$402,628,792	
Weighting 2006 Components	Factor L <sup>(1)</sup>	Factor E <sup>(2)</sup>	Factor B <sup>(3)</sup>	Adjustment Factor
	0.650	0.130	0.220	
	2.162	1.980	9.872	
	1.405	0.257	2.172	3.8345599
South Region-Labor CIU2010000000220I	Dec 2006 Ref	12/31/2009	Scaling Factor	
	51.200	110.700	2.162	
Electric/Light Fuel	1986 Ref	12/31/2009	2009/1986	Allocation %
Industrial Electric (Px)	114.200	190.600	1.669	58%
Light Fuel (Fx)	82.000	197.500	2.409	42%
Burial Adjustment Factor (PWR)		9.872	NUREG SR1307 Rev 13	
(1) Factor L: Labor escalation factor to current year, the source is Bureau of Labor Statistics Data, Employment Cost Index, Series ecu13202i (South Region) through 12/2005. Starting 01/2006 - Table 6 - South Region - South Atlantic				
(2) Factor E: Energy escalation factor to current year, the source is a weighted calculation using Bureau of Labor Statistics Data, Producer Price Index - Commodities, series wpu0543 (industrial electric power) and wpu 0573 (light fuel oils)				
(3) Factor B: LLRW escalation factor for Non-Atlantic Compact, South Carolina, per NUREG-1307, Rev 13, Table 2.1 assuming the application of waste vendor services to reduce burial volumes.				