



Entergy Nuclear Generation Company
Pilgrim Nuclear Power Station
600 Rocky Hill Road
Plymouth, MA 02360

J. F. Alexander
Director
Nuclear Assessment

10 CFR 50.75(f)(1)

March 20, 2001
ENG C Ltr. 2.01.036

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

Docket No. 50-293
License No. DPR-35

Subject: Pilgrim Decommissioning Funding Status Report

Dear Sir:

Please find enclosed the Pilgrim Nuclear Power Station decommissioning funding assurance report.

This report is submitted in accordance with 10 CFR 50.75(f)(1) that requires the submittal of the report biennially from March 31, 1999 or annually for plants involved in a merger or acquisition. By letter dated March 1, 2001 (ENG C Ltr. 2.01.038) a request was submitted for the indirect transfer of control of Entergy Plants' Facility Operating Licenses, including Pilgrim's Facility Operating License and NRC Materials License. The request involves the proposed merger of Entergy (parent of ENG C) and FPL Group (parent of FP&L). Therefore, this letter fulfills the biennial requirement and annual requirement.

This letter contains no commitments.

Please contact Mr. Douglas Ellis, (508) 830-8160, if there are any questions regarding this subject.

A handwritten signature in black ink, appearing to be "J. F. Alexander", is written over a printed name label.

J. F. Alexander

DWE/jbb

Attachment 1: Decommissioning Funding Assurance Report

Attachment 2: Amendment 1 to Provisional Decommissioning Trust Agreement

A001

cc: Mr. Alan B. Wang, Project Manager
U. S. Nuclear Regulatory Commission
1 White Flint North
11555 Rockville Pike
Rockville, MD 20852

Mr. Robert S. Wood
U.S. Nuclear Regulatory Commission
1 White Flint North
11555 Rockville Pike
Rockville, MD 20852

NRC Senior Resident Inspector

ATTACHMENT 1

ENTERGY NUCLEAR GENERATION COMPANY PILGRIM NUCLEAR POWER STATION NRC DECOMMISSIONING FUNDING ASSURANCE REPORT (DATA AS OF DECEMBER 31, 2000)

- | | | |
|----|--|----------------------------|
| 1. | December 2000 minimum decommissioning cost estimate in accordance with 10 CFR 50.75 (b) and (c) (See page 2): | \$381,803,660 ¹ |
| 2. | Minimum decommissioning cost estimate above escalated at 3% per year to midpoint of decommissioning cash flow (December 2016): | \$612,682,792 |
| 3. | Decommissioning Trust Fund amount accumulated at December 31, 2000 for scope defined in item 1 above: | \$293,842,657 ¹ |
| 4. | Fund balance above in item 3 with 5%/year growth to midpoint of decommissioning cash flow (December 2016): | \$641,421,669 |
| 5. | Contracts relied upon in above calculations in accordance with 10CFR50.75(e)(1)(ii)(c): | None |
| 6. | Modifications to funding assurance methods since the last submitted report: | None |
| 7. | Material changes to trust agreements since last submitted report: | See Attachment 2 |

¹ In accordance with 10CFR50.75(c), the NRC formulas and the calculated trust fund amounts herein exclude the cost of dismantling or demolishing non-radiological systems and structures as well as costs to manage and store spent fuel until transfer to DOE.

2000
 ENTERGY NUCLEAR GENERATING COMPANY
 CALCULATION OF MINIMUM FINANCIAL ASSURANCE AMOUNT
 PILGRIM UNIT 1
 BWR UNIT

The following is a calculation of the minimum amount required to demonstrate reasonable assurance of fund availability to decommission Pilgrim Unit 1, calculated under the NRC methodology set out at 10 CFR 50.75(c):

INDEX VALUES FOR DECEMBER 2000

LABOR (L) =	NORTHEAST	L= 1.79 from page 3 of Attachment 1
ENERGY (E) =	NATIONAL	E= 1.24 from page 4 of Attachment 1
WASTE BURIAL (B) =	S. CAROLINA	B= 8.19 from page 5 of Attachment 1

A) BWR ESCALATION FACTOR

$$\begin{aligned}\text{ESCALATION FACTOR} &= 0.65(L) + 0.13(E) + 0.22(B) \\ &= 3.13\end{aligned}$$

B) BASE AMOUNT FOR BWR BETWEEN 120 MWt AND 3400 MWt

$$\begin{aligned}\text{BASE AMOUNT} &= \$(104 + 0.009P) \text{ million} \\ &= \$(104 + 0.009P(1,998)) \text{ million} \\ &= \$121,982,000\end{aligned}$$

where:

P = power level of unit in megawatts thermal (Pilgrim = 1,998 Mwt)

C) ESCALATED AMOUNT FOR UNIT

$$\begin{aligned}\text{ESCALATED AMOUNT} &= \text{BASE AMOUNT} \times \text{ESCALATION FACTOR} \\ &= \$121,982,000 \times 3.13 \\ &= \mathbf{\$381,803,660}\end{aligned}$$

<p style="text-align: center;">LABOR ("L") ESCALATION FACTOR for DECEMBER 2000</p>
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<u>REGION</u>	<u>January 1986</u> <u>(base)</u>	<u>December 2000</u>	<u>L = December 2000/base</u>
NORTHEAST	130.5	233.7	1.79

Values used in this chart were obtained from the U.S. Department of Labor, Bureau of Labor Statistics, Employment Cost Index (December 2000)

NORTHEAST REGION:

June 1981=	100.0 (Base Index prior June 1989)
June 1989=	155.5 (Base Index after June 1989)
December 2000=	150.3

Conversion of December 2000 Index to Old Index

150.3 X 155.5/100=	233.7
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<p align="center">ENERGY ("E") ESCALATION FACTOR for DECEMBER 2000</p>

The equation for calculating the energy escalation factor is as follows: (in accordance with NRC Regulatory Guide 1.159 (Task DG-1003) ,Section 1.2, August 1990)

$$\text{BWR: } E = [0.23P + 0.77F]$$

Values for P (electric power) and F (fuel oil) were obtained from the "Producer Price Indexes," published by the U.S. Department of Labor, Bureau of Labor Statistics. P and F are not divided into regional statistics.

<u>REGION</u>	P for December 2000 divided by <u>P for January 1986</u>	F for December 2000 divided by <u>F for January 1986</u>	<u>E</u>
NATIONAL	132.6/114.2 = 1.16	103.7/82 = 1.26	1.24

Bureau of Labor Statistics Reference:

P = PPI 0543

F = PPI 0573

BWR
WASTE BURIAL ("B") ESCALATION FACTOR
NUREG-1307 REVISION 9
for DECEMBER 2000

<u>REGION</u>	<u>2000 COST/1986 COST</u>
Barnwell, So. Carolina	8.189

The Waste Burial Escalation Factor was obtained from data in Table 2.1 of "Report on Waste Burial Charges," NUREG-1307, Revision 9 (August, 2000) which is the most recent NRC Report.

ATTACHMENT 2

AMENDMENT 1 TO PILGRIM PROVISIONAL DECOMMISSIONING TRUST AGREEMENT (nine pages)

Amendment 1 to the Pilgrim Provisional Decommissioning Trust Agreement, dated August 24, 1999, was submitted to the Director, Office of NRR, on August 30, 1999 (ENG. Ltr. 2.99.086) in accordance with Pilgrim's Facility Operating License Condition 3.K.(5)(b). In essence, the original Agreement identified one distribution from the Provisional Decommissioning Trust. The Amendment changes portions of the Agreement to permit up to two distributions, and clarifies the formula for distribution. The amendment is being submitted as Attachment 2 to this letter for completeness of the Pilgrim Decommissioning Funding Status Report.

**FIRST AMENDMENT TO
PROVISIONAL DECOMMISSIONING TRUST AGREEMENT
FOR PILGRIM NUCLEAR POWER STATION**

FIRST AMENDMENT TO PROVISIONAL DECOMMISSIONING TRUST AGREEMENT FOR PILGRIM NUCLEAR POWER STATION dated as of August 24, 1999 ("Amendment No. 1") by and between Entergy Nuclear Generation Company, a Delaware corporation ("Entergy"), and Mellon Bank, N.A., as Trustee (the "Trustee"), a national banking association (Entergy and the Trustee being referred to herein collectively as the "Parties").

W I T N E S S E T H :

WHEREAS, with respect to the decommissioning of Pilgrim Nuclear Power Station ("PNPS"), Entergy has a beneficial interest in the Provisional Decommissioning Trust for Pilgrim Nuclear Power Station (the "Provisional Trust"), operating under a trust agreement dated as of July 12, 1999, between Boston Edison Company, a Massachusetts corporation and the former owner of PNPS ("BECo"), and the Trustee, a copy of which is attached hereto as Exhibit A (the "Provisional Trust Agreement");

WHEREAS, Entergy and BECo are parties to that certain Agreement Regarding Qualified Trust Ruling, dated as of July 13, 1999, a copy of which is attached hereto as Exhibit B (the "Letter Agreement"), which agreement provides, among other things, that BECo and Entergy shall cooperate with one another and use their respective best efforts to effectuate certain amendments to the Provisional Trust Agreement;

WHEREAS, Section 9.05 of the Provisional Trust Agreement provides that the Provisional Trust Agreement may be amended, modified or altered for any purpose requested by Entergy, with the prior written approval of BECo, so long as such amendment, modification or alteration does not affect the use of the Provisional Trust to pay the costs of Decommissioning; and

WHEREAS, Section 9.05 of the Master Trust Agreement provides that the Trustee shall execute any amendment of the Provisional Trust Agreement required to be accepted by it but shall have no obligation to inquire or investigate whether such amendment is consistent with Section 9.05, except as to the receipt of the prior written approval of BECo.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Capitalized terms used in this Amendment No. 1 and not defined herein shall have the meaning ascribed to such terms in the Provisional Trust Agreement.

2. Section 1.01(24) of the Provisional Trust Agreement is amended and restated to read in its entirety as follows:

"(24) "Notice of Tax and Prior Distribution Adjustment Certificate Contention" shall have the meaning set forth in Section 4.05(c) hereof."

3. Section 1.01(27) of the Provisional Trust Agreement is amended and restated to read in its entirety as follows:

"(27) "Post-Closing Favorable Tax Change" shall mean any one or more amendments of or other changes in Section 468A of the Code or the Treasury regulations promulgated thereunder or the Service's interpretations thereof (including without limitation, as reflected in a revenue ruling, private letter ruling issued to the Company or other published position of the Service) occurring before December 31, 2002, which would allow (regardless of whether the Company avails itself of such amendment or other change) all or a portion of the funds in the Master Trust to accumulate more rapidly than possible under the federal tax laws in effect as of the Closing Date, even if such amendment or other change will not become effective until after December 31, 2002."

4. Section 1.01(35) of the Provisional Trust Agreement is amended and restated to read in its entirety as follows:

"(35) "Tax and Prior Distribution Adjustment" shall have the meaning set forth in Schedule I hereto."

5. Section 1.01(36) of the Provisional Trust Agreement is amended and restated to read in its entirety as follows:

"(36) "Tax and Prior Distribution Adjustment Certificate" shall have the meaning set forth in Section 4.05(c) hereof."

6. The following definitions are added to the end of Section 1.01 of the Provisional Trust Agreement as Sections 1.01(39) - 1.01(40):

"(39) "BECo Distribution" shall have the meanings set forth in Section 4.05(c).

(40) "Continued Qualification Claim" means a Claim relating solely to a Post-Closing Favorable Tax Change to the effect that the Qualified Fund, was not disqualified upon the Closing under the Purchase and Sale Agreement and continued to

be a "nuclear decommissioning reserve fund," as defined in Section 468A(a) of the Code, when held by Entergy on and after the Closing."

7. Section 4.05 of the Provisional Trust Agreement is amended and restated in its entirety as follows:

"4.05 Other Distributions. The Trustee shall distribute the assets of the Provisional Trust, after payment of or reserve for any remaining administrative expenses, unpaid out-of-pocket expenses, Trustee fees, taxes (whether imposed upon the Provisional Trust or upon the Company) or costs of termination, to BECo and/or to the Master Trust in the manner described in this Section 4.05.

(a) Distribution in the Event of Pre-Closing Date Termination. At any time prior to the Closing Date, BECo may, in its sole discretion, upon prior written notice by a Company Authorized Representative to the Trustee and to Entergy, terminate the Provisional Trust, in which case all of the assets of the Provisional Trust shall be promptly distributed to BECo or its designee in accordance with the written instructions of a Company Authorized Representative.

(b) Distribution in the Event of a Post-Closing Favorable Tax Change. If there are one or more Post-Closing Favorable Tax Changes on or after the Closing Date, BECo shall have the right, pursuant to the provisions of Section 4.05(c) below, to up to two distributions (at the election of the Company, to be made in cash or in kind) from the Provisional Trust, all as determined pursuant to this Section 4.05.

(c) Determination of Occurrence of a Post-Closing Favorable Tax Change. In the event BECo believes a Post-Closing Favorable Tax Change has occurred entitling it to a distribution of the assets of the Provisional Trust pursuant to Section 4.05(b) hereof (a "Claim"), BECo may provide written notice (a "Notice of Claim") to the Trustee and to the Company at any time (but on a maximum of two occasions) after the Closing Date and on or prior to January 15, 2003, in the manner and at such address as provided in Section 9.04 below, setting forth in reasonable detail (i) the basis of such Claim (including whether such Claim is a Continued Qualification Claim) and (ii) the BECo Distribution Amount in respect of such Claim (assuming that the date of distribution will be the sixtieth Business Day following the effective date of the Notice of Claim). No later than the thirtieth Business Day after the effective date of the Notice of Claim, the Company shall deliver to BECo and the Trustee a certificate setting forth in reasonable detail the Tax and Prior Distribution Adjustment (assuming that the date of distribution will be the sixtieth Business Day following the effective date of the Notice of Claim) (the "Tax and Prior

Distribution Adjustment Certificate"). Unless the Trustee and BECo receive a timely Notice of BECo Distribution Amount Contention from the Company, or the Trustee and the Company receive a timely Notice of Tax and Prior Distribution Adjustment Certificate Contention from BECo as provided below, the Trustee shall distribute to BECo or its designee (each such distribution, a "BECo Distribution") on the sixtieth Business Day following the effective date of the Notice of Claim assets with a value equal to the BECo Distribution Amount set forth in the Notice of Claim less the Tax and Prior Distribution Adjustment-set forth in the Tax and Prior Distribution Adjustment Certificate in accordance with written instructions of the BECo Authorized Representatives. In the event that (i) such BECo Distribution is the second BECo Distribution pursuant to this Section 4.05(c), or (ii) the Notice of Claim relating to such BECo Distribution does not state that the Claim is a Continued Qualification Claim, the Trustee shall, within five Business Days after making such BECo Distribution, contribute the balance of the assets of the Provisional Trust, if any, to the Master Trust in accordance with the written instructions of the Company Authorized Representatives.

Upon receipt of a Notice of Claim, the Company, if it elects to dispute the Claim, shall give written notice (a "Notice of BECo Distribution Amount Contention") to the Trustee and to BECo of its dispute of the Claim (including any dispute as to whether the Claim is a Continued Qualification Claim) no more than thirty Business Days following the effective date of BECo's Notice of Claim, in which case such Claim shall be a "Disputed Claim." Upon receipt of the Tax and Prior Distribution Adjustment Certificate, BECo, if it elects to dispute the Tax and Prior Distribution Adjustment Certificate, shall give written notice (a "Notice of Tax and Prior Distribution Adjustment Certificate Contention") to the Trustee and to the Company of its dispute of the Tax and Prior Distribution Adjustment Certificate no more than fifteen Business Days following the effective date of the Tax and Prior Distribution Adjustment Certificate, in which case the Claim to which the Tax and Prior Distribution Adjustment Certificate relates shall be a "Disputed Claim."

In the event of a Disputed Claim, BECo and the Company shall in good faith negotiate to settle the portion of the Disputed Claim to which the Notice of BECo Distribution Amount Contention and/or Notice of Tax and Prior Distribution Adjustment Certificate Contention relates. If no resolution is reached within ninety Business Days following the effective date of the Notice of Claim, either the Company or BECo may commence an arbitration proceeding with respect to the Disputed Claim pursuant to and consistent with the provisions of Section 9.07 hereof.

If a Disputed Claim is settled by the Company and BECo or is finally determined by the arbitration proceedings referenced in Section 9.07 below (a "Resolved Claim"), then the Trustee shall make a BECo Distribution to BECo or its designee within 60 days from the date of such settlement, arbitration award or judgment pursuant to Section 9.07, as the case may be, of the amount provided in the settlement, arbitration award or judgment in accordance with the written instructions of the BECo Authorized Representatives. In the event that (i) such BECo Distribution is the second BECo Distribution pursuant to this Section 4.05(c), (ii) the Notice of Claim relating to such BECo Distribution does not state that the Claim is a Continued Qualification Claim, or (iii) the Notice of Claim relating to such BECo Distribution states that the Claim is a Continued Qualification Claim but the settlement, arbitration award or judgment provides to the contrary, the Trustee shall, within five Business Days after making such BECo Distribution, contribute the balance of the assets of the Provisional Trust, if any, to the Master Trust in accordance with the written instructions of the Company Authorized Representatives.

(d) Final Distribution to the Master Trust. In the event that on January 16, 2003 any assets remain in the Provisional Trust and either (i) no Notice of Claim has been delivered by BECo to the Trustee and to the Company on or prior to January 15, 2003, or (ii) any Notice of Claim delivered by BECo to the Trustee and to the Company on or prior to January 15, 2003, has been fully resolved as provided in Section 4.05(c) and any BECo Distribution arising therefrom has been fully made, the Trustee shall forthwith contribute 100% of such remaining assets of the Provisional Trust to the Master Trust in accordance with the written instructions of the Company Authorized Representatives."

8. Section 9.06 of the Provisional Trust Agreement is amended to delete "2.09" thereon and substitute "2.07" therefor.

9. Schedule I to the Provisional Trust Agreement is amended and restated in its entirety in the form attached hereto as Exhibit C.

10. This Amendment No. 1 shall bind and shall inure to the benefit of the respective Parties and their assigns, transferees and successors.

11. This Amendment No. 1 and all questions pertaining to its validity, construction, and administration shall be interpreted, construed and determined in accordance with the internal substantive laws (and not the choice of law rules) of the Commonwealth of Pennsylvania.

12. This Amendment No. 1 may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

13. Each of Entergy, BECo and the Trustee hereby represents and warrants to the others that it has full authority to enter into this Amendment No. 1 upon the terms and conditions hereof and that the individual executing this Amendment No. 1 on its behalf has the requisite authority to bind it.

14. In the event of any conflict between the provisions of this Amendment No. 1 and Section 4 of the Letter Agreement, the provisions of this Amendment No. 1 shall control.

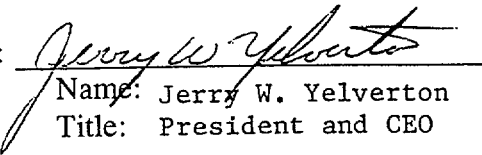
15. Entergy, BECo and the Trustee each acknowledge and agree that, as required by Section 9.05 of the Provisional Trust Agreement, this Amendment No. 1 shall be filed within five (5) business days of the date hereof with the Director, Office of Nuclear Reactor Regulation of the Nuclear Regulatory Commission, and shall become effective on the thirty-first day following the date of such filing. In no event shall BECo or Entergy (or their representatives) promote or advocate before any Governmental Authority the imposition of any terms and conditions on distributions from the Provisional Trust inconsistent with the provisions of Article IV of the Provisional Trust Agreement, as amended by this Amendment No. 1.

[Remainder of this page intentionally left blank.]

[Amendment No. 1]

IN WITNESS WHEREOF, the Parties have executed this instrument as of the date first above written.

ENTERGY NUCLEAR GENERATION
COMPANY

By: 
Name: Jerry W. Yelverton
Title: President and CEO

MELLON BANK, N.A., as Trustee

By: _____
Name:
Title:

Accepted and Agreed,

BOSTON EDISON COMPANY

By: _____
Name: James J. Judge
Title: Senior Vice-President and Treasurer

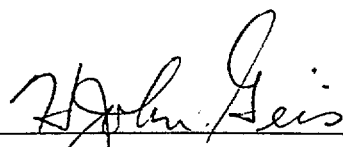
[Amendment No. 1]

IN WITNESS WHEREOF, the Parties have executed this instrument as of the date first above written.

ENTERGY NUCLEAR GENERATION
COMPANY

By: _____
Name:
Title:

MELLON BANK, N.A., as Trustee

By: 
Name: H. JOHN GEIS
Title: FIRST VICE PRESIDENT

Accepted and Agreed,

BOSTON EDISON COMPANY

By: _____
Name: James J. Judge
Title: Senior Vice-President and Treasurer

[Amendment No. 1]

IN WITNESS WHEREOF, the Parties have executed this instrument as of the date first above written.

ENTERGY NUCLEAR GENERATION
COMPANY

By: _____
Name:
Title:

MELLON BANK, N.A., as Trustee

By: _____
Name:
Title:

Accepted and Agreed,

BOSTON EDISON COMPANY

By: James J. Judge
Name: James J. Judge
Title: Senior Vice-President and Treasurer