PSEG Nuclear, LLC
ZEC 2 – Salem I
Docket No: ER20080557

Response to Discovery Request: SI-IUD-0005
Date: 10/1/2020

Question:
Explain the avoided costs to the applicant if the Unit is deactivated. Please include the costs associated with fuel, salary, O&M, capital improvement projects, permitting, and the costs of all other relevant factors involved. Provide backup documentation.

Attachments Provided Herewith: YES - CONFIDENTIAL

Response:
If Salem 1 is deactivated, all costs related to the Salem 1 Unit would be avoidable with the exception of a portion of Allocated Overhead Costs that would remain with the owner post shutdown.

Once fuel is removed from the reactor and notice is given to the NRC (expected to be complete within 30 days after the final plant shutdown), all costs of the unit would be covered by the Decommissioning Trust Fund ("DTF") or reimbursed by the DOE pursuant to a settlement agreement for spent fuel management and therefore are avoidable with the exception of the above mentioned portion of Allocated Overhead Costs. As shown in the answer to SSA-1, attachment D, PSEG will take the steps necessary to gain full access to the DTF upon removal of fuel after the final shutdown. In addition, as shown in answer IUD-7 and discussed in IUD-3, the DTF is fully funded and projected to not have any shortfall due to early retirement.

During the first application period, BPU Staff's consultant (Levitan & Associates, Inc.) estimated that 50% of the costs would continue to be incurred by the plant for five years because of ongoing work related to decommissioning. Levitan's analysis was wrong: they failed to consider that these costs would be entirely borne by the DTF within 30 days of shutdown. Contrary to Levitan's analysis, these costs after shutdown are all avoidable as a result of this funding from the DTF. While not germane to the point that these costs are all avoidable after the final shutdown, Levitan also overestimated the costs that would remain, as shown in the decommissioning cost studies contained in IUD-3.

The analysis of Allocated Overhead Costs to determine non-avoidable costs, required to derive avoided costs, is provided in the confidential attachments, including a document discussing cost allocations to the various Public Service Enterprise Group (PSEG) business units.

Costs specific to Salem 1 are shown in lines 4 through 15 of the attached spreadsheet, which is also used in answer to question III-ZECFIN-2. At the bottom of the attached spreadsheet are the non-avoidable overhead costs added back to the Total Costs to reach the Avoidable Costs.

Back up documentation for various costs (fuel, labor, O&M) can also be found in the answers to the following questions:

- ZECFIN-2 (forecast)
- ZECFIN-6 (historical)
- ZECFIN-7 (forecast)
- ZECFIN-13 (forecast)