



A CMS Energy Company

Palisades Nuclear Plant  
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Covert, MI 49043

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**Nathan L. Haskell**  
Director, Licensing and  
Performance Assessment

March 30, 2001

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555-001

**DOCKET 50-255 - LICENSE DPR-20 - PALISADES PLANT**  
**CERTIFICATION OF FINANCIAL ASSURANCE FOR DECOMMISSIONING**

Consumers Energy hereby submits certification of financial assurance for decommissioning of the Palisades Plant. Attachment 1 is the certified report of the status of Consumers Energy Company's decommissioning funding, submitted in accordance with 10 CFR 50.75(f)(1).

**SUMMARY OF COMMITMENTS**

This letter contains no new commitments and no revisions to existing commitments.

Nathan L. Haskell  
Director, Licensing and Performance Assessment

CC Administrator, Region III, USNRC  
Project Manager, NRR, USNRC  
NRC Resident Inspector - Palisades  
Robert Wood, NRR/DRPM/PGEB, USNRC

Attachment

ADD1

**ATTACHMENT 1**

**CONSUMERS ENERGY COMPANY  
PALISADES PLANT  
DOCKET 50-255**

**CERTIFICATION OF FINANCIAL ASSURANCE FOR DECOMMISSIONING**

**CONSUMERS ENERGY COMPANY**

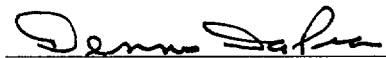
Palisades Plant  
Docket 50-155  
License DPR-20

**CERTIFICATION OF FINANCIAL  
ASSURANCE FOR DECOMMISSIONING  
March 2001**

Consumers Energy Company (Consumers Energy or Company) submits this certification of financial assurance for decommissioning in compliance with 10 CFR 50.75(f)(1).

1. Consumers Energy owns a 100% undivided interest in the Palisades Plant (Palisades) and provides financial assurance for decommissioning through the use of an external sinking fund, funded by rates that are established by a cost of service ratemaking regulation.
2. The amount of decommissioning funds estimated to be required, based upon the formula set forth in 10 CFR 50.75(c)(1) and (2) with the use of a waste vendor, is \$302,923,920 in January 1, 2001 dollars.
3. The amount of decommissioning funds accumulated at the end of the calendar year preceding the date of this report was \$431,069,993.54, based on the Company's trustee, State Street Bank and Trust, December 31, 2000 Annual Reports for the Palisades Decommissioning Trust Funds.
4. The amount of decommissioning funds scheduled to be collected and deposited in the external sinking fund for years 2000 through 2007 are based upon surcharges approved by the Michigan Public Service Commission (MPSC) on December 16, 1999. These surcharges were calculated to initially yield \$5,500,000 annually, based on 1998 electric sales. In 2000 the surcharges generated \$5,575,894 of decommissioning funds. The surcharges include funds collected for Nuclear Regulatory Commission (NRC) radiological costs, spent fuel storage costs and greenfield costs.
5. The MPSC, in its December 16, 1999 Order assumed a 4.54% decommissioning cost escalation rate and 7.18% earnings rate for the Company's Qualified trust and 5.13% for the Company's Non-Qualified trust. The combined earnings rate of the two trusts is less than a 2 percent annual real rate of return.
6. Consumers Energy has not relied on any contract obligations pursuant to 10 CFR 50.75(e)(v) to meet its NRC decommissioning funding assurance.
7. Since the last Certification of Financial Assurance for Decommissioning was filed with the NRC on March 31, 1999, Consumers Energy has not modified its method of providing financial assurance.

To the best of my knowledge, information and belief, the foregoing statements are true and correct.



Dennis DaPra  
Senior Vice President of Accounting  
and Regulatory Affairs

Sworn and subscribed to this the 27th day of March 2001.

M. Kathleen Bamm

M. Kathleen Bamm, Notary Public,  
Jackson County, Michigan  
My Commission Expires: 05/05/2001