

Maine Yankee

321 OLD FERRY RD • WISCASSET, ME 04578-4922

March 24, 2003

MN-03-013 RA-03-033

UNITED STATES NUCLEAR REGULATORY COMMISSION
Attention: Director of Nuclear Reactor Regulation
Washington, DC 20555

Reference: (a) License No. DPR-36 (Docket No. 50-309)
(b) Letter: M. B. Sellman to USNRC; Certifications of Permanent Cessation
of Power Operation and Permanent Removal of Fuel From the Reactor;
MN-97-89, dated August 7, 1997

Subject: Decommissioning Funding Status Report - 10 CFR 50.75(f)

Gentlemen:

On December 6, 1996, Maine Yankee shut down the reactor and has not restarted the reactor or returned to power operations.

In reference (b), 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. 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 accordance with the requirements of 10 CFR 50.75(f), Maine Yankee hereby submits its report on the status of decommissioning funding for the year ending December 31, 2002. The enclosure provides the requested information.

Maine Yankee is actively decommissioning the plant facility. As of December 31, 2002, \$282 million (or \$303 million in 2002 dollars escalated at 3.8%) has been estimated as the allocation of actual expenditures to date for decommissioning activities as defined by the NRC in 10 CFR 50.2. Note: In 2001, Maine Yankee received a credit to the total decommissioning expense from performance and payment bond settlement proceeds of \$44 million.

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Add Michael DASTANIAK
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If you have any questions please contact me at 207-882-4530.

Very truly yours,



Thomas L. Williamson, Director
Nuclear Safety & Regulatory Affairs

Enclosure: Maine Yankee - NRC "Decommissioning Funding Status Report -
December 31, 2002"

c: Mr. J. T. Buckley, NRC NMSS Project Manager, Decommissioning
Ms. P. Craighead, Esq., State of Maine, Nuclear Safety Advisor
Mr. P. J. Dostie, State of Maine, Division of Health Engineering
Mr. H. J. Miller, NRC Regional Administrator, Region 1

**MAINE YANKEE
NRC DECOMMISSIONING FUNDING STATUS REPORT
December 31, 2002**

1. \$342.9 million (Note A)	Minimum decommissioning fund estimate pursuant to 10 CFR 50.75 (b) and (c)
2. \$109.1 million trust balance (Note B)	Decommissioning trust balance accrued as of December 31, 2002
3. Current collection of \$25.6 million as approved by FERC on 6/1/99 (Note C)	Total annual collection estimated including amounts beyond those required in 10CFR 50.75 (b) and (c)
4. 3.8% assumed annual escalation of decommissioning costs	
5.5% assumed annual after-tax earnings on decommissioning funds	
Other factor rates assumed	None
5. Power contracts Additional power contracts Amendatory agreements	Maine Yankee is currently collecting decommissioning 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 decommissioning costs. Such contracts have been filed with FERC.
6. Modifications to Maine Yankee's current method of providing financial assurance since the last submitted report	None
7. Material changes to trust agreements	None

Notes:

- A. Not reduced for actual expenditures and decommissioning work.
- B. This balance includes amounts accrued in the Trust for earnings, and decommissioning costs including site restoration and long term spent fuel storage management incurred through 12/31/02, as well as decommissioning as defined in 10CFR 50.75. As of December 31, 2002, \$402 million (or \$428m in 2002 dollars escalated at 3.8%) has been expended for all decommissioning costs, of which \$282 million (or \$303m in 2002 dollars escalated at 3.8%) has been estimated as the allocation of actual expenditures for decommissioning activities, as defined by the NRC in 10CFR 50.2. Note in 2001, the Company received a credit to total decommissioning expense for performance and payment bond settlement proceeds of \$44 million.
- C. Under the Settlement approved by FERC on June 1, 1999 and effective August 1, 1999, Maine Yankee has agreed to file with FERC no later than January 1, 2004 for the purpose of examining any further rate adjustments specifically, although not limited to the future cost of spent fuel storage. Maine Yankee expects that case to determine any adjustments to decommissioning collections.