

WOLF CREEK

NUCLEAR OPERATING CORPORATION

Mark S. Larson
Controller-Treasurer

MAR 28 2003

CT 03-0021

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

Subject: Docket No. 50-482: 10 CFR 50.75 Report on Status of
Decommissioning Funding

Gentlemen:

Pursuant to 10 CFR 50.75, this letter and enclosures report the status of decommissioning funding for the Wolf Creek Generating Station (WCGS) located near Burlington, Kansas.

General Information

Wolf Creek Nuclear Operating Corporation (WCNOC) is a jointly owned corporation formed by its owners: Kansas Gas and Electric Company (KGE), a wholly-owned subsidiary of Westar Energy, Inc., Kansas City Power & Light Company (KCPL), a wholly-owned subsidiary of Great Plains Energy Incorporated, and Kansas Electric Power Cooperative, Inc. (KEPCo). WCNOC acts as an agent on behalf of its owners to operate, maintain, repair, decontaminate, and decommission WCGS. While WCNOC holds the operating license for WCGS, its formation has not changed the ownership or ultimate responsibility for the costs (including decommissioning) of WCGS.

Report Items

Enclosure 1 shows the estimated decommissioning funds required pursuant to 10 CFR 50.75 (b) and (c). Enclosure 2 provides the total value of funds (including net earnings to date) accumulated in each owner's external trust fund as of December 31, 2002. Also reported on Exhibit 2 is a schedule of the annual amounts remaining to be collected and assumptions for rates of cost escalation and earnings on funds. A new site specific study was performed in 2002. It assumes demolition of all structures at the plant site. Approximately 91% of the study's total estimated costs are for work scopes considered in the minimum decommissioning cost formulas in 10 CFR 50.75 (b) and (c). The new study has been approved by the Missouri Public Service Commission (MPSC), and KCPL's rate collections allocable to Missouri are based on it. The Kansas Corporation Commission (KCC) is

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considering the new study, but has not yet approved it. The owners' rate orders for collections in Kansas are still based on a 1999 site study for WCGS.

There have been no modifications to the method for providing financial assurance since the last submitted report. Each owner has an external trust fund that it maintains to provide for its share of WCGS decommissioning costs, and is making regular contributions from amounts collected in electric rates approved by their state commissions and the Federal Energy Regulatory Commission. Note that KGE recently sought and received approval from the KCC to add 20 years to its schedule of contributions. This is consistent with the time frame over which its investment in WCGS is being depreciated for rate purposes.

There have been no amendments or other material changes to any of the owners' trust agreements, nor are there any other contracts upon which they are relying pursuant to paragraph (e) (1) (v) of 10 CFR 50.75.

This letter contains no regulatory commitments.

If you have any questions, please call me at (620) 364-4004, or Karl (Tony) Harris at (620) 364-4038.

Sincerely,



Mark S. Larson

MSL/rir

Enclosures

cc: J. N. Donohew (NRC), w/e
D. N. Graves (NRC), w/e
E. W. Merschoff (NRC), w/e
M.A. Dusaniwskyj (NRC), w/e
Senior Resident Inspector (NRC), w/e

WOLF CREEK NUCLEAR OPERATING CORPORATION
Minimum Decommissioning Funds Estimate pursuant to 10 CFR 50.75 (b) and (c)

MINIMUM ESTIMATE

Table (c)(1) - Jan86 dollars in Millions	\$ 105
[Wolf Creek is a PWR licensed for 3,565 MWt]	
Escalation Factor (see calculation below)	3.427
Minimum estimate - Dec02 dollars in Millions	<u>\$ 360</u>

Escalation per paragraph (c)(2)

Escalation Factor = 0.65 Labor + 0.13 Energy + 0.22 Waste Burial

	<u>Share</u>	<u>4Q '02</u>	<u>Report</u>
Labor	65%	1.840	1.196
Energy	13%	1.140	0.148
Waste Burial	22%	9.467	2.083
TOTAL ESCALATION FACTOR			<u><u>3.427</u></u>

NOTE: 4Q '02 factors per Thelen Reid & Priest LLP memo dated March 2003.

SITE SPECIFIC STUDY (August 2002)

Decommissioning Alternative	DECON	
<u>DECON Period</u>	<u>(2002 \$s)</u> <u>Millions</u>	<u>% Total</u>
Preparation for Decommissioning	\$ 88	19%
Radioactive Systems/Structures and License Termination	338	72%
Subtotal - Applicable to NRC Minimum	<u>426</u>	<u>91%</u>
Other Systems/Structures and Site Restoration	42	9%
TOTAL COST ESTIMATE	<u><u>\$ 468</u></u>	<u><u>100%</u></u>

WOLF CREEK NUCLEAR OPERATING CORPORATION
Decommissioning Funding Status Report as of December 31, 2002

(Dollars in Thousands)

	<u>TOTAL</u>	<u>KGE</u>	<u>KCPL</u>	<u>KEPCo</u>
Market Value of External Sinking Fund as of 12/31/02	\$ 131,556	\$ 63,522	\$ 63,283	\$ 4,751

Schedule of Amounts to be Collected (as approved by rate-setting authorities based on Site Specific Study)

2003	\$ 7,749	\$ 3,846	\$ 3,553	\$ 350
2004	7,754	3,846	3,553	355
2005	7,759	3,846	3,553	360
2006	8,111	4,046	3,699	366
2007	8,116	4,046	3,699	371
2008	8,122	4,046	3,699	377
2009	8,291	4,046	3,863	382
2010	8,297	4,046	3,863	388
2011	8,303	4,046	3,863	394
2012	8,492	4,046	4,046	400
2013	8,498	4,046	4,046	406
2014	8,504	4,046	4,046	412
2015	8,715	4,046	4,251	418
2016	8,721	4,046	4,251	424
2017	8,728	4,046	4,251	431
2018	8,962	4,046	4,479	437
2019	8,969	4,046	4,479	444
2020	8,975	4,046	4,479	450
2021	9,238	4,046	4,735	457
2022	9,245	4,046	4,735	464
2023	9,252	4,046	4,735	471
2024	9,544	4,046	5,020	478
2025	9,066	4,046	5,020	0
2026	4,046	4,046		
2027	4,046	4,046		
2028	4,046	4,046		
2029	4,046	4,046		
2030	4,046	4,046		
2031	4,046	4,046		
2032	4,046	4,046		
2033	4,046	4,046		
2034	4,046	4,046		
2035	4,046	4,046		
2036	4,046	4,046		
2037	4,046	4,046		
2038	4,046	4,046		
2039	4,046	4,046		
2040	4,046	4,046		

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Decommissioning Funding Status Report as of December 31, 2002

(Dollars in Thousands)

	<u>TOTAL</u>	<u>KGE</u>	<u>KCPL</u>	<u>KEPCo</u>
2041	4,046	4,046		
2042	4,046	4,046		
2043	4,046	4,046		
2044	4,046	4,046		
2045	1,012	1,012		

Assumptions re: Rates/Factors specific to Owner and Jurisdiction

Cost Escalation Rate

Kansas	3.60%	3.60%	3.60%
Missouri	-	4.50%	-

After Tax Earnings on Funds

Kansas	5.11%	6.93%	9.00%
Missouri	-	7.66%	-