

MAINE YANKEE
321 Old Ferry Road, Wiscasset, Maine 04578

March 12, 2014
OMY-14-028
10 CFR 50.4
10 CFR 50.82(a)(8)(vii)

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: Funding Status Report for Managing Irradiated Fuel and GTCC Waste

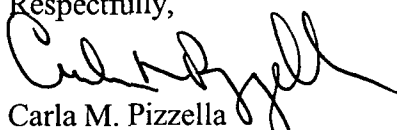
On August 7, 1997, Maine Yankee Atomic Power Company (Maine Yankee) informed the USNRC that the Board of Directors of Maine Yankee had decided to permanently cease operations at the Maine Yankee plant and that fuel had been permanently removed from the reactor (Reference 1). In accordance with 10 CFR 50.82(a)(2), the certifications in the letter modified the Maine Yankee license to permanently withdraw Maine Yankee's authority to operate the reactor. In 1998, Maine Yankee commenced decommissioning the power plant. On September 30, 2005, the NRC amended the Maine Yankee license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to that utilized to support the Independent Spent Fuel Storage Installation (ISFSI) (Reference 2). Presently, Maine Yankee is storing irradiated fuel and Greater than Class C (GTCC) waste on site until the Department of Energy (DOE) satisfies its contractual obligations to take title and possession of the spent fuel and GTCC waste and remove them from the site.

In Attachment 1, Maine Yankee provides the attached Funding Status Report for Managing Irradiated Fuel and GTCC Waste at the Maine Yankee ISFSI to comply with 10 CFR 50.82(a)(8)(vii).

This letter contains no regulatory commitments.

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

Handwritten: NMSS01
NMSS26

Attachment:

1. Funding Status Report for Managing Irradiated Fuel and GTCC Waste at the Maine Yankee Independent Spent Fuel Storage Installation (Status as of 12/31/2013)

References:

1. M. B. Sellman (Maine Yankee) 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 Maine Yankee, License Amendment No. 172 to Facility Operating License No. DPR-36, dated September 30, 2005

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

ATTACHMENT 1

FUNDING STATUS REPORT FOR THE MANAGING OF IRRADIATED FUEL AND GTCC WASTE
AT THE MAINE YANKEE INDEPENDENT SPENT FUEL STORAGE INSTALLATION
(STATUS AS OF 12/31/2013)

Attachment 1 to OMY-14-028
Funding Status Report for the Managing of Irradiated Fuel and GTCC Waste at the
Maine Yankee Independent Spent Fuel Storage Installation
(Status as of 12/31/2013)

| 10 CFR Requirement | Response | Comment |
|---|---|---|
| 10 CFR 50.82(a)(8)(vii) Requirements | | |
| 1. The amount of funds accumulated to cover the cost of managing the irradiated fuel. | \$116.9 million (as of 12/31/13) | Maine Yankee Atomic Power Company (Maine Yankee) has established an account within its Nuclear Decommissioning Trust (NDT) entitled, "ISFSI Radiological Decom," that segregates the funds for decommissioning of the Maine Yankee Independent Spent Fuel Storage Installation (ISFSI) from the larger balance of funds for ongoing management of irradiated fuel and Greater than Class C (GTCC) waste held in the NDT. The market value balance represented here as of 12/31/2013 excludes the funds set-aside for decommissioning the ISFSI. |
| 2. The projected cost of managing irradiated fuel until title to the fuel and possession of the fuel is transferred to the Secretary of Energy. | \$185.3 million (2014 through 2033) (In 2013 dollars) | In 2013, Maine Yankee submitted a revised cost estimate for management of the irradiated fuel and GTCC waste at the Maine Yankee ISFSI to the Federal Energy Regulatory Commission (FERC). It extended the duration of storage of irradiated fuel and GTCC waste based on recent information published by the DOE as a result of Blue Ribbon Commission recommendations. This cost estimate was approved by FERC in June, 2013. |

Attachment 1 to OMY-14-028
Funding Status Report for the Managing of Irradiated Fuel and GTCC Waste at the
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| 10 CFR Requirement | Response | Comment |
|--|--------------------|--|
| <p>3. If the funds accumulated do not cover the projected cost, a plan to obtain additional funds to cover the cost.</p> | <p>See Comment</p> | <p>The Company has several methods of obtaining additional funds to cover projected costs.</p> <p>First, Maine Yankee 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 Maine Yankee, including the ongoing costs of managing irradiated fuel and GTCC waste. Pursuant to these power contracts, Maine Yankee has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.</p> <p>Second, Maine Yankee has received proceeds from the successful litigation of the first phase of its breach of contract damages claims against the DOE for failure to begin the removal of spent nuclear fuel (SNF) and GTCC waste from the site in 1998. In addition, Maine Yankee is expecting the proceeds from the successful litigation of the second phase of its breach of contract damages claim against the DOE. Maine Yankee will continue to file claims against the DOE as long as the DOE continues to breach its contract obligations related to SNF and GTCC waste. To that end, in August, 2013 the Company filed a third round of claims against the DOE seeking damages for the years 2009 - 2012. Each of these prospective claims will likely result in the receipt of proceeds that can be used to offset future costs, if required.</p> <p>Accordingly, Maine Yankee's most recent FERC filing which was approved in June, 2013, implemented a fifteen year funding mechanism. Until the 2013 FERC filing, the Company had employed a "full funding" assumption in developing funding requirements. The fifteen year funding mechanism was put in place to incorporate the potential for the receipt of future DOE breach of contract damages as a source of funding as discussed above. If future damage recovery does not occur, the Company has the ability to apply to FERC for more funding, if necessary. The approved FERC filing also requires Maine Yankee to provide an information filing regarding the adequacy of funding if five years pass without receipt of damage awards from litigation with the DOE.</p> |

Attachment 1 to OMY-14-028
Funding Status Report for the Managing of Irradiated Fuel and GTCC Waste at the
Maine Yankee Independent Spent Fuel Storage Installation
(Status as of 12/31/2013)

| 10 CFR Requirement | Response | Comment |
|--------------------|----------|---|
| | | Third, Maine Yankee expects to utilize the investment return on Decommissioning Trust assets to offset future costs. The current assumed rate of investment return, after fees and taxes is 4.5%. |