



March 31, 2003

10 CFR 50.75(f)(1)

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555

DUANE ARNOLD ENERGY CENTER
DOCKET 50-331
LICENSE No. DPR-49

PALISADES NUCLEAR PLANT
50-255
DPR-20

KEWAUNEE NUCLEAR POWER PLANT
DOCKET 50-305
LICENSE No. DPR-43

POINT BEACH NUCLEAR PLANT
50-266 and 50-301
DPR-24 and DPR-27

MONTICELLO NUCLEAR
GENERATING PLANT
DOCKET 50-263
LICENSE No. DPR-22

PRAIRIE ISLAND NUCLEAR
GENERATING PLANT
50-282 and 50-306
DPR-42 and DPR-60

DECOMMISSIONING FUNDING STATUS REPORTS

The attached decommissioning funding status reports are being submitted in accordance with 10 CFR 50.75(f)(1), "Reporting and Recordkeeping for Decommissioning Planning," for the aforementioned plants. As holder of the plant operating licenses, Nuclear Management Company, LLC is submitting these reports on behalf of the plant owners and co-owners identified in each respective report.

The financial information presented herein, current as of December 31, 2002, reflects information provided to Nuclear Management Company, LLC by each respective plant owner or co-owners.

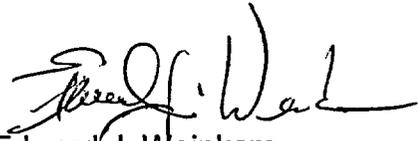
In item one of the reports, each owner estimated the minimum decommissioning cost using formulas in section 10 CFR 50.75(c). This estimate includes only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates beyond removal costs necessary to terminate the license. The costs of managing and storing spent fuel on site until transfer to Department of Energy are also not included in the cost estimates.

*ADD: 1001
Michael Dusanislawski
1 paper
1 copy*

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

Please contact James Holthaus, (715) 377-3380 with questions concerning the information provided in this submittal.

Sincerely,



Edward J. Weinkam
Director, Regulatory Services
Nuclear Management Company, LLC

CC Regional Administrator, USNRC, Region III
Project Managers, USNRC, NRR – Duane Arnold Energy Center, Kewaunee Plant, Monticello Generating Plant, Palisades Plant, Point Beach Plant, Prairie Island Generating Plant
NRC Resident Inspectors – Duane Arnold Energy Center, Kewaunee Plant, Monticello Generating Plant, Palisades Plant, Point Beach Plant, Prairie Island Generating Plant

Attachments

ATTACHMENTS

NUCLEAR MANAGEMENT COMPANY, LLC

| Attachment | Owner(s) | Plant |
|-------------------|--|------------------------|
| 1 | Consumers Energy Company | Palisades (PNP) |
| 2 | Wisconsin Electric Power Company | Point Beach 1 (PBNP1) |
| 3 | Wisconsin Electric Power Company | Point Beach 2 (PBNP2) |
| 4 | a. Wisconsin Public Service Corp b. Wisconsin Power & Light Company (WP&L) | Kewaunee (KNPP) |
| 5 | Xcel Energy | Prairie Island 1 (PI1) |
| 6 | Xcel Energy | Prairie Island 2 (PI2) |
| 7 | Xcel Energy | Monticello (MNGP) |
| 8 | a. Interstate Power and Light (IPL) b. Central Iowa Power Cooperative (CIPCO) c. Corn Belt Cooperative (Corn Belt) | Duane Arnold (DAEC) |

MARCH 27, 2003

8 PAGES FOLLOW

ATTACHMENT 1
Consumers Energy Company
Palisades Nuclear Plant
Docket No. 50-255 License No. DPR-20
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c)

| |
|---------------|
| \$337,925,840 |
|---------------|

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| | |
|-----------------------|---------------|
| <i>Total External</i> | \$424,998,550 |
|-----------------------|---------------|

3. A schedule of the annual amounts remaining to be collected and deposited in external sinking fund as approved by Michigan Public Service Commission (MPSC) in 1999.

| | |
|---------------------------|-------------|
| <i>Annual Annuity</i> | \$5,500,000 |
| <i># Years to Collect</i> | 5 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.
 - a. Cost escalation rate prescribed by 1999 MPSC Order:

| | |
|------------------------|-------|
| <i>Escalation Rate</i> | 4.54% |
|------------------------|-------|

 - b. Rates of earnings on decommissioning funds (After-tax): **The combine earnings rates (6.4%) on Qualified and Non-qualified trusts funds is less than 2 percent real rate of return (i.e. rate of earnings minus cost escalation rate).**

| Qualified Trust | Non-Qualified |
|-----------------|---------------|
| 7.18% | 5.13% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). **Consumers Energy has not relied on contract obligations to meet its NRC funding assurance.**

| |
|------|
| None |
|------|

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. **Consumers Energy has not modified its method of providing financial assurance.**

| |
|------|
| None |
|------|

7. Any material changes to trust agreements. **Consumers Energy has not modified its trust agreement since the last filing. The Michigan Public Service Commissioning continues to regulate decommissioning funding for Palisades**

| |
|------|
| None |
|------|

ATTACHMENT 2
Wisconsin Electric Power Company
Point Beach Nuclear Plant, Unit 1
Docket No. 50-266 License No. DPR-24
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$303,880,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| | |
|-------------------------|---------------|
| <i>Pre-Tax External</i> | \$270,165,629 |
|-------------------------|---------------|

3. A schedule of the annual amounts remaining to be collected.

| | |
|---------------------------|-------------|
| <i>Annual Annuity</i> | \$9,963,385 |
| <i># Years to Collect</i> | 8 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

a. Cost escalation rates prescribed by Public Service Commission of Wisconsin:

| Labor | Burial | Energy | Other |
|-------|--------|--------|-------|
| 4.09% | 9.16% | 3.02% | 8.00% |

b. Rates of earnings on decommissioning funds (After-tax):

| | Qualified Trust: | Non-Qualified: |
|---------------------|------------------|----------------|
| Equity | 7.52% | 6.45% |
| Fixed Income | 4.01% | 3.89% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.
Wisconsin Electric continue to use the external sinking fund method of providing decommissioning funding assurance. None

7. Any material changes to trust agreements.
There have been no material changes to the Point Beach Decommissioning Trust Agreement. None

ATTACHMENT 3
Wisconsin Electric Power Company
Point Beach Nuclear Plant, Unit 2
Docket No. 50-301 License No. DPR-27
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$303,880,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| | |
|-------------------------|---------------|
| <i>Pre-Tax External</i> | \$277,579,733 |
|-------------------------|---------------|

3. A schedule of the annual amounts remaining to be collected.

| | |
|---------------------------|-------------|
| <i>Annual Annuity</i> | \$7,630,923 |
| <i># Years to Collect</i> | 10 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

a. Cost escalation rates prescribed by Public Service Commission of Wisconsin:

| Labor | Burial | Energy | Other |
|-------|--------|--------|-------|
| 4.09% | 9.16% | 3.02% | 8.00% |

b. Rates of earnings on decommissioning funds (After-tax):

| | Qualified Trust: | Non-Qualified: |
|---------------------|------------------|----------------|
| Equity | 7.52% | 6.45% |
| Fixed Income | 4.01% | 3.89% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.
Wisconsin Electric continue to use the external sinking fund method of providing decommissioning funding assurance. None

7. Any material changes to trust agreements.
There have been no material changes to the Point Beach Decommissioning Trust Agreement. None

ATTACHMENT 4
Wisconsin Public Service Corporation & Wisconsin Power & Light Company
Kewaunee Nuclear Power Plant
Docket No. 50-305 License No. DPR-43
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$ 307,200,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| Plant Owners | Ownership % | External Fund |
|--|-------------|----------------------|
| Wisconsin Public Service Corp. (WPSC) | 59.0% | \$299,746,000 |
| Wisconsin Power & Light Company (WP&L) | 41.0% | \$228,086,447 |
| Total Pre-Tax: | | \$527,832,447 |

3. A schedule of the annual amounts remaining to be collected.

| Plant Owners | Annual Annuity | Years to Collect |
|--|--------------------|------------------|
| Wisconsin Public Service Corp. (WPSC) | \$2,612,806 | 10 yrs |
| Wisconsin Power & Light Company (WP&L) | \$2,876,000 | 10 yrs |
| Total | \$5,488,806 | 10 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

a. Cost escalation rates prescribed by Public Service Commission of Wisconsin:

| Labor | Burial | Energy | Other |
|-------|--------|--------|-------|
| 3.81% | 9.16% | 2.82% | 8.00% |

b. Rates of earnings on funds (After-tax):

| | |
|-----------------|-------|
| WPSC | 5.32% |
| WP&L | 6.04% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

There are no current contracts being relied upon pursuant to 10 CFR 50.75(e)(1)(v) to decommission KNPP.

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None

The KNPP currently recovers the estimated total cost of decommissioning through rates established by the Public Service Commission of Wisconsin and by FERC for the wholesale customers.

7. Any material changes to trust agreements. None

There have been no material changes to the trust agreements.

ATTACHMENT 5
Xcel Energy
Prairie Island Generating Plant Unit 1
Docket No. 50-282 License No. DPR-42
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$307,000,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.
These funds are being transferred to the external fund on a prescribed schedule.

| | |
|-----------------|---------------|
| <i>External</i> | \$191,880,641 |
| <i>Internal</i> | \$41,060,572 |
| <i>Total</i> | \$232,941,213 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|---------------------------|--------------|
| <i>Annual Annuity</i> | \$14,285,424 |
| <i># Years to Collect</i> | 4.8 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

| | |
|--------------------------------------|-------|
| <i>Escalation Factor</i> | 4.35% |
| <i>External Fund Rate of Earning</i> | 5.5% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None

7. Any material changes to trust agreements. None

ATTACHMENT 6

**Xcel Energy
Prairie Island Generating Plant Unit 2
Docket 50-306 License DPR-60
Decommissioning Funding Status Report**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c).

| |
|---------------|
| \$307,000,000 |
|---------------|

2. The amount accumulated at the end of the calendar year preceding the date of the report.
These funds are being transferred to the external fund on a prescribed schedule.

| | |
|-----------------|---------------|
| <i>External</i> | \$206,001,020 |
| <i>Internal</i> | \$38,644,024 |
| <i>Total</i> | \$244,645,044 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|---------------------------|--------------|
| <i>Annual Annuity</i> | \$19,976,052 |
| <i># Years to Collect</i> | 4.8 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

| | |
|--------------------------------------|-------|
| <i>Escalation Factor</i> | 4.35% |
| <i>External Fund Rate of Earning</i> | 5.5% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.

None

7. Any material changes to trust agreements.

None

ATTACHMENT 7
Xcel Energy
Monticello Generating Plant
Docket No. 50-263 License No. DPR-22
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c).

| |
|---------------|
| \$395,300,000 |
|---------------|

2. The amount accumulated at the end of the calendar year preceding the date of the report.
These funds are being transferred to the external fund on a prescribed schedule.

| | |
|-----------------|---------------|
| <i>External</i> | \$219,166,555 |
| <i>Internal</i> | \$77,097,226 |
| <i>Total</i> | \$296,263,781 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|---------------------------|--------------|
| <i>Annual Annuity</i> | \$17,171,520 |
| <i># Years to Collect</i> | 7.7 yrs |

4. Assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projects.

| | |
|--------------------------------------|-------|
| <i>Escalation Factor</i> | 4.35% |
| <i>External Fund Rate of Earning</i> | 5.5% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).

| |
|------|
| None |
|------|

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.

| |
|------|
| None |
|------|

7. Any material changes to trust agreements.

| |
|------|
| None |
|------|

ATTACHMENT 8
IPL, CIPCO & Corn Belt
Duane Arnold Energy Center
Docket No. 50-331 License No. DPR-49
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c).

| Utility (% Ownership) | NRC Minimum |
|-----------------------|----------------------|
| IPL (70%) | \$280,086,356 |
| CIPCO (20%) | 80,024,673 |
| Corn Belt (10%) | 40,012,337 |
| Total | \$400,123,366 |

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| Utility (% Ownership) | Internal | External | Total |
|-----------------------|---------------------|----------------------|----------------------|
| IPL (70%) | \$21,709,000 (a) | \$123,269,129 | \$144,978,129 |
| CIPCO (20%) | 16,265,387 (b) | 17,852,448 | 34,117,835 |
| Corn Belt (10%) | 6,084,321 (a) | 11,800,658 | 17,884,979 |
| Totals | \$44,058,708 | \$152,922,235 | \$196,980,943 |

(a) IPL & Corn Belt is not relying upon this Internal Fund Reserve for purposes of meeting NRC's decommissioning funding assurance requirements.

(b) These funds have been invested for purposes of funding decommissioning.

3. A schedule of the annual amounts remaining to be collected. (Beginning 2003 and Ending 2014)

| Utility (% Ownership) | Annual Annuity | Projected Funds Ending 2014 |
|-----------------------|--------------------|-----------------------------|
| *IPL (70%) | \$10,944,996 | \$486,356,031 |
| CIPCO (20%) | \$1.1 to \$3.2 mil | 120,493,195 |
| Corn Belt (10%) | \$1.1 to \$1.9 mil | 70,086,021 |
| Total | | \$676,935,247 |

* IPL has requested Iowa Utilities Board (IUB) approval for increases in the annual funding levels. The IPL request to the IUB is based on a site-specific study that includes radiological decontamination, site restoration and related spent fuel storage, the total of which exceeds the NRC minimum funding calculation.

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

| Utility (% Ownership) | Escalation Factor | Rate of Earnings |
|--|-------------------|------------------|
| IPL (70%) Composite Rate of Return after tax. | 4.25% | 6.25% |
| CIPCO (20%) Assumes no income tax on earnings. | 4% | 8% |
| Corn Belt (10%) Assumes no income tax on earnings. | 5% | 10% |

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None
6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.
IPL, CIPCO & Corn Belt continue to use the external sinking fund method of providing decommissioning funding assurance. None
7. Any material changes to trust agreements.
IPL, CIPCO and Corn Belt reported no material changes to their respective trust agreements. None