



**Northeast
Nuclear Energy**

Rope Ferry Rd. (Route 156), Waterford, CT 06385

Millstone Nuclear Power Station
Northeast Nuclear Energy Company
P.O. Box 128
Waterford, CT 06385-0128
(860) 447-1791
Fax (860) 444-4277

The Northeast Utilities System

MAR 30 2001

Docket Nos. 50-245
50-336
50-423
B18369

RE: 10 CFR 50.75(f)(1)

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

Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3
2000 Decommissioning Funding Status Report

This Decommissioning Funding Status Report is being submitted by Northeast Nuclear Energy Company (NNECO), the licensed operator of Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3, pursuant to 10 CFR 50.75(f)(1). NNECO is submitting the attached report on behalf of the various co-owners of Millstone Unit Nos. 1, 2, and 3. Attachment 1 transmits the filing requirements for Millstone Unit No. 1, Attachment 2 transmits the filing requirements for Millstone Unit No. 2, and Attachment 3 transmits the filing requirements for Millstone Unit No. 3.

On August 31, 2000, NNECO and Dominion Nuclear Connecticut, Inc. (DNC) submitted to the Nuclear Regulatory Commission (NRC) an Application for Order and Conforming Amendments for License Transfer for Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3.⁽¹⁾ The NRC issued an Order consenting to the license transfer on March 9, 2001.⁽²⁾

⁽¹⁾ J. P. O'Hanlon and B. D. Kenyon letter to U.S. Nuclear Regulatory Commission, "Application for Order and Conforming Amendments for License Transfer," dated August 31, 2000.

⁽²⁾ D. S. Collins letter to Northeast Nuclear Energy Company, "Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3 - Order Approving the Transfer of Licenses from Northeast Nuclear Energy Company, et. al., to Dominion Nuclear Connecticut, Inc., and Approving Conforming Amendments (TAC Nos. MA9876, MA9877, and MA9879), dated March 9, 2001.

ADD

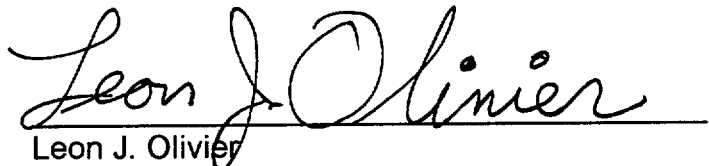
As noted in the Application for License Transfer, NNECO is proposing to sell Millstone Unit Nos. 1, 2, and 3 to DNC. Under the terms of the Purchase and Sale Agreement and Application for License Transfer, the selling co-owners will, on the closing date, transfer the decommissioning trust funds to DNC. Once this sale is complete, the selling co-owners' decommissioning obligations for Millstone Unit Nos. 1, 2, and 3 will be ended. This report is predicated on the assumption that the transfer to DNC will occur in April 2001, and therefore certain types of information provided in previous reports, such as the planned schedule of future annual payments by the selling co-owners, are no longer applicable.

There are no regulatory commitments contained within this letter.

If there are questions regarding this submittal, please contact Mr. David A. Smith at (860) 437-5840.

Very truly yours,

NORTHEAST NUCLEAR ENERGY COMPANY

A handwritten signature in cursive script, reading "Leon J. Olivier", written over a horizontal line.

Leon J. Olivier
Senior Vice President and
Chief Nuclear Officer

Attachments (3)

cc: H. J. Miller, Region I Administrator
J. B. Hickman, NRC Project Manager, Millstone Unit No. 1
P. C. Cataldo, Resident Inspector, Millstone Unit No. 2
D. S. Collins, NRC Project Manager, Millstone Unit No. 2
S. R. Jones, Senior Resident Inspector, Millstone Unit No. 2
V. Nerses, NRC Senior Project Manager, Millstone Unit No. 3
A. C. Cerne, Senior Resident Inspector, Millstone Unit No. 3

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Attachment 1

Millstone Nuclear Power Station, Unit No. 1

2000 Decommissioning Funding Status Report

Millstone Unit No. 1

I. Summary

Millstone Unit No. 1 is a 660 MWe Boiling Water Reactor owned by The Connecticut Light and Power Company (CL&P) and Western Massachusetts Electric Company (WMECO), which own 81 and 19 percent of Unit No. 1 respectively. CL&P, WMECO and Northeast Nuclear Energy Company (NNECO) are wholly-owned subsidiaries of Northeast Utilities. By letter dated July 21, 1998, NNECO informed the Nuclear Regulatory Commission (NRC) that as of July 17, 1998, Millstone Unit No. 1 had permanently ceased operations and that the fuel had been permanently removed from the reactor vessel.⁽¹⁾ Millstone Unit No. 1 is currently in the process of being decommissioned.

II. Filing Requirements

1. Decommissioning Funding Estimate:

As Millstone Unit No. 1 is permanently shutdown and in the process of being decommissioned, its decommissioning funding requirements are based on a site-specific estimate. Prior to the transfer of Millstone Unit No. 1 to Dominion Nuclear Connecticut, Inc. (DNC), a substantial amount of work will already have been completed. As noted in the Application for License Transfer,⁽²⁾ the current owners of Millstone Unit No. 1 are responsible for funding certain activities prior to the transfer, and the cost of remaining decommissioning activities after transfer to DNC is estimated to be \$504.5 million. This estimate is based on a site-specific study prepared by TLG, Inc., which includes \$347.7 million for the remaining basic radiological decommissioning, and \$156.8 million for spent fuel storage during the SAFSTOR period.

2. Total amount accumulated in the decommissioning funds as of the end of 2000:

The value of the Millstone Unit No. 1 decommissioning trust funds, as of December 31, 2000, is \$286.0 million, of which \$228.8 million is attributable to CL&P and \$57.2 million is attributable to WMECO.

⁽¹⁾ B. D. Kenyon letter to U.S. Nuclear Regulatory Commission, "Millstone Nuclear Power Station Unit No. 1, Certification of Permanent Cessation of Power Operations and that Fuel Has Been Permanently Removed from the Reactor," dated July 21, 1998.

⁽²⁾ J. P. O'Hanlon and B. D. Kenyon letter to U.S. Nuclear Regulatory Commission, "Application for Order and Conforming Amendments for License Transfer," dated August 31, 2000.

3. Schedule of the annual amounts remaining to be collected:

This item is not applicable. As described in the Application for License Transfer, CL&P and WMECO plan to transfer their interests in Millstone Unit No. 1 to DNC. Pursuant to the terms of the Purchase and Sale Agreement, CL&P and WMECO's decommissioning trust funds for Millstone Unit No. 1 will be transferred, at closing, to DNC. Assuming a closing date of April 1, 2001, the Millstone Unit No. 1 decommissioning trust funds will, upon transfer, have a value of \$268.3 million (greater if the closing date is postponed, less if the closing date is earlier). Following the closing, DNC will be solely responsible for all Millstone Unit No. 1 decommissioning costs and activities.

As noted in Exhibit L to the Application for License Transfer, when earnings on fund balances (at an assumed two percent annual real rate of return) and withdrawals are considered over the decommissioning period, decommissioning funding assurance of \$293.7 million is required to meet the site-specific decommissioning estimate. DNC has indicated that it will provide the additional funding assurance by parent guarantee, as permitted by 10 CFR 50.75(e)(1)(iii)(B). The NRC has already determined that funds being provided, together with the parent guarantee, meet the funding requirements of 10 CFR 50.75.⁽³⁾

4. Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

This item is not applicable; refer to item 3 above.

5. Contracts upon which the licensees are relying for assurance:

Neither CL&P nor WMECO are relying on any long-term contracts for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

6. Modifications to licensees' current method of providing financial assurance occurring since the last submitted report:

There have been no modifications to the licensees' method of providing financial assurance since the last submission.

⁽³⁾ D. S. Collins letter to Northeast Nuclear Energy Company, "Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3 - Order Approving the Transfer of Licenses from Northeast Nuclear Energy Company, et. al., to Dominion Nuclear Connecticut, Inc., and Approving Conforming Amendments (TAC Nos. MA9876, MA9877, and MA9879), dated March 9, 2001.

Following the transfer to DNC, DNC's method of providing financial assurance for decommissioning will be as described in the Application for License Transfer and as approved by the NRC's Order dated March 9, 2001.

7. Material changes to the trust agreements:

No changes have been made to the trust agreements.

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Attachment 2

Millstone Nuclear Power Station, Unit No. 2

2000 Decommissioning Funding Status Report

Millstone Unit No. 2

I. Summary

Millstone Unit No. 2 is an 870 MWe Pressurized Water Reactor. Unit No. 2 is owned by The Connecticut Light and Power Company (CL&P) and Western Massachusetts Electric Company (WMECO), which own 81 and 19 percent, respectively. Millstone Unit No. 2 has a license expiration of July 31, 2015.

II. Filing Requirements

1. Decommissioning Funding Estimate:

The Nuclear Regulatory Commission (NRC) minimum formula amount for Millstone Unit No. 2, calculated in accordance with 10 CFR 50.75(b) & (c) and NUREG-1307, Revision 9 guidelines, is \$301.6 million. The CL&P and WMECO obligation is \$244.3 million and \$57.3 million, respectively.

2. Total amount accumulated in the decommissioning fund as of the end of 2000:

The value of the Millstone Unit No. 2 decommissioning trust funds, as of December 31, 2000, is \$230.9 million, of which \$181.1 million is attributable to CL&P and \$49.8 million is attributable to WMECO.

3. Schedule of the annual amounts remaining to be collected:

This item is not applicable. As described in the Application for License Transfer,⁽¹⁾ CL&P and WMECO plan to transfer their interests in Millstone Unit No. 2 to Dominion Nuclear Connecticut, Inc. (DNC). Pursuant to the terms of the Purchase and Sale Agreement, CL&P and WMECO's decommissioning trust funds for Millstone Unit No. 2 will be transferred, at closing, to DNC. Assuming a closing date of April 1, 2001, the Millstone Unit No. 2 decommissioning trust funds will, upon transfer, have a value of \$252.9 million (greater if the closing date is postponed, less if the closing date is earlier). Following the closing, DNC will be solely responsible for all Millstone Unit No. 2 decommissioning costs and activities.

As noted in Exhibit K to the Application for License Transfer, when the two percent annual real rate of return is credited through the term of the license, as permitted by 10 CFR 50.75(e)(1), the value of the prepaid funds to be transferred to DNC will exceed the NRC minimum funding requirements.

⁽¹⁾ J. P. O'Hanlon and B. D. Kenyon letter to U.S. Nuclear Regulatory Commission, "Application for Order and Conforming Amendments for License Transfer," dated August 31, 2000.

4. Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

This item is not applicable; refer to item 3 above.

5. Contracts upon which licensees are relying for assurance:

Neither CL&P nor WMECO are relying on any long-term contracts for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

6. Modifications to licensees' current method of providing financial assurance occurring since the last submitted report:

There have been no modifications to the licensees' method of providing financial assurance since the last submission.

Following the transfer to DNC, DNC's method of providing financial assurance for decommissioning will be as described in the Application for License Transfer and as approved by the NRC's Order dated March 9, 2001.⁽²⁾

7. Material changes to the trust agreements:

No changes have been made to the trust agreements.

⁽²⁾ D. S. Collins letter to Northeast Nuclear Energy Company, "Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3 - Order Approving the Transfer of Licenses from Northeast Nuclear Energy Company, et. al., to Dominion Nuclear Connecticut, Inc., and Approving Conforming Amendments (TAC Nos. MA9876, MA9877, and MA9879), dated March 9, 2001.

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Attachment 3

Millstone Nuclear Power Station, Unit No. 3

2000 Decommissioning Funding Status Report

Millstone Unit No. 3

I. Summary

Millstone Unit No. 3 is a 1,150 MWe Pressurized Water Reactor. The thirteen co-owners of Millstone Unit No. 3 and their respective ownership percentages are included in item 2 below. Millstone Unit No. 3 has a license expiration of November 25, 2025.

II. Filing Requirements

1. Decommissioning Funding Estimate:

The Nuclear Regulatory Commission (NRC) minimum formula amount for Millstone Unit No. 3, calculated in accordance with 10 CFR 50.75(b) & (c) and NUREG-1307, Revision 9 guidelines, is \$320.7 million. The obligations of each of the thirteen co-owners is set forth in item 2 below.

2. Total amount accumulated in the decommissioning fund as of the end of 2000:

The value of the Millstone Unit No. 3 decommissioning trust funds as of December 31, 2000, for each co-owner is set forth below.

Joint Owner	Percent Ownership	NRC Minimum Amount	Trust Fund Balance (in Millions)
Connecticut Light and Power Company	52.93	\$169.75	\$126.24
Western Massachusetts Electric Company	12.24	39.25	33.30
Public Service Company of New Hampshire	2.85	9.14	7.41
The United Illuminating Company	3.69	11.83	8.73
New England Power Company	16.21	51.99	41.38
Central Maine Power Company	2.50	8.02	6.00
Chicopee Municipal Lighting Plant	1.35	4.33	4.76
Connecticut Municipal Electric Energy Cooperative	1.09	3.50	2.82
Vermont Electric Generation and Transmission Coop.	0.35	1.12	.54
Fitchburg Gas and Electric Light Company	0.22	0.71	.59
Village of Lyndonville Electric Department	0.05	0.16	.10
Central Vermont Public Service Corporation	1.73	5.55	4.22
Massachusetts Municipal Wholesale Electric Company	4.80	15.39	11.38
Total	100.0	\$320.7	\$247.5

3. Schedule of the annual amounts remaining to be collected:

This item is not applicable to the selling co-owners. As described in the Application for License Transfer,⁽¹⁾ all co-owners except the Massachusetts Municipal Wholesale Electric Company and Central Vermont Public Service Corporation, plan to transfer their interests in Millstone Unit No. 3 to Dominion Nuclear Connecticut, Inc. (DNC). Pursuant to the terms of the Purchase and Sale Agreement, the selling co-owners' decommissioning trust funds for Millstone Unit No. 3 will be transferred, at closing, to DNC. Assuming a closing date of April 1, 2001, the Millstone Unit No. 3 decommissioning trust funds will, upon transfer, have a value of \$246.8 million (greater if the closing date is postponed, less if the closing date is earlier). Following the closing, DNC will be responsible for the Millstone Unit No. 3 decommissioning obligations of the selling co-owners.

As noted in Exhibit K to the Application for License Transfer, when the two percent annual real rate of return is credited through the term of the license, as permitted by 10 CFR 50.75(e)(1), the value of the prepaid funds to be transferred to DNC will exceed the NRC minimum funding requirement for the selling co-owners' interests in Millstone Unit No. 3.

The current planned annual funding levels for Massachusetts Municipal Wholesale Electric Company and Central Vermont Public Service Corporation in 2001 are \$163,331 and \$75,126, respectively.

4. Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:

This item is not applicable to the selling co-owners; refer to item 3 above.

With respect to the non-selling co-owners, the current trust fund balances meet the NRC's minimum funding requirements pursuant to 10 CFR 50.75 when earnings are credited using a two percent real rate of return as permitted by the NRC's rules.

5. Contracts upon which the licensees are relying for assurance:

To the best knowledge of Northeast Nuclear Energy Company (NNECO), no joint owner relies on any long-term contracts for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

⁽¹⁾ J. P. O'Hanlon and B. D. Kenyon letter to U.S. Nuclear Regulatory Commission, "Application for Order and Conforming Amendments for License Transfer," dated August 31, 2000.

6. Modifications to licensees' current method of providing financial assurance occurring since the last submitted report:

There have been no modifications to the licensees' method of providing financial assurance since the last submission.

Following the transfer to DNC, DNC's method of providing financial assurance for decommissioning will be as described in the Application for License Transfer and as approved by the NRC's Order dated March 9, 2001.⁽²⁾

7. Material changes to trust agreements:

No changes have been made to the trust agreements.

⁽²⁾ D. S. Collins letter to Northeast Nuclear Energy Company, "Millstone Nuclear Power Station, Unit Nos. 1, 2, and 3 - Order Approving the Transfer of Licenses from Northeast Nuclear Energy Company, et. al., to Dominion Nuclear Connecticut, Inc., and Approving Conforming Amendments (TAC Nos. MA9876, MA9877, and MA9879), dated March 9, 2001.