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September 26, 2003

In reply, please refer to LAC-13815

DOCKET NO. 50-409

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

Dear Sir or Madam:

SUBJECT: Dairyland Power Cooperative
La Crosse Boiling Water Reactor (LACBWR)
Possession-Only License No. DPR-45
Spent Fuel Management and Funding Plan

REFERENCES: (1) 10 CFR 50.54(bb)

Pursuant to the request for information relative to 10 CFR 50.54(bb), Dairyland Power Cooperative (DPC) is submitting this letter regarding the spent fuel management and funding plan for LACBWR.

Independent of funding the costs of SAFSTOR, DPC has established a Decommissioning Trust Fund, and reports annually to the Commission on the status of the fund. DPC understands that none of the funds in the Decommissioning Trust Fund may be used for spent fuel removal or for developing an Independent Spent Fuel Storage Facility (ISFSI). DPC has no plans to use any of its Decommissioning Trust Fund for an ISFSI or spent fuel removal purposes.

DPC continues to fund the expense of its SAFSTOR activities from its regular operating and maintenance budget. As a part of its generation expenses, those costs are recovered in rates which DPC charges its distribution cooperative members under their long-term, all requirements wholesale power contracts. DPC's rates to its member cooperatives are annually submitted to the United States Rural Utilities Service (RUS) as part of RUS oversight over DPC operations. DPC is required by RUS lending covenants and RUS regulations to set its rates at levels sufficient to recover its costs and to meet certain financial performance covenants. DPC has always met those financial performance covenants and has satisfied the RUS regulations concerning submission and approval of its rates.

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NRC Document Control Desk
LAC-13815
September 26, 2003
Page 2 of 2

DPC's 25 member cooperatives set their own rates through participation in the DPC board of directors. The operations and maintenance budget approved by the DPC Board, and incorporated into rates submitted to and approved by the RUS, will be funded and available to pay the SAFSTOR expenses as incurred.

DPC has found no need to separately fund its SAFSTOR costs, outside of its regular operating and maintenance budget. The SAFSTOR costs are relatively small compared to DPC's annual O&M costs for its generation and transmission facilities, and DPC has continued its long-standing policy of recovering SAFSTOR costs as part of its regular rates. DPC has seen no need to change its funding plan for SAFSTOR under those circumstances.

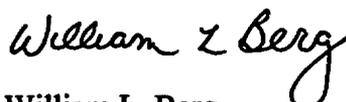
DPC continues to consider several alternatives to maintaining the LACBWR spent fuel in its current, wet-pool storage facility. If DPC decides to implement one of those alternatives, the funds for that alternative will be generated through DPC operating and maintenance budgets for the years when those activities will be undertaken. DPC does not intend to use any of the funds from its Decommissioning Trust Fund for those purposes.

DPC's annual budget for operating and maintenance activities at LACBWR, including the SAFSTOR activities, includes funds for performing limited dismantlement activities at the LACBWR facility. Accomplishing those limited dismantlement activities during SAFSTOR reduces the amount that will ultimately be necessary for decommissioning LACBWR after removal of the fuel. This approach can take advantage of the collective experience and familiarity of the LACBWR staff with the plant, and builds further conservatism into the funding plan for ultimate decommissioning of the facility.

If you have any questions concerning this issue, please contact Mike Johnsen at LACBWR at (608) 689-2331.

Sincerely,

DAIRYLAND POWER COOPERATIVE



William L. Berg,
President and CEO

WLB:REC:dh

cc: William Huffman, NRC Project Manager