



Public Service®

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Public Service
Company of Colorado

September 4, 1996
Fort St. Vrain
P-96075

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

ATTN: Mr. Michael F. Weber, Chief
Decommissioning and
Regulatory Issues Branch

Docket No. 50-267

**SUBJECT: Financial Assurance Mechanism for Fort St. Vrain
Decommissioning Costs**

Dear Mr. Weber:

This letter provides notification that Public Service Company of Colorado (PSCo) is revising the financial assurance mechanism that will be used to cover the remaining costs of decommissioning the Fort St. Vrain (FSV) Station. As described in Section 5.3 of the FSV Decommissioning Plan, the current funding mechanism is an irrevocable Letter of Credit. The provisions of 10 CFR 50.75(e)(1)(iii)(c) require that a surety method such as a Letter of Credit must be maintained in effect until the 10 CFR Part 50 license is terminated. PSCo's current Letter of Credit expires on December 4, 1996, and we do not expect the FSV license to be terminated until early 1997.

By December 4, 1996, all physical decommissioning activities will be complete and the final survey report will have been submitted, along with our request to terminate the FSV 10 CFR Part 50 license. Remaining decommissioning activities will be certain administrative functions required by the FSV Decommissioning Technical Specifications and other activities necessary to support NRC review of our license termination request.

To provide financial assurance for these remaining decommissioning activities, PSCo has determined that it would be more cost effective to establish a trust fund than to renew the Letter of Credit. Therefore, within the next three months, we will execute a Trust Agreement with the Wells Fargo Bank to provide for payment of the remaining decommissioning costs of the FSV facility. This prepayment funding assurance mechanism is in accordance with the provisions of 10 CFR 50.75, paragraphs (e)(1)(i) and (e)(3)(i).

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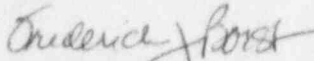
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If you have any questions regarding this information, please contact Mr. M. H. Holmes at (303) 620-1701.

Sincerely,



Frederick J. Borst
Decommissioning Program Director

FJB/SWC

Attachment

cc: Regional Administrator, Region IV

Mr. Robert M. Quillin, Director
Radiation Control Division
Colorado Department of Public Health and Environment