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March 8, 2004

In reply, please refer to LAC-13833

DOCKET NO. 50-409

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

SUBJECT: Dairyland Power Cooperative
La Crosse Boiling Water Reactor (LACBWR)
Possession-Only License No. DPR-45
Annual Report on the Status of Decommissioning Funding

REFERENCES: (1) 10 CFR 50.75(f)(1)

In accordance with Reference 1, we are submitting our annual March 31 report on the status of decommissioning funding for the La Crosse Boiling Water Reactor.

If there are any questions concerning this report, please contact us.

Sincerely,

DAIRYLAND POWER COOPERATIVE



William L. Berg, President & CEO

WLB:JBM:dh

Enclosures

cc/enc: William Huffman, NRC Project Manager
James E. Dyer, NRC Region III Administrator
Peter Lee, Decommissioning Branch, NRC Region III

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STATUS REPORT

Decommissioning Funding for the La Crosse Boiling Water Reactor 3/31/2004

1. The amount of decommissioning funds estimated to be required pursuant to 10 CFC 50.75(b) and (c) is \$79,522,409 in 2003 dollars.
2. The amount accumulated to the end of the calendar year preceding the date of this report is \$70,378,081 as of 12/31/03.

3. No further annual amounts are scheduled to be collected. A separate reserve of \$6,991,287 is available if future changes in the cost estimate or earnings performance necessitate additional collections.
4. The assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:
 - La Crosse Boiling Water Reactor placed in SAFSTOR status 5/1/87.
 - Decommissioning starts in 2019 – 7-year project.
 - Fuel removed by 2022.
 - Decommissioning cost updated every five years.
 - Funding accomplished by 2000, subject to additional collections if necessitated by future changes in the cost estimate or earnings performance.

- Projected decommissioning cost in 2003 dollars - \$79,522,409.
- Escalation rates applied:

Labor	4.0%
Indirect	4.0%
Shipping	4.0%
Reprocessing	7.0%
Material	4.0%
Burial – Radwaste	3.0%
Burial – Reactor	6.0%

- Earnings projections:
 - Equity Investments - 7.5%
 - Fixed Income Investments - 4.0% through 2007; then 5.5%
 - Investment Asset Allocation Goal:
 - Equity Investments - 40%
 - Fixed Income Investments - 60%
5. There are no contracts upon which Dairyland Power Cooperative is relying pursuant to paragraph (e)(1)(v) of 10 CFR 50.75.
6. A revision to the cost estimate was completed in July 2003 and is included in this March 31, 2004 report; there are no future changes in the cost estimate reflected in this report. Changes in escalation rates, progress in limited dismantlement, a revised reactor vessel weight definition, and other factors were considered in this revision.

Based upon projected decommissioning cost, earnings projections, investment asset allocations, and past earnings performance, no further annual amounts are scheduled to be collected. Dairyland will continue to monitor investment performance and decommissioning costs, and if necessary collect further amounts from rates or reserves. The Board of Directors has specifically authorized transfers from a separate reserve of \$6,991,287 for that purpose.

7. There have been no changes to Dairyland's trust agreement.