



CONNECTICUT YANKEE ATOMIC POWER COMPANY

HADDAM NECK PLANT

362 INJUN HOLLOW ROAD • EAST HAMPTON, CT 06424-3099

March 31, 2003

Docket No. 50-213

CY-03-040

Re: 10 CFR 50.75(f)

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

Haddam Neck Plant  
Decommissioning Funding Assurance

In accordance with 10 CFR 50.75(f), this letter provides information on the status of decommissioning funding for the Haddam Neck Plant. Attachment 1 provides the requested information.

On August 25, 1998,<sup>(1)</sup> Connecticut Yankee Atomic Power Company (CYAPCO) submitted its site-specific decommissioning cost estimate for the Haddam Neck Plant (HNP) in accordance with 10 CFR 50.82(a)(8)(iii). An updated estimate was filed with the Federal Energy Regulatory Commission (FERC) on April 7, 2000, as supplemented April 27, 2000 (docket no. ER97-913-003), and estimated the cost to complete decommissioning at \$393.3 million in January 1, 2000 dollars. In addition, CYAPCO provided updated information related to this estimate as part of the HNP License Termination Plan.<sup>(2)</sup>

On February 23, 2001,<sup>(3)</sup> the U. S. NRC issued Regulatory Issue Summary (RIS) 2001-07 which clarified the reporting requirements of 10 CFR 50.75(f)(1) regarding the status of decommissioning funding. This RIS instructed Licensees to either omit or list separately, the cost of non NRC-defined decommissioning activities, such as dismantling non-radiological systems and structures and the cost of managing and storing spent fuel on site. These non-radiological costs are not counted as part of the NRC's required decommissioning funding assurance.

(1) CYAPCO Letter to USNRC, "Site-Specific Decommissioning Cost Estimate," dated August 25, 1998, CY-98-107.

(2) CYAPCO Letter to USNRC, "Submittal of License Termination Plan and Proposed Revision to Operation License," dated July 7, 2000, CY-00-077.

(3) NRC Regulatory Issue Summary 2001-07, 10 CFR 50.75(f)(1) Reports on the Status of Decommissioning Funds, dated February 23, 2001.

*Add: Michael Rusaniowski  
A001*

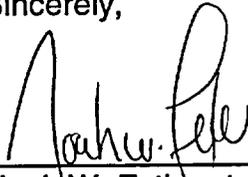
radiological costs are not counted as part of the NRC's required decommissioning funding assurance.

Of the \$393.3 million (January 1, 2000 dollars), \$127.7 million is for spent fuel storage and activities other than those specifically included in 10 CFR 50.75. As of December 31, 2002, withdrawal of trust funds for decommissioning expenses (1997 - 2002) has amounted to approximately \$390.4 million (not escalated).

The estimate assumes prompt removal/dismantling (DECON), and is based on an analysis of the HNP systems, components, and structures. The estimate is also based on the radioactive waste disposal options available to CYAPCO in late 1996 (e.g., alternative waste disposal sites, barge transport, and various radwaste reprocessors). This estimate also includes provisions for site restoration, and for storage of spent fuel and greater than class C (GTCC) wastes on the HNP site until 2023. Adjustments to the cost estimate will be made as necessary as detailed work planning progresses and elements of the cost estimate are periodically reviewed and updated. CYAPCO expects to file a FERC rate case by July 2004 to seek additional revenue.

If you should have any questions, please contact Mr. G. P. van Noordennen at (860) 267-3938.

Sincerely,



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Noah W. Fetherston  
Site Manager

cc: H. J. Miller, Region I Administrator  
S. W. Brown, NRC Senior Project Manager  
E. L. Wilds, Jr., Director, CT DEP Monitoring and Radiation Division

**Attachment 1 to CY-03-040**  
**NRC Decommissioning Funding Status Report**

**Connecticut Yankee - Haddam Neck Plant**  
**(status as of 12/31/02)**

*The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).* \$ 288.6 million

*The amount accumulated at the end of the calendar year preceeding the date of the report for items included in 10 CFR 50.75 (b) and (c).<sup>(4)</sup>* \$ 211.3 million

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*A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75 (b) and (c).*

<i>amount remaining</i>	\$ 75.3 million <sup>(5)</sup>
<i># years to collect</i>	4.5

*The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections;*

As part of its April 7, 2000 filing as supplemented April 27, 2000, with FERC, the Company, beginning September 1, 2000 under FERC Opinion 449 affirming its initial decision, has decreased its decommissioning accruals to an annual rate of \$16.7 million, continuing through mid-2007. This revised annual accrual is based on an annual 3.5 percent decommissioning cost escalation rate for costs subject to escalation and a 5.1 percent after-tax return on the trust funds.

*Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(c);*

Certification was provided in July 1990<sup>(6)</sup> to certify the obligation of each wholesale purchaser from CYAPCO to be responsible for its share of the HNP decommissioning costs pursuant to the terms of the CYAPCO Power Contracts with each of its purchasers, which contracts have been filed as FERC approved rates.

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<sup>(4)</sup> The amounts collected (market value) in the Trust are for all decommissioning costs including site restoration and long term spent fuel storage as well as decommissioning as defined in 10 CFR 50.2.

<sup>(5)</sup> CYAPCO expects to file a FERC rate case by July 2004 to seek additional revenue.

<sup>(6)</sup> CYAPCO Letter to USNRC, "Decommissioning Financial Assurance Certification Report," dated July 18, 1990.

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

None. An external Trust, in accordance with 10 CFR 50.75(e), was established in April 1984, and amended in 1987, to accumulate CYAPCO decommissioning funds. CYAPCO merged its Spent Fuel Trust assets with its Decommissioning Trust assets on August 1, 2000.

*Any material changes to trust agreements.*

There were no material changes to trust agreements in calendar year 2002.