

# Maine Yankee

321 OLD FERRY RD. • WISCASSET, ME 04578-4922

March 26, 2013

OMY-13-024

10 CFR 50.4

10 CFR 50.75(f)(1) and (2)

10 CFR 50.82(a)(8)(v) and (vi)

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

Maine Yankee Atomic Power Company  
Maine Yankee Independent Spent Fuel Storage Installation  
NRC License No. DPR-36 (NRC Docket Nos. 50-309 and 72-30)

Subject: Decommissioning Funding Assurance Status Report

On August 7, 1997, Maine Yankee Atomic Power Company (MYAPCO) informed the USNRC that the Board of Directors of MYAPCO had decided to permanently cease operations at the Maine Yankee Plant and that fuel had been permanently removed from the reactor (Reference 1). In accordance with 10 CFR 50.82(a)(2), the certifications in the letter modified the MYAPCO license to permanently withdraw MYAPCO's authority to operate the reactor. In 1998, MYAPCO commenced decommissioning the power plant. On September 30, 2005, the NRC amended the MYAPCO license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the Independent Spent Fuel Storage Installation (ISFSI) only (Reference 2). The only decommissioning activities that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to be completed in calendar year 2023, after the Department of Energy (DOE) removes the irradiated fuel and Greater than Class C (GTCC) waste.

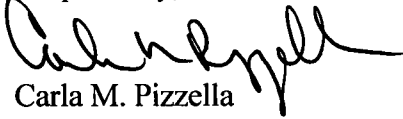
MYAPCO provides the attached Decommissioning Funding Assurance Status Report for the Maine Yankee ISFSI to comply with 10 CFR 50.75(f)(1) and (2) and 10 CFR 50.82(a)(8)(v) and (vi).

On March 27, 2012, MYAPCO submitted the MYAPCO Decommissioning Funding Assurance Status Report to the NRC for calendar year 2011 (Reference 3). It included information regarding the status of funding for the managing of irradiated fuel. Since that report was issued, a new reporting requirement regarding the status of the funding for managing irradiated fuel was codified in 10 CFR 50.82(a)(8)(vii). As a result, MYAPCO submitted a separate letter to the NRC on March 19, 2013 that provides the status of the funding for managing irradiated fuel (Reference 4).

4M5501  
4M5526

If you have any questions regarding this letter, please do not hesitate to contact me at (860) 267-6426 x304.

Respectfully,



Carla M. Pizzella  
Vice President, Chief Financial Officer, and Treasurer

**Attachment:**

Attachment - Decommissioning Funding Status Report for the Maine Yankee Independent Spent Fuel Storage Installation (Status as of 12/31/2012)

**Commitment:** This letter contains no regulatory commitments.

**References:**

1. MYAPCO letter to USNRC, "Certifications of Permanent Cessation of Power Operation and Permanent Removal of Fuel from the Reactor," dated August 7, 1997
2. USNRC letter to MYAPCO, "Issuance of Amendment No. 172, To Facility Operating License No. DPR-36 – Maine Yankee Atomic Power Station (TAC NO. M8000," dated September 30, 2005
3. MYAPCO letter to NRC, "Decommissioning Funding Assurance Status Report – 10 CFR 50.75," dated March 27, 2012
4. MYAPCO letter to NRC, "Status of Funding to Manage Irradiated Fuel and Greater than Class C Waste," dated March 19, 2013

cc: W. M. Dean, NRC Region I Administrator  
M. S. Ferdas, Chief, Decommissioning Branch, NRC, Region 1  
J. Goshen, NRC Project Manager, Maine Yankee  
P. Dostie, State of Maine, Nuclear Safety Inspector  
J. Hyland, State of Maine, Manager Radiation Control Program

OMY-13-024

ATTACHMENT

DECOMMISSIONING FUNDING STATUS REPORT FOR THE  
MAINE YANKEE INDEPENDENT SPENT FUEL STORAGE INSTALLATION  
(STATUS AS OF 12/31/2012)

March 2013

**Attachment to OMY-13-024**  
**Decommissioning Funding Status Report for the**  
**Maine Yankee Independent Spent Fuel Storage Installation**  
**(Status as of 12/31/2012)**

10 CFR Requirement	Response	Comment
<b>10 CFR 50.75(f)(1) and (2) Requirements</b>		
1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c).	\$22.1 million (in 2012 dollars)	<p>10 CFR 50.75 provides the calculation basis for determining minimum amounts of funding required to demonstrate reasonable assurance of funds for decommissioning. However, the methodology does not take into consideration work that has already been completed. In 1998, Maine Yankee Atomic Power Company (MYAPCO) commenced decommissioning the power plant. On September 30, 2005, the NRC amended the MYAPCO license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to only that associated with the Maine Yankee Independent Spent Fuel Storage Installation (ISFSI). Thus, the only decommissioning activities and decommissioning funding requirements that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to be completed in calendar year 2023, after the Department of Energy (DOE) removes the irradiated fuel and Greater than Class C (GTCC) waste.</p> <p>On December 17, 2012, MYAPCO provided a decommissioning funding plan for the Maine Yankee ISFSI in accordance with 10 CFR 72.30(b)(2) that included a revised Decommissioning Cost Estimate (DCE) for the Maine Yankee ISFSI. On January 8, 2013, MYAPCO submitted a revision to that decommissioning funding plan for the Maine Yankee ISFSI. Information regarding the status of funding for managing irradiated fuel and GTCC waste is addressed in a separate letter dated March 19, 2013.</p>
2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75(e)(1)(i).	\$22.3 million	MYAPCO has established an account within its Nuclear Decommissioning Trust (NDT) entitled "ISFSI Radiological Decom" that segregates the funds for decommissioning of the ISFSI from the larger balance of funds for ongoing management of irradiated fuel and GTCC waste held in the NDT. This market balance only reflects the funds in the segregated account for decommissioning the ISFSI.

**Attachment to OMY-13-024**  
**Decommissioning Funding Status Report for the**  
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**(Status as of 12/31/2012)**

<b>10 CFR Requirement</b>	<b>Response</b>	<b>Comment</b>
3. Schedule of the annual amounts remaining to be collected Including amounts beyond those required in 10 CFR 50.75(e)(1)(i).  # Years to collect	\$0  N/A	
4. The assumptions used regarding escalation of the decommissioning cost estimate, rates of earnings on decommissioning funds, and rates of other factors used in funding projections are:  Annual escalation rate,  Annual after-tax earnings rate on decommissioning trust funds, and  other factors assumed.	2.5%  5.5% (reduced in last few years)  None	No additional comments.
5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(A).	Yes	MYAPCO is currently collecting funds through its power contracts and amendatory agreements under Federal Energy Regulatory Commission (FERC) regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of MYAPCO, including decommissioning costs. Such contracts have been filed with FERC.
6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.	None	No additional comments.

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**(Status as of 12/31/2012)**

<b>10 CFR Requirement</b>	<b>Response</b>	<b>Comment</b>
7. Any material changes to trust agreements.	None	No additional comments.
<b>10 CFR 50.82(a)(8)(v) (A) through (D) Requirements</b>		
1. The amount spent on decommissioning, both:  cumulative  and  over the previous calendar year.	\$0 (Refer to Comment)  \$0	<p>In 1998, MYAPCO commenced decommissioning the power plant. On September 30, 2005, the NRC amended the MYAPCO license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the ISFSI only. The only decommissioning activities that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to be completed in calendar year 2023, after the DOE removes the irradiated fuel and GTCC waste.</p> <p>10 CFR 50.82(a)(8)(v) became effective on December 17, 2012. At that time, the only areas that are within the control of Operating License No. DPR-36 are those associated with the Maine Yankee ISFSI. Thus, Maine Yankee is only presenting the information associated with the decommissioning of the areas that remain within the control of Operating License No. DPR-36.</p> <p>Presently, MYAPCO is storing irradiated fuel and GTCC waste on site until it is removed by the DOE. Decommissioning of the Maine Yankee ISFSI is currently scheduled to be completed in calendar year 2023, after the DOE removes the irradiated fuel and GTCC waste. Thus, the cumulative cost spent on decommissioning the Maine Yankee ISFSI is \$0, and the amount spent in calendar year 2012 is \$0.</p>
2. The remaining balance of any decommissioning funds.	\$22.3 million	MYAPCO has established an account within its NDT entitled "ISFSI Radiological Decom" that segregates the funds for decommissioning of the ISFSI from the larger balance of funds for ongoing management of irradiated fuel and GTCC waste held in the NDT. This market balance only reflects the funds in the segregated account for decommissioning the ISFSI.

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10 CFR Requirement	Response	Comment
3. The amount provided by other financial assurance methods being relied upon.	\$0	<p>As of 12/31/12, MYAPCO's NDT account entitled "ISFSI Radiological Decom" has a balance sufficient to cover the estimated cost of the remaining radiological decommissioning of the ISFSI. However, if in the future, the balance in the account is not fully funded to cover the estimated cost of the remaining radiological decommissioning of the ISFSI, the Company has several methods of obtaining additional funds, if required, to cover projected costs.</p> <p>First, MYAPCO is currently collecting funds through its power contracts and amendatory agreements under FERC regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of MYAPCO, including decommissioning. Pursuant to these power contracts, MYAPCO has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.</p> <p>Second, MYAPCO has received proceeds from the successful litigation of the first phase of its breach of contract damages claim against the DOE for failure to begin the removal of spent nuclear fuel (SNF) and GTCC waste from the site in 1998. A second damages claim is currently pending against the DOE relating to the government's continuing breach of contract and more claims are expected to be filed against the DOE as long as the DOE continues to breach its contract obligations related to SNF and GTCC waste. The Company believes that each of these claims will result in the receipt of proceeds that can be used to offset future costs, if required.</p> <p>Third, MYAPCO expects to utilize the investment return on Decommissioning Trust assets as a funding source. The current assumed rate of investment return, after fees and taxes, is 5.5%. The rate of investment return is reduced in the last few years.</p>
4. An estimate of the costs to complete decommissioning, reflecting any difference between actual and estimated costs for work performed during the year.	\$22.1 million (in 2012 dollars)	On December 17, 2012, MYAPCO provided a decommissioning funding plan for the Maine Yankee ISFSI in accordance with 10 CFR 72.30(b)(2) that included a revised DCE for the Maine Yankee ISFSI. On January 8, 2013, MYAPCO submitted a revision to that decommissioning funding plan for the Maine Yankee ISFSI.

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<b>10 CFR Requirement</b>	<b>Response</b>	<b>Comment</b>
5. The decommissioning criteria upon which the estimate is based.	10 CFR 20.1402	The assumptions regarding the decommissioning cost estimate are provided in the revised DCE for the Maine Yankee ISFSI provided on January 8, 2013.
6. Any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.	None	This is the MYAPCO's first report submitted in accordance with 10 CFR 50.82(a)(8)(v). Previously, decommissioning funding status reports were submitted solely in accordance with 10 CFR 50.75(f)(1) and (2). This response indicates that there have been no changes in the method of providing financial assurance since the report submitted on March 27, 2012.
7. Any material changes to trust agreements or financial assurance contracts.	None	This is the MYAPCO's first report submitted in accordance with 10 CFR 50.82(a)(8)(v). Previously, decommissioning funding status reports were submitted solely in accordance with 10 CFR 50.75(f)(1) and (2). This response indicates that there have been no material changes to the trust agreements since the report submitted on March 27, 2012.



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10 CFR Requirement	Response	Comment
<b>10 CFR 50.82(a)(8)(vi) Requirement</b>		
1. Additional financial assurance required to cover the estimate cost of completion.	None	<p>As of 12/31/12, MYAPCO's NDT account entitled "ISFSI Radiological Decom" has a balance sufficient to cover the estimated cost of the remaining radiological decommissioning of the ISFSI. However, if in the future, the balance in the account is not fully funded to cover the estimated cost of the remaining radiological decommissioning of the ISFSI, the Company has several methods of obtaining additional funds, if required, to cover projected costs.</p> <p>First, MYAPCO is currently collecting funds through its power contracts and amendatory agreements under FERC regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of MYAPCO, including decommissioning. Pursuant to these power contracts, MYAPCO has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.</p> <p>Second, MYAPCO has received proceeds from the successful litigation of the first phase of its breach of contract damages claim against the DOE for failure to begin the removal of SNF and GTCC waste from the site in 1998. A second damages claim is currently pending against the DOE relating to the government's continuing breach of contract and more claims are expected to be filed against the DOE as long as the DOE continues to breach its contract obligations related to SNF and GTCC waste. The Company believes that each of these claims will result in the receipt of proceeds that can be used to offset future costs, if required.</p> <p>Third, MYAPCO expects to utilize the investment return on Decommissioning Trust assets as a funding source. The current assumed rate of investment return, after fees and taxes, is 5.5%. The rate of investment return is reduced in the last few years.</p>