**Paul Fessler**
**Senior Vice President and Chief Nuclear Officer**

**DTE Energy Company**
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DTE

March 29, 2019
NRC-19-0022

10 CFR 50.75
10 CFR 50.82

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

Enrico Fermi Atomic Power Plant, Unit No. 1
NRC Docket No. 50-16
NRC License No. DPR-9

Subject: Decommissioning Funding Status Report for Fermi 1

This letter provides the report required by 10 CFR 50.75(f)(1) and 10 CFR 50.82(a)(8)(v) on the status of DTE Electric Company's decommissioning funding assurance for Fermi 1.

Fermi 1 is a permanently shutdown experimental sodium cooled breeder reactor, which last operated in 1972. It is in the SAFSTOR status and its possession-only license expires in 2025. At a future date, decommissioning will be continued for the purpose of removing the remaining residual radioactive material and terminating the Fermi 1 license. The decommissioning estimate provided is based on an end of year review, as required.

The requested annual decommissioning fund information for Fermi 1, reported in 2018 dollars, is provided in Enclosure 1 of this letter. The prepayment trust method and DTE Electric Company funding combined with a DTE Energy parent company guarantee is providing funding assurance. Documentation of the financial test for this guarantee is provided in Enclosure 2 of this letter.

The parent company guarantee requires providing the NRC with the DTE Energy Company 2018 Form 10-K Annual Report to the United States Securities and Exchange Commission. This report is available from the DTE Energy website.

No new commitments are being made in this submittal.

Should you have any questions or require additional information, please contact Mr. Scott A. Maglio, Manager – Nuclear Licensing, at (734) 586-5076.

Sincerely,

P Fessler

Paul Fessler
Senior Vice President and CNO

Enclosures: 1. Decommissioning Funding Status Report
2. DTE Energy Guarantee Financial Test

cc: NRC Project Manager (K. Conway)
NRC Resident Office
NRC Region III (P. Lee)
Regional Administrator, Region III
Michigan Public Service Commission
Regulated Energy Division (kindschl@michigan.gov)

**Enclosure 1 to**
**NRC-19-0022**

**Enrico Fermi Atomic Power Plant, Unit 1**
**NRC Docket No. 50-16**
**NRC License No. DPR-9**

**Decommissioning Funding Status Report**

# Decommissioning Funding Status Report
# Fermi 1

A decommissioning funding status report is required in 10 CFR 50.75(f)(1) and 10 CFR 50.82(a)(8)(v). Each of the required items is discussed below.

1. *The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).*

   The decommissioning cost estimate for Fermi 1 is based on a site-specific estimate adjusted by ongoing reviews. The estimated remaining decommissioning cost in 2018 dollars, including $150,000 per year for SAFSTOR maintenance (which assumes 12 years), with a contingency of 30% is approximately $22.5 million.

2. *The amount accumulated at the end of calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c).*

   The market value of the Fermi 1 trust fund is currently approximately $2.8 million. There was minimal taxable income on the Fermi 1 Trust fund in 2018, so the after-tax value is the same as the fair market value.

3. *The remaining balance of any decommissioning funds, and the amount provided by other financial assurance methods being relied upon.*

   The Fermi 1 trust fund is currently approximately $19.7 million below estimated remaining costs. A DTE Energy guarantee has been chosen as the assurance method for the shortfall. The current DTE Energy guarantee is $20 million.

4. *The schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75 (b) and (c).*

   DTE Electric Company is not collecting any additional amounts nor relying upon any contracts for the purpose of decommissioning funding assurance for Fermi 1.

5. *The amount spent on decommissioning, both cumulative and over the previous calendar year.*

   The total cost of Fermi 1 decommissioning activities and SAFSTOR maintenance through December 31, 2018 was $85.4 million. This includes expenditure during initial decommissioning in the 1970s. No money was spent on decommissioning activities in 2018.

6. *Any difference between actual and estimated costs for work performed during the year.*

   The budget for SAFSTOR maintenance for 2018 was $150K. The amount spent for SAFSTOR maintenance was $101.3K.

7. *The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning fund, and rates of other factors used in funding projection.*

   Decommissioning costs are assumed to increase at a rate equal to 4.5% with earnings on the decommissioning fund assumed to be equal to 0%.

8. *Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75 (e) (1) (v).*

   None.

9. *Any modifications to the current method of providing financial assurance occurring since the last submitted report.*

   None.

10. *Any material changes to the trust agreement.*

    None.

**Enclosure 2 to**
**NRC-19-0022**

**Enrico Fermi Atomic Power Plant, Unit 1**
**NRC Docket No. 50-16**
**NRC License No. DPR-9**

**DTE Energy Guarantee Financial Test**

**LETTER FROM Peter B. Oleksiak, CHIEF FINANCIAL OFFICER of DTE Energy Company, CORPORATE PARENT of DTE Electric Company, INCLUDING COST ESTIMATES AND DATA FROM AUDITED FINANCIAL STATEMENTS**

**U.S. Nuclear Regulatory Commission**
**Attn: Document Control Desk**
**Washington, D.C. 20555-0001**

I am the Chief Financial Officer of **DTE Energy Company (DTE or firm), One Energy Plaza, Detroit, MI 48226-1279**, a Michigan corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 50.

DTE guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 50, the decommissioning of the following facility owned by DTE Electric Company, a Michigan corporation and wholly-owned subsidiary of this firm. The current cost estimates for decommissioning, and the amounts being guaranteed, are shown for each facility:

| Name of Facility | Location of Facility | Current Cost Estimates | Amount Being Guaranteed |
|---|---|---|---|
| **Enrico Fermi Atomic Power Plant Unit 1** | **6400 N. Dixie Hwy Newport, MI 48166** | **$22,500,000** | **$20,000,000** |

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year 2018.

This fiscal year of this firm ended on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2018.

**FINANCIAL TEST: ALTERNATIVE II**

1. Decommissioning cost estimates or guaranteed amount for facility [license number DPR 9] — $22,500,000
2. Current notes rating of most recent unsecured issuance of this firm Rating — BBB / Baa1

   Name of rating service — Standard & Poor's / Moody's Investors Service
3. Date of issuance of notes — August 2018
4. Date of maturity of notes — August 01, 2023

| | | | |
|---|---|---|---|
| 5*. Total net worth** | | | $10,237,000,000 |
| 6*. Tangible net worth*** | | | $7,095,000,000 |
| 7*. Total assets in the United States | | | $36,272,000,000 |

| | Yes | No |
|---|---|---|
| 8. Is line 5 at least 6 times line 1? | X | ___ |
| 9. Is line 6 at least $21 million? | X | ___ |
| 10. Are at least 90 percent of firm's assets located in the United States? If not, complete line 11. | X | ___ |
| 11. Is line 7 at least 6 times line 1? | X | ___ |
| 12. Is the rating specified on line 2 "BBB" or better (including adjustments of + and -) as issued by Standard & Poor's or "Baa" or better (including adjustments of 1,2 or 3) as issued by Moody's | X | ___ |

* Denotes figures derived from financial statements

** Total net worth is defined as net worth minus net book value and goodwill of the Fermi 1 nuclear facility

*** Tangible net worth is defined as Total net worth above minus goodwill, patents, trademarks, and copyrights

I certify that the information is true and correct to the best of my knowledge

DTE Energy Company

By: ______________________

Peter B. Oleksiak
Senior Vice President and Chief Financial Officer, DTE Energy Company
Date: March 29, 2019

pwc

## Report of Independent Accountants

To the Management of DTE Electric Company:

We have performed the procedures enumerated below, which were agreed to by DTE Electric Company and the U.S Nuclear Regulatory Commission ("NRC"), solely to assist you in evaluating DTE Electric Company's compliance with the NRC financial assurance regulations, 10 CFR Part 50, as of December 31, 2018, as detailed in the "March 29, 2019 Letter from Peter B. Oleksiak, Chief Financial Officer of DTE Energy Company, Corporate Parent of DTE Electric Company, Including Costs Estimates and Data from Audited Financial Statements" (the "Letter") to be provided to the NRC. DTE Electric Company is responsible for the Letter. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows.

1. We compared the amount of "Total net worth" per line 5 of the Letter to "Total Equity" as reflected in the audited consolidated financial statements of DTE Energy Company (the "Company") as of December 31, 2018, and found the amounts to be in agreement.

2. We compared the amount of "Tangible net worth" per line 6 of the Letter to a schedule prepared by the Company from its accounting records. We compared the amounts listed on the schedule to the corresponding amounts included in the Company's accounting records and found the amounts to be in agreement, after giving effect to rounding. We reconciled the schedule to the audited consolidated financial statements of DTE Energy Company as of December 31, 2018.

3. We compared the amount of "Total assets in the United States" per line 7 of the Letter to a schedule prepared by the Company from its accounting records. We compared the amounts listed on the schedule to the corresponding amounts included in the Company's accounting records and found the amounts to be in agreement, after giving effect to rounding. We reconciled the schedule to the audited consolidated financial statements of DTE Energy Company as of December 31, 2018.

4. We inquired of the Chief Accounting Officer of DTE Energy Company as to whether any off-balance sheet transactions exist that could materially adversely affect the ability of DTE Energy Company to pay decommissioning costs. The Chief Accounting Officer responded that there are no significant off-balance sheet transactions that could materially adversely affect DTE Energy Company's ability to pay decommissioning costs.

5. We compared the bond ratings per line 2 of the Letter to information obtained as of March 9, 2019 from an external, publicly available source as follows:

| **Rating per Line 2 of the Letter** | **Rating per external source** | **External Source** |
|---|---|---|
| BBB | BBB | www.standardandpoors.com |
| Baa1 | Baa1 | https://www.moodys.com/ |

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Letter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of DTE Electric Company and the U.S. Nuclear Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

March 29, 2019