



May 29, 2020

NG-20-0045
10 CFR 50.12
10 CFR 50.82(a)(8)(i)(A)
10 CFR 50.75(h)(1)(iv)

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

Duane Arnold Energy Center
Docket No. 50-331

Response to Request for Additional Information (RAI) - Request for Exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv)

References:

1. NextEra Energy Duane Arnold, LLC letter NG-20-0007, "Request for Exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv)", February 25, 2020 (ML20056E054)
2. NRC E-Mail: "Duane Arnold Energy Center (DAEC) - Request for Additional Information (RAI) - Request for Exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) - EPID L-2020-LLE-0011," from Mahesh Chawla, NRC, May 5, 2020

In Reference 1, NextEra Energy Duane Arnold, LLC (NextEra) submitted a request for exemptions from 10 CFR 50.82(a)(8)(i)(A) and 10 CFR 50.75(h)(1)(iv) to allow withdrawals from the Duane Arnold Energy Center (DAEC) decommissioning trust fund (DTF) for irradiated fuel management and site restoration activities, and to allow these withdrawals without prior notification to the NRC. In Reference 2, the NRC staff requested additional information to support its review of the exemption requests. The Enclosure to this letter provides NextEra's response to the request for additional information (RAI).

If you have any questions or require additional information, please contact J. Michael Davis, Licensing Manager, at 319-851-7032.

A handwritten signature in blue ink that reads "Dean Curtland".

Dean Curtland
Site Director, Duane Arnold Energy Center

NextEra Energy Duane Arnold, LLC

Enclosure

cc: Regional Administrator, USNRC, Region III,
Project Manager, USNRC, Duane Arnold Energy Center
Resident Inspector, USNRC, Duane Arnold Energy Center
A. Leek (State of Iowa)

Enclosure

Response to Request for Additional Information

Regulatory Basis:

10 CFR 50.82(a)(8)(i) states, in part:

Decommissioning trust funds may be used by licensees if—

...

(B) The expenditure would not reduce the value of the decommissioning trust below an amount necessary to place and maintain the reactor in a safe storage condition if unforeseen conditions or expenses arise and;

(C) The withdrawals would not inhibit the ability of the licensee to complete funding of any shortfalls in the decommissioning trust needed to ensure the availability of funds to ultimately release the site and terminate the license.

REQUEST FOR ADDITIONAL INFORMATION

In Table 1 of the letter dated February 25, 2020, requesting exemption from 10 CFR 50.82(a)(8)(i)(A) and 50.75(h)(1)(iv), NEDA uses a DAEC DTF balance of \$454,454,000 as a starting point for the SAFSTOR cash flow analysis for DAEC. According to Footnote 2 in Table 1, this reflects the balance as of December 31, 2019 and represents NEDA's 70% ownership decommissioning responsibility in DAEC. This amount is also reported as the balance as of December 31, 2019 in the 2020 DAEC Decommissioning Funding Status (DFS) Report dated March 26, 2020 (ADAMS Accession No. ML20086L916). Using this starting value, Table 1 reflects a surplus of \$211,154,000 upon the completion of decommissioning and license termination.

Beginning in January 2020, volatility in global markets began to increase due to the COVID-19 pandemic, with major market disruptions and slides in U.S. market values beginning in late February and continuing through to the present day. Due to the ongoing pandemic and its effect on markets, DTFs may, depending on, among other things, their investment strategies, have significantly decreased in value.

Based on the information provided in the NEDA exemption request and the ongoing COVID-19 pandemic, the NRC staff requires additional information to make an informed finding on the request. Therefore, the NRC staff is requesting the following information to evaluate the NEDA exemption request and related DAEC SAFSTOR cash flow analysis.

RAI 1

Provide the value of the NEDA DTF designated for its DAEC decommissioning responsibilities, as of May 1, 2020. Additionally, provide the highest DTF value, lowest DTF value, and average DTF value between December 31, 2019 and May 1, 2020.

NextEra Energy Duane Arnold, LLC Response to RAI 1

The NEDA DTF does not provide or record balances on a daily basis. The only official record bank balances are the month-end balances. Therefore, the month-end balance for April 30, 2020 is used to satisfy the request for May 1, 2020 balances. The value of the NEDA DTF designated for its DAEC decommissioning responsibilities, as of April 30, 2020, was \$416,135,029. The highest month-end DTF value was \$453,253,798 on December 31, 2019.¹ The lowest month-end DTF value was \$384,693,500 on March 31, 2020. The average month-end DTF value between December 31, 2019 and April 30, 2020 was \$427,282,146. Each of these monthly balances are net of estimated incurred taxes, which will be officially calculated following the conclusion of the tax year.

While we cannot report daily DTF balances, daily balances can be estimated using index proxies based on the NEDA DTF asset allocation. Using this method, NEDA estimates the high daily balance during this period was on February 19, 2020 at approximately \$466 million and the low daily balance during this period was on March 23, 2020 at approximately \$349 million. By April 30, 2020, the month-end DTF balance had recovered to \$416,135,029.

While the timing of the COVID-19 pandemic and associated market disruptions and impact to U.S. equity market values was unfortunate for the recently-submitted NEDA exemption request, NEDA submits that this recent market activity should not affect the outcome of its request. The NEDA cashflow analysis submitted with the exemption request would still support the exemption request using the April 30, 2020 DTF balance. The fact that the DTF continues to demonstrate adequate funding to support the exemption request shortly after an historic market downturn, demonstrates the robust nature of the fund.

¹ NEDA notes that in the original exemption request and in the March 26, 2020 annual Duane Arnold Decommissioning Funding Status Report, the balance reported did not fully account for all taxes incurred in 2019 that were not yet paid from the trust. As a result, the year end 2019 balance net of taxes should have been reported as approximately \$453,253,798. The values included in the annual report and exemption request were overstated by approximately \$1.2 million. This amount did not have a material effect on either the annual report or the exemption request as the lower balance would not require a contribution and would still satisfy the standards for the exemption. NEDA has identified this issue in its corrective action system and is implementing a procedure change to ensure tax values are fully deducted from future reported balances.