

YANKEE ATOMIC ELECTRIC COMPANY

Telephone (508) 721-7736
Facsimile (508) 721-7743



Suite 200, 19 Midstate Drive, Auburn, Massachusetts 01501

March 31, 2000
BYR 2000-032

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

Reference: (a) License No. DPR-3 (Docket No. 50-29)

Subject: Decommissioning Funding Assurance - 10CFR50.75(f)

In accordance with 10CFR50.75(f), this letter provides information on the status of decommissioning funding for the Yankee Nuclear Power Station. Attachment 1 provides the requested information.

In October 1994 ⁽¹⁾, YAEC submitted its revised Decommissioning Cost Study based on the assumption that dismantlement activities would not begin until a low-level radioactive waste disposal site became available to Yankee in 2003. This study was revised in June 1995 following the reopening of the low-level waste facility in Barnwell, South Carolina, and subsequently filed with FERC in August 1995 (docket no. ER95-835-000). The 1995 Cost Study is a site-specific decommissioning cost estimate developed by adjusting the 1994 Cost Study for the differences in decommissioning timing, waste disposal costs, and one year of escalation. The 1995 Cost Study estimate of "to-go" costs remaining as of January 1995 is \$303.2 million in constant value 1995 dollars. In addition, as part of the final December 1995 FERC settlement, Yankee was allowed to increase its cost estimate by \$3.2 million in the decommissioning trust fund to adjust for adjudicatory delays during re-approval of the Decommissioning Plan, bringing the total January 1995 "to-go" cost to \$306.4 million (1995 dollar). Of this \$306.4 million, \$101 million is for activities (e.g., spent fuel storage and site restoration) other than those specifically included in 10CFR50.75.

As required by FERC, an updated cost estimate of "to go" cost was filed in December 1999. From this filing, the estimate of "to go" cost remaining as of January 1, 1999 is \$246 million in constant value 1999 dollars. Of this amount, \$98.3 million is for activities other than those specifically included in 10CFR50.75.

As of December 31, 1999, withdrawal of trust funds for decommissioning expenses (1993 - 1999) has amounted to approximately \$235.9 million (not escalated).

⁽¹⁾ YAEC Letter to USNRC, "Updated Decommissioning Cost Study," dated October 26, 1994, BYR 94-064.

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If you should have any questions, please contact Mr. Merrill Atkins, Licensing Manager, at (978) 568-2156.

Very truly yours,

YANKEE ATOMIC ELECTRIC COMPANY



Merrill J. Atkins, Licensing Manager

C: H. J. Miller, Region I Administrator
Phil Ray, NRC Project Manager, NRR

Attachment 1
NRC Decommissioning Funding Status Report

Yankee Nuclear Power Station (YNPS)
(status as of 12/31/99)

The minimum decommissioning fund estimate,
pursuant to 10 CFR 50.75 (b) and (c) \$ 242 million

The amount accumulated at the end of the calendar year preceding
the date of the report for items included in 10 CFR 50.75 (b)
and (c). ⁽²⁾ \$ 159.8 million

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

amount remaining ⁽³⁾	\$ 19.1 million
# years to collect	0.5

The assumptions used regarding escalation in decommissioning
cost, rates of earnings on decommissioning funds, and rates of
other factors used in funding projections.

Escalation rates, generated during the FERC case, are as follows: labor – 3.79%; energy – 3.79%;
burial – 7.7%; capital – 5.05%; and low-level waste bond – 6.00%. Earnings rates, generated
during the FERC case, are as follows: pre-tax (taxable) – 5.61-6.00%; pre-tax (tax exempt) – 3.98-
4.26%; and pre-tax equity – 10%. Other rate assumptions were: state tax rate, non-qualified trust –
6.5%; federal tax rate, qualified trust – 20%; and federal tax rate, non-qualified trust - 34%.

Any contracts upon which the licensee is relying pursuant to
10 CFR 50.75(e)(1)(ii)(c)?

Yankee is currently collecting decommissioning funds through its Power Contracts. The Power
Contracts obligate the purchasers for the full costs of decommissioning YNPS, including spent fuel
storage and site restoration. The FERC orders received by Yankee acknowledge the continuing
obligation of the purchasers with respect to the full cost of decommissioning YNPS.

⁽²⁾ This market value balance includes amounts in the Trust for all decommissioning costs including site
restoration and long term spent fuel storage as well as decommissioning as defined in 10CFR50.75.

⁽³⁾ The December 1995 settlement agreement with FERC allows the Company to collect \$39.4 million annually
during the remaining period through June 2000.

Any modifications to a licensee's current method providing financial assurance occurring since the last submitted report?

No modifications have been made to the current financial assurance method in this reporting period.

Any material changes to trust agreements?

No material changes have been made to trust agreements in this reporting period.