

Proposed Changes to Decommissioning Trust Fund Contributions in 2023

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April 18, 2023

Decommissioning Funding Summary

- In February 1983, the District's Board of Directors authorized a plan for normal decommissioning of the Fort Calhoun Station. The District began its decommissioning accrual and funding in July 1983
- On June 27, 1988, the NRC published its rule for financial assurance of decommissioning of nuclear facilities
- In 1989, the District developed a new funding plan and a trust agreement which was accepted by the NRC in 1990
- During 1992, the District received a detailed study on the estimate to fully decommission the Fort Calhoun Station. At that time, the District started funding a supplemental trust to fund decommissioning costs above the NRC required amounts

Modeling Decommissioning Funding

- OPPD uses an actuarial modeling process to determine the annual contributions to the decommissioning funds
- The modeling assumptions include:
 - Future contribution expectations
 - Projected interest earnings
 - Projected inflation rates
 - Decommissioning expense expectations
- Assumptions are adjusted annually to assure the decommissioning funds have adequate assets to cover all future expenses

Current Funded Status

- As of December 31, 2022, the market value of the funds was \$534.9 million.
- An annual Decommissioning Cost Estimate (“DCE”) provides an estimate of remaining Decommissioning costs
- The 2023 DCE estimated costs through 2060:

DECON Decommissioning Cost Estimate (2022 Dollars)			
License Termination	Spent Fuel	Site Restoration	Total
\$335,880,518	\$328,552,609	\$20,976,981	\$685,410,107

- An annual actuarial analysis has been performed to determine the funded status at the end of decommissioning. The inputs for the model have fluctuated but in all prior years the model has shown a fully funded or overfunded status.
- Decommissioning contributions have required funding through rates.

Department of Energy (“DOE”) Spent Fuel Cost Recovery

- The District, as well as other nuclear generating stations, previously paid the DOE for anticipated disposal costs associated with used nuclear fuel
- Since DOE failed to develop a long-term disposal solution, the spent nuclear fuel must be stored on site
- DOE is responsible for storage related costs ‘but for’ their failure to perform
- OPPD submits these costs annually for DOE review and determination of allowable costs
- The District received its first reimbursement associated with spent fuel storage after commencing decommissioning in 2021 for costs incurred from 2017-2019
- The District subsequently received reimbursement for 2020 and 2021 allowed costs in 2022
- Based on allowed costs to date, OPPD expects to receive 46-81% of total projected used fuel costs annually from the DOE

Contribution Modeling Assumptions

- In 2023, updated the assumption of future DOE reimbursements for spent fuel costs
 - In prior years' analysis, DOE reimbursements were not factored into modeling
 - Recent DOE settlements have allowed for spent fuel reimbursements to be included in the model
- Analysis assumes the first three months of contributions from the 2023 corporate operating plan, which is \$18.5 million
- Analysis also includes, as a contribution, the 2021 DOE spent fuel reimbursement received in January 2023 of \$5.5 million
- DOE reimbursement estimates from 2023-2060 vary from 46-81% of spent fuel costs
 - The model is dependent upon these spent fuel reimbursement assumptions. Without them, the model would show an underfunded status and the District would need to fund from revenues

Model Results

- Based on various scenarios with differing earnings and inflation rates, the projected Decommissioning Trust fund in 2060 is most likely overfunded at a minimum of \$20 million
 - The model is dependent upon expected spent fuel reimbursements. Without them, the model would show an underfunded status and the District would need to fund from revenues.
- The Decommissioning Trust Fund would reach fully funded status at year-end **2042** if the estimated projections of spent fuel reimbursements were contributed annually until that point

Probabilistic Modeling Results

- Developed a probabilistic cash flow model running a Monte Carlo simulation with 5,000 iterations. Probability of sufficient decommissioning funding in 2060 based on varying spent fuel reimbursement ranges
- The model indicates a very high probability of an overfunded status for decommissioning costs at year-end 2060 based on expectations for DOE spent fuel reimbursements

Recommendation

- Discontinue the monthly contribution from the Revenue Fund to the Decommissioning Trust Fund of \$6.158 million after the March 2023 contribution. Contributions are currently being funded from retail revenues.
- An annual contribution would replace the monthly contribution and would equal what is received in DOE spent fuel reimbursements
- Annual analysis of the funded status will continue and OPPD will continue to make the necessary contributions regardless of DOE reimbursement status
- The remaining budgeted nine-month contribution amount of \$55.4 million will be used for other District needs, which will be determined at a future date