



ILLINOIS COMMERCE COMMISSION

February 25, 1998

COMMONWEALTH EDISON COMPANY

97-0110

Petition for Decommissioning Expense Adjustment and for permission to file a change to Rider 31.

TO ALL PARTIES OF INTEREST:

Enclosed is a copy of corrected Order in Docket No. 97-0110 entered by this Commission on February 19, 1998.

Copies of this Order were served on February 20, 1998. It has been determined the Order contained errors.

I hope this does not cause any inconvenience.

Sincerely,

*Donna M. Caton*

Donna M. Caton  
Chief Clerk

jbm

OFFICIAL FILE 000361

I.C.C. DOCKET NO. ~~97-0110~~

CX Exhibit No. 19

Witness \_\_\_\_\_

Date *2/28* Reporter *28*

Service List - 97-0110

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STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company :  
: 97-0110  
Petition for Decommissioning Expense :  
Adjustment and for permission to file a :  
change to Rider 31. :

ORDER

By the Commission:

On February 28, 1997, Commonwealth Edison Company ("ComEd" or "Petitioner") filed a verified petition with the Illinois Commerce Commission ("Commission") pursuant to Section 9-201.5 of the Public Utilities Act ("Act"), 220 ILCS 5/9-201.5, seeking Commission approval for a decommissioning expense adjustment of  $-\$.019$  per kWh, effective April 30, 1997, to remain effective through approximately April 30, 1998. Petitioner also requested permission to file a revision to Rider 31 concerning the formula for calculating the escalation rate.

Pursuant to notice as required by law and the rules and regulations of the Commission, this matter came on for hearing before a duly authorized Hearing Examiner of the Commission at its offices in Chicago, Illinois, on April 2, 1997. Subsequent hearings were held on May 22, August 26 and August 27, 1997. Petitioner and Staff were represented by counsel. Petitions for leave to intervene were filed by the State's Attorney of Cook County ("Cook County") and the Attorney General of Illinois and were granted by the Hearing Examiner. The City of Chicago ("City") filed an appearance. On September 9, 1997, the record was marked "Heard and Taken."

Briefs and reply briefs were filed on behalf of Petitioner, Staff, City, and Cook County.

Petitioner's witnesses were Robert E. Berdelle, its Comptroller; Louis O. DelGeorge, a Vice President; Thomas S. LaGuardia, President of TLG Services, Inc.; and Jene R. Vance, President of Vance & Associates, Inc. The State's Attorney's witness was Peter M. Strauss, President of P. M. Strauss & Associates. The Staff witness was William Riley, Senior Analyst in the Commission's Planning and Operations Department, Public Utilities Division.

A copy of the Hearing Examiner's Proposed Order was duly served on the parties. Initial and /or reply briefs on exceptions were filed by the Petitioner, City, Cook

County and Staff. The Order reflects certain clarifications or expansion of positions proposed by Petitioner, Cook County, the City and Staff. In addition, certain clerical corrections have been made.

## I. INTRODUCTION

In ComEd's last rate case, Docket 94-0065, Rider 31 was established with a requirement for an annual review proceeding where changes in cost estimates could be addressed. In that docket, \$112.736 million in decommissioning costs were included in base rates. Petitioner has requested an annual decommissioning funding amount for its external decommissioning trust in the amount of \$107,488,000, or an Illinois jurisdictional amount of \$107,165,000. This is a \$1,296,000 reduction from the cost of service amount allowed in Petitioner's last Rider 31 filing, Docket 96-0113. Petitioner proposes to increase its estimate of total decommissioning costs by more than \$1.3 billion.

ComEd has made five major revisions to its 1996 decommissioning cost estimate. These revisions are: 1) new site-specific cost studies for all of its nuclear plants; 2) inclusion of contingency allowances in the cost estimate; 3) modification of the calculation of the escalation rate used to escalate the cost estimate to future year dollars; 4) inclusion of the cost to decommission Independent Spent Fuel Storage Installations ("ISFSIs") in its cost estimate for the Quad Cities, Dresden and Zion nuclear generating stations; and 5) basing its radioactive waste disposal cost on an estimate of disposal costs for the yet-to-be-built Illinois low-level radioactive waste ("LLRW") disposal site, rather than the Chem-Nuclear disposal site at Barnwell, South Carolina ("Barnwell").

Cook County took issue with three aspects of ComEd's revised decommissioning estimates: 1) the application by Mr. LaGuardia of various contingency allowances to its site-specific estimates on a line-by-line basis; 2) his inclusion of ISFSI costs in the decommissioning cost estimates; and 3) ComEd's use of a 4.05% escalation rate in determining the decommissioning expense adjustment. While not presenting a witness, the City opposed the following aspects of Petitioner's decommissioning estimates: 1) inclusion of most of the ISFSI costs as part of Petitioner's spent nuclear fuel ("SNF") operation and maintenance ("O&M") expenses; 2) the 15% engineering contingency; and 3) the estimated cost of LLRW burial. Staff supported ComEd's petition.

Subsequent sections of this Order will discuss the uncontested and contested issues in this proceeding.

## II. UNCONTESTED ISSUES

### A. Proposed Escalation Rate Formula

ComEd's current Rider formula to calculate the escalation rate ("E") is:  $E = 0.65$  (labor) + 0.13 (energy) + 0.22 (waste burial). The proposed revised formula is as follows:  $E = 0.37$  (wages) + 0.33 (other) + 0.30 (waste burial). Petitioner also proposed to modify Rider 31 to use three years experience, instead of the current seven years, of waste burial in order to capture the less rapid escalation experienced recently. (ComEd Ex. 2 at 6-10).

### B. Other Undisputed Variables in the Decommissioning Rider Adjustment

ComEd projects after-tax long-term fund earnings rates of 6.26% for the non-tax-qualified funds and 7.3% for the tax-qualified funds. The automatic reconciliation factor for the 1997 Determination Period was a negative \$1,176,000. Actual collections exceeded estimated collections due to higher than projected kWh sales during the Determination Period. Petitioner's forecast of total sales to be billed to customers subject to Rider 31 from May 1, 1997 through April 30, 1998 is 81,030,800,000 kWh. This projection is approximately 2.7% higher than the estimate used in the 1996 Rider filing.

## III. CONTESTED ISSUES

### A. New Site-Specific Cost Studies

#### 1. Contingency Allowances

In ComEd Exhibits 3.1 through 3.7, Mr. LaGuardia presented site-specific decommissioning cost estimates. His methodology followed the basic approach presented in the AIF/NESP-036 study, "Guidelines for Producing Commercial Nuclear Power Plant Decommissioning Cost Estimates" and the Department of Energy's ("DOE") Decommissioning Handbook, both authored by Mr. LaGuardia. These studies use a unit factor method for estimating decommissioning activity costs in order to standardize estimating calculations. He then assembled the various activity-dependent, period-dependent, and collateral costs, and added task-by-task contingency allowances to the basic estimates to cover costs in the field that would be incurred above and beyond the basic estimate. (ComEd Ex. 3 at 17-18). He assumed the use of the DECON, or the immediate dismantlement method, in preparing his site-specific cost estimates. However, consistent with the Docket 94-0065 rate order, he excluded site restoration from his totals.

Mr. LaGuardia applied activity-by-activity contingency allowances to TLG's base estimates to account for "problems occurring in the field, where the occurrence, duration, and severity cannot be accurately predicted and so their associated costs

have not been included in the basic estimate." (ComEd Ex. 3 at 35). He listed more than two dozen types of unanticipated activities, assembled from past decommissioning projects, for which contingency allowances were needed. He used line-by-line contingencies in his studies which resulted in an average contingency factor of 23%. He contended that a line item contingency provides a more accurate assessment of the cost(s) of individual activities. (*Id.* at 41). He also contended that without such contingencies funding shortfalls likely would result. (*Id.* at 35).

ComEd also points out that contingency allowances have been approved by the FERC, NRC and nearly all state commissions that have addressed the issue. (*Id.* at 33, ComEd Ex. 7 at 7-9). Also, this Commission in Iowa-Illinois Gas & Electric Co. n/k/a MidAmerican Energy Co., Docket 95-0285, Order dated October 9, 1996 at 17, approved a 25% across-the-board contingency allowance. Similarly, the Commission recently approved Mr. LaGuardia's 20% contingency factor for the Clinton Power Station Site-Specific Study in Illinois Power Company, Docket 96-0582, Order dated August 13, 1997 at 4.

ComEd alleged that the "flaws" that Cook County identified in Mr. LaGuardia's estimates are factually incorrect. In response to Cook County's "learning curve" argument, ComEd noted that Mr. LaGuardia testified, without contradiction, that "[a]ll of the costs in our estimate[s] are based upon the assumption that all tasks can be performed with maximum efficiency" (*Id.* at 36), and thus his estimates already incorporate any efficiency gains and "learning curves" from decommissioning prior units. (LaGuardia, Tr. 118-19). With respect to "new technology," ComEd stated that Mr. LaGuardia's estimates already "incorporated all the latest state-of-the-art technology that has been proven to be effective in current decommissioning projects" (LaGuardia, Tr. 119), and that TLG had evaluated and rejected other technologies Cook County proposed during the hearings because these were not "cost-effective technolog[ies]." (LaGuardia, Tr. 120). ComEd contended that the Shippingport experience supports rather than undermines the need for contingency factors because the cost of Shippingport's decommissioning exceeded the initial estimate by 70 percent, and even the final adjusted estimate included a 37 percent contingency, nearly all of which actually was spent during the decommissioning. (LaGuardia, Tr. 153-54). Finally, ComEd contended that periodic review of the decommissioning cost estimates does not support elimination of the contingency factors because, although yearly proceedings may help refine "the overall confidence of an estimate" or capture "evolving costs": before decommissioning commences, these proceedings cannot account for the costly problems that inevitably will occur "in the field" after decommissioning commences. (*Id.* at 34-36).

Cook County witness Strauss proposed to eliminate totally any contingency factor. This amounts to a cost reduction of \$744 million. He contended that Mr. LaGuardia's line-by-line contingency factors are based on generic rather than site-specific problems. (Cook County Ex. 1.0 at 27). Thus, Cook County contended that Mr. LaGuardia had merely applied the same broad "line-by-line" contingency factor to

each decommissioning estimate with no regard for plant size, location or age. It maintained that the aforementioned AIF/NESP-036 Guidelines do not take into account decommissioning experience since 1986. Also, Mr. Strauss contended that a learning curve will hold costs in check over time and negate the 23% contingency factor. Further, he testified that estimates to decommission the plants will become more accurate as actual plans, as opposed to estimates, are developed to decommission the sites. Cook County contended that there are many uncertainties which are difficult to predict and that the costs could be lower than Mr. LaGuardia's estimates. Mr. Strauss pointed to eight areas where he believed decommissioning costs could turn out to be lower than estimated by Mr. LaGuardia. (Id. at 23-31). Also, he contended that new technology will be developed to reduce the costs of decommissioning. Cook County contended that the experience of the Shippingport decommissioning supports the elimination of the contingency factor. Finally, it argued that since ComEd's decommissioning cost of service is reviewed every year pursuant to Rider 31, the inclusion of a contingency factor is unnecessary.

## 2. Low Level Radioactive Waste Costs

The City proposed to eliminate only the 15% engineering contingency, amounting to \$18,855,000, as excessive. The City contended that shared experience at similar stations sequentially or simultaneously decommissioned should negate any engineering contingency allowance. It also contended that the LLRW cost estimates are excessive. Using a LLRW burial cost range of \$151-\$201 per cubic foot, which includes a 25% contingency factor, there would be a decrease of \$611,755,504 in LLRW waste burial costs from the amount ComEd is seeking in this proceeding.

In calculating his decommissioning cost estimates, Mr. LaGuardia assumed that LLRW costs would be shipped to a future, yet-to-be-built disposal site within the Central Midwest Compact, of which Illinois is the host state. (ComEd Ex. 3 at 13). Mr. Riley agreed.

Since said site has not been built, Mr. LaGuardia used cost estimates developed by Mr. Vance. Mr. Vance used an EPRI economic model, entitled "Design and Cost of Low-level Waste Disposal Facilities," to derive a unit volume LLRW disposal charge of \$364 per cubic foot. (ComEd Ex. 5 at 6-8). He assumed that an Illinois disposal facility with a 3.5 million cubic feet capacity would open in 2003 and receive ComEd waste through the year 2033. Using ComEd's waste volumes in the model, he calculated a \$312 per cubic foot charge in 1995 dollars, which was escalated to \$328 in 1996 dollars, to which is added a \$12 per cubic foot Illinois Department of Nuclear Safety annual fee, and a \$24 per cubic foot community benefits charge, totaling \$364. Mr. Riley found this estimate to be reasonable. (Staff Ex. 1 at 2).

Cook County disputed the higher estimates for LLRW burial costs, which represent 30% of the total cost of decommissioning, as speculative and uncertain. It pointed out the unit cost of disposal's sensitivity to a number of Mr. Vance's

assumptions. For example, in 1994, using the same model, Mr. Vance projected a \$169 per cubic foot charge, in 1995 a \$221 per cubic foot charge and later in 1995 raised the amount to \$312 per cubic foot.

Cook County asserted that since ComEd treats its LLRW costs similarly to those at Barnwell, and Barnwell costs include a South Carolina waste disposal tax of \$235 per cubic foot, the ComEd cost of waste disposal should exclude that tax and range from \$120 to \$136 per cubic foot, or an average of \$128 per cubic foot. (Cook County Ex. 1.0 at 35).

ComEd took issue with the City's suggestion to disregard Mr. Vance's estimates, contending that no one has questioned the EPRI model, or the fact that Petitioner will dispose of its LLRW at a Central Midwest site in Illinois rather than at Barnwell. ComEd asserted that the City's suggestion was not supported by record evidence. Further, Petitioner pointed out that Mr. Vance did not include the South Carolina tax in his estimate because he calculated LLRW unit costs for an Illinois facility.

#### B. ISFSI Costs

Mr. DelGeorge testified in detail about ComEd's running out of space to store SNF. ComEd has determined that it no longer will have NSF discharge capability at Dresden in about 2001, at Zion in about 2005, and at Quad Cities in about 2006. This is undisputed. Also not disputed is the fact that the DOE will not be accepting fuel at a disposal facility until at least 2010. Mr. DelGeorge testified that the DOE so far has demonstrated an unwillingness to accept responsibility for NSF, refusing to admit its contractual obligation to begin accepting spent fuel in 1998 even after such obligation was affirmed by the D.C. Circuit Court of Appeals. (See Indiana Michigan Power Company v. Dept. of Energy, 88 F. 3d 1272 (1996)) Even Mr. Strauss conceded that the most recent DOE estimate for a repository to come on line is 2010. Thus, Petitioner will have to incur the costs for constructing ISFSIs.

At issue is whether ISFSI costs may be recovered through Rider 31 as decommissioning costs pursuant to Section 9-201.5. In this proceeding, ComEd seeks to recover only Mr. LaGuardia's estimated costs for expansion of pre-existing ISFSIs to accommodate the inventory residing within the storage pools at the cessation of plant operations. These same costs were authorized for recovery by the Commission in the recent Illinois Power decision. (See DelGeorge, Tr. at 262).

Cook County contended that these ISFSI costs either should be delayed or not be collected from ratepayers. While Cook County acknowledges that the DOE will not have a disposal facility in place by 1998 in order to meet its contractual commitments with utilities, it does not believe that it is the responsibility of ratepayers to fund this delay. Cook County contended that the Indiana Michigan Power Company case requires the DOE to resolve this situation. (See also Northern States Power Co. v. United States Dep't. of Energy, Nos. 97-1064, 97-1065, 97-1370, 97-1398 (D.C. Cir.

November 14, 1997). After the Court has resolved the issue of DOE's responsibilities under the Nuclear Waste Policy Act, ComEd can petition again to recover the ISFSI costs. It also maintained that the ISFSIs are redundant with some facilities that the federal government is obligated to provide. Cook County claimed that "Mr. LaGuardia agreed that DOE is to provide transportation casks for spent fuel," and that "transportation casks represent 75% of the \$400,000 per storage module charge ComEd is seeking": for which "ComEd does not dispute that the DOE is legally bound to pay." Cook County contended that "dual purpose casks", operating casks which can be used for on-site storage and transportation, should be paid for by DOE. Also, with respect to "monitored retrievable storage" ("MRS") facilities, Cook County contended that DOE was supposed to provide ComEd with an MRS facility, which would serve as an intermediate location to which DOE would ship and possibly repackage spent fuel.

ComEd contended that its ISFSI decommissioning costs are not redundant with any federal obligation. With respect to dual purpose casks, ComEd noted that although Mr. LaGuardia agreed that the DOE is responsible for the cost of transporting the spent fuel, he never stated that the on-site storage casks at issue in this proceeding were transportation casks for which DOE would pay. Mr. LaGuardia also testified that there is no dual purpose cask presently available, and thus ComEd could not use the dual purpose casks that Cook County suggests are "redundant" with federal obligations. In addition, Mr. DelGeorge testified that, based on his involvement in the development of ComEd's dry cask system, the costs of a fully transportable and disposable canister system are likely to be significantly higher than the costs included by Mr. LaGuardia in his estimates for the dry storage casks. (DelGeorge, Tr. 259-60).

With respect to MRS facilities, ComEd contended that no redundancy exists because there is no longer any obligation, or any prospect of a future obligation, for the federal government to build an MRS. In support of this conclusion, ComEd stated that the MRS provisions of the Act terminated pursuant to sunset provisions when the Congress failed to extend them, and thus the DOE is under no obligation to provide an MRS.

The City contended that most of ComEd's proposed ISFSI costs are related to the continued operation of, not the decommissioning of, the nuclear plants and so should not be recoverable as decommissioning costs. It maintained that these costs are not recoverable under Sections 9-201.5 and 8-508.1 because these costs represent ComEd's O&M activities or expenses and not related to decommissioning. The City further contended that SNF activities include about \$144 million for storage casks, \$189 million for operation of storage facilities, and \$27 million for decommissioning the storage facilities, as set forth in Mr. Riley's testimony. (Staff Ex. 1 at 16). The City also pointed to the NRC's most recent Draft Regulatory Guide on Decommissioning Nuclear Reactors which states that "decommissioning trust funds should not be used for the maintenance and storage of spent fuel in the spent fuel pool, or for the design or construction of spent fuel dry storage facilities, or for other activities not directly related

to the long-term radiological decontamination or dismantlement of the facility or decontamination of the site." (Cook County Ex. 1.0 at 19).

Cook County and the City contended that ratepayers may pay twice because of potential redundant payments to the DOE and ComEd trust funds. At issue is whether ComEd would adjust its estimate of decommissioning costs under some change of circumstances so that ratepayers would be protected from paying twice for spent fuel storage and disposal. Mr. Del George acknowledged that ComEd would adjust its estimate and Mr. Riley recommended that ComEd collect for ISFSIs now, because if ISFSI decommissioning funding is delayed, this could cause future collections to be larger than they otherwise would have been.

### C. ComEd's Use of a 4.05% Escalation Rate

ComEd has proposed the use of a 4.05% escalation rate for LLRW burial, rather than the existing 5.3% escalation rate. Cook County proposed using an escalation factor of 3.31%, arguing that a South Carolina waste disposal tax is not a surcharge as defined by the South Carolina code and thus should be included in Petitioner's waste burial escalation calculation. It further contended that because the estimate for LLRW disposal costs at a Central Midwest facility is comparable to the current Barnwell rate, ComEd should calculate the escalation rate based on the full Barnwell amount of \$364 per cubic foot. As determined by Mr. Strauss, the appropriate escalation rate is 3.4% based on the NRC's NUREG-1307. Cook County contended that ComEd's proposed escalation rate is contrary to the terms of its own Rider which is based on NUREG 1307. It asserted that NUREG 1307 excludes surcharges, but not South Carolina's waste disposal tax. Cook County further asserted that NUREG 1307 is based on the Low Level Radioactive Waste Disposal Act, 42 U.S.C.A. Sec. 202e (d)(1); and that S. C. Code Ann. Sec. 48-48-140(A)(Law Co-op 1996) requires that the tax be imposed for each cubic foot of waste disposed in South Carolina. Therefore, Cook County asserted that "surcharge" and "waste disposal tax" are distinctly different, legally defined terms. In sum, it contended that ComEd incorrectly removes the waste disposal tax because: 1) NUREG 1307 does not require removal of waste disposal taxes, it requires removal of surcharges; 2) a waste disposal tax is not legally or technically a surcharge for waste burial; and 3) it is logical and reasonable to use the Barnwell rate as shown in NUREG 1307 to calculate escalation.

In response to this proposal, Mr. Berdelle made the following points: 1) the surcharge is excluded because it is independently determined by governments and does not track the true escalation costs (ComEd Ex. 6 at 8); 2) the definition of the term surcharge in a South Carolina statute and the Low Level Radioactive Disposal Act is not relevant to the use of that term in NUREG 1307 or ComEd's Rider 31. Since the South Carolina surcharge is unrelated to LLRW cost escalation, this Commission has always treated it as a surcharge for the purposes of Rider 31. (*Id.* at 8-9); 3) ComEd's burial costs are not based upon Barnwell LLRW burial costs, but upon Mr. Vance's estimates for an Illinois facility; 4) there is no reason for using Barnwell as a proxy and

there is no indication that Illinois would apply a surcharge similar to the South Carolina tax. Moreover, as demonstrated by Mr. Berdelle, Mr. Strauss's formula would produce volatile escalation swings ranging from 45.7% to 3.4% between the periods from 1993-1995 and 1994-1996 and so would not be a valid way to estimate escalation in decommissioning costs. Staff agreed with ComEd's position.

#### D. Commission Analysis and Conclusions

With respect to two of the three contested issues in this proceeding, the Commission finds the arguments made by ComEd and Staff in support of the petition compelling. The site-specific decommissioning cost estimates which TLG developed are fully in accord with existing literature and overcome any objections which we may have stated in Petitioner's last rate case. Moreover, we are of the opinion that Mr. LaGuardia properly applied activity-by-activity contingency allowances which properly reflect unpredictable field problems which may arise. The Commission is satisfied that his past experience with decommissioning projects indicates that problems will occur to cause the decommissioning contractor to deviate from the optimal performance of the decommissioning tasks which is assumed in the cost estimate. Our recent Illinois Power and MidAmerican Energy Co. decisions further support the need for contingency factors. While the City contended that the engineering contingency factor is excessive, it provided no credible evidence to refute the testimony of ComEd's witness. Further, it provided no evidence or indication of what an appropriate contingency factor should be. Accordingly, we cannot accept the arguments made by Cook County or the City in opposition to the line-by-line contingency factors averaging 23% provided by Petitioner. We also would note that elimination of the contingency factor may violate the NRC minimum funding requirement.

We also affirm Mr. Vance's LLRW cost estimate of \$364 per cubic foot. We believe that he was correct in using a yet-to-be-built Illinois facility and the EPRI model as bases for his calculations. Thus, we cannot accept the Barnwell facility cost estimate less the South Carolina tax as a proxy for an Illinois facility. The cost of operating an Illinois facility will not be the same as operating Barnwell. The Commission is satisfied that the figures developed by Mr. Vance properly reflect current LLRW costs.

The Commission finds that ComEd's request for \$328 million in Independent Spent Nuclear Storage Installation (ISFSI) is premature. The Indiana Michigan Power Company v. Dept. of Energy decision clearly requires the DOE to resolve this situation. 88F.3d 1272, 1277. Until the Court of Appeals for the D.C. Circuit rules on the State Petitioners' Petition for Writ of Mandamus seeking (i) a writ of mandamus to force DOE to comply with its duties under the NWPA, and (ii) an order authorizing all signatory utilities to withhold further payments to the nuclear waste fund and establish an escrow account, ComEd should not be allowed to pass these ISFSI costs on to ratepayers. After the Court has resolved the issue of DOE's responsibilities under the NWPA, ComEd may petition the Commission for the recovery of these costs during its next rider 31 proceeding. At this time, in light of the foregoing conclusion, the Commission

will not address the issues raised by the City regarding ComEd's legal authority to recover these costs through Rider 31.

Cook County's proposal to lower the proposed escalation rate cannot be accepted. After reviewing the statutes cited by Cook County, we are of the opinion that the South Carolina tax is a surcharge within the meaning of Rider 31. Moreover, the Commission finds that the tax is unrelated to the escalation of costs at an Illinois waste disposal facility. ComEd has not used the South Carolina tax in its calculations in this or prior proceedings. If we had approved its use in the past, the escalations have been too volatile. The tax is unrelated to the proper escalation of costs. After reviewing the arguments made by the parties, we will accept Petitioner's 5.9% escalation rate for waste burial.

Based upon the foregoing, we are of the opinion that ComEd's petition is supported by the record and its various requests should be approved by the Commission.

#### **IV. FINDINGS AND ORDERING PARAGRAPHS**

The Commission, having considered the entire record herein, and being fully advised in the premises, is of the opinion and finds that:

- (1) Petitioner, Commonwealth Edison Company, an Illinois corporation, engaged in the business of generation, transmission, distribution and sale of electricity to the general public in Illinois, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over Petitioner and the subject matter of this proceeding;
- (3) the findings of fact and conclusions of law set forth in the prefatory portion of this Order are supported by the record evidence and are adopted as findings of fact and law herein;
- (4) Petitioner's proposed escalation rate formula, the earnings rates for the trust funds, reconciliation factor and forecast for kilowatt-hour sales are reasonable and are adopted by the Commission;
- (5) Petitioner's proposed contingency allowances to its site-specific estimates on a line-by-line basis are reasonable and should be approved;
- (6) Petitioner's proposed inclusion of ISFSI cost in its decommissioning cost estimates cannot be approved at this time;

- (7) Petitioner's proposed use of a 4.05% escalation rate in determining decommissioning cost estimates is reasonable and should be approved;
- (8) Petitioner's inclusion of the cost to decommission ISFSIs for Quad Cities, Dresden and Zion nuclear generating stations is not accepted at this time;
- (9) Petitioner's proposal to base its radioactive waste disposal costs on an estimate of disposal costs for a yet-to-be- built LLRW Illinois facility is reasonable and should be approved;
- (10) the petition for approval of Petitioner's decommissioning expense adjustment and for permission to file revisions to Rider 31 to be effective upon filing should be approved;
- (11) certain assumptions and other factors used to determine ComEd's decommissioning costs included in the cost of service are enumerated in Appendix A attached to this Order;
- (12) any objections, petitions and motions which remain undisposed of should be disposed of in a manner consistent with the ultimate conclusions contained in this Order.

IT IS THEREFORE ORDERED that, in accordance with Findings (4) through (10), the petition filed by Commonwealth Edison Company on February 28, 1997 be, and the same is hereby, approved, except as modified by Findings (6) and (8) herein.

IT IS FURTHER ORDERED that any objections, petitions and motions which remain undisposed of shall be disposed of consistent with the ultimate conclusions contained herein.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 19<sup>th</sup> day of February, 1998.

(SIGNED) DAN MILLER

Chairman

(SEAL)

ComEd Decommissioning Funding - 1997 Rider 31Assuming Funding Through License Expiration

|               | <u>Cost of Service</u>            |                                      |                           | <u>Amortization of<br/>Prior Collections<br/>Nontax-Qualified<br/>(\$000s)</u> | <u>Total<br/>Contribution<br/>Amount<br/>(\$000s)</u> |
|---------------|-----------------------------------|--------------------------------------|---------------------------|--|---|
|               | <u>Tax-Qualified<br/>(\$000s)</u> | <u>Nontax-Qualified<br/>(\$000s)</u> | <u>Total<br/>(\$000s)</u> |  |   |
| Dresden 1*    | 4,993.8                           | 15,083.0                             | 20,076.8                  | 838.0  | 20,914.8  |
| Dresden 2     | 8,115.1                           | 6,460.2                              | 14,575.3                  | 1,233.6  | 15,808.9  |
| Dresden 3     | 5,888.8                           | 5,557.9                              | 11,246.7                  | 843.8  | 12,090.5  |
| Quad Cities 1 | 2,745.2                           | 2,147.4                              | 4,892.6                   | 604.8  | 5,497.4   |
| Quad Cities 2 | 4,267.3                           | 2,907.6                              | 7,174.9                   | 563.0  | 7,747.9   |
| Zion 1        | 431.5                             | 834.9                                | 1,266.4                   | 662.5  | 1,928.9   |
| Zion 2        | 4,839.2                           | 2,980.9                              | 7,820.1                   | 628.9  | 8,449.0   |
| LaSalle 1     | 2,793.6                           | 275.0                                | 3,068.6                   | 258.8  | 3,327.4   |
| LaSalle 2     | 5,263.2                           | 0.0                                  | 5,263.2                   | 173.1  | 5,436.3   |
| Byron 1       | 0.0                               | 0.0                                  | 0.0                       | 2.5  | 2.5   |
| Byron 2       | 3,627.6                           | 120.2                                | 3,747.8                   | 82.0   | 3,829.8   |
| Bradwood 1    | 340.2                             | 119.8                                | 460.0                     | 14.9   | 474.9   |
| Bradwood 2    | 4,403.4                           | 0.0                                  | 4,403.4                   | 0.0  | 4,403.4   |
| <b>Totals</b> | <b>47,488.7</b>                   | <b>36,486.5</b>                      | <b>83,975.2</b>           | <b>5,933.8</b>   | <b>89,919.0</b>                                       |

\* Assumes annual funding through 2011.

Strategic Analysis  
February 23, 1995



**ComEd Decommissioning Funding - 1997 Rider 31**  
**Assumptions**

5. Nontax-qualified contributions are deposited on December 31 each year while tax-qualified contributions are deposited no later than March 15 of the following year. The final year of funding as well as the expected years of decommissioning are listed below.

|               | <u>Final Year<br/>of Funding</u> | <u>Expected<br/>Decommissioning<br/>Years*</u> |
|---------------|----------------------------------|--|
| Dresden 1     | 2011                             | 2011 thru 2017                                 |
| Dresden 2     | 2006                             | 2007 thru 2010                                 |
| Dresden 3     | 2011                             | 2012 thru 2017                                 |
| Quad Cities 1 | 2011                             | 2013 thru 2018                                 |
| Quad Cities 2 | 2012                             | 2013 thru 2018                                 |
| Zion 1        | 2013                             | 2014 thru 2017                                 |
| Zion 2        | 2013                             | 2015 thru 2020                                 |
| LaSalle 1     | 2022                             | 2023 thru 2026                                 |
| LaSalle 2     | 2023                             | 2025 thru 2029                                 |
| Byron 1       | 2024                             | 2026 thru 2029                                 |
| Byron 2       | 2026                             | 2028 thru 2032                                 |
| Braidwood 1   | 2026                             | 2028 thru 2031                                 |
| Braidwood 2   | 2027                             | 2029 thru 2034                                 |

\* The years in which decommissioning of each unit is estimated to be substantially complete.

6. The projected returns, asset allocations, tax rates and calculated earnings rates for the tax-qualified and nontax-qualified funds are provided below.

|   | <u>S&amp;P<br/>500</u> | <u>U.S. Govt.<br/>Bonds</u> | <u>Mortgage<br/>Backed<br/>Securities</u> | <u>Corp<br/>Bonds</u> | <u>Tax-Exempt<br/>Bonds</u> | <u>Total</u> |
|---|------------------------|-----------------------------|---|-----------------------|-----------------------------|--------------|
| <b><u>Nontax-Qualified</u></b>                        |                        |                             |   |                       |                             |              |
| Tax Rate  | 35%                    | 35%                         | 35%                                       | 35%                   | N/A                         |              |
| After-Tax Return                                      | 8.0%                   | 4.6%                        | 5.3%                                      | 5.1%                  | 5.7%                        |              |
| Allocation  | 33%                    | 0%                          | 0%  | 0%                    | 67%                         |              |
| <b>Overall After-Tax<br/>After Fees Earnings Rate</b> |                        |                             |   |                       |                             | <b>6.26%</b> |
| <b><u>Tax Qualified</u></b>                           |                        |                             |   |                       |                             |              |
| Tax Rate  | 20%                    | 20%                         | 20%                                       | 20%                   | N/A                         |              |
| After-Tax Return                                      | 8.8%                   | 5.7%                        | 6.5%                                      | 6.2%                  | 5.7%                        |              |
| Allocation  | 55%                    | 20%                         | 13%                                       | 12%                   | 0%                          |              |
| <b>Overall After-Tax<br/>After Fees Earnings Rate</b> |                        |                             |   |                       |                             | <b>7.30%</b> |

N/A - Not Applicable

Strategic Analysis  
February 23, 1998