

Maine Yankee

321 OLD FERRY RD. • WISCASSET, ME 04578-4922

March 25, 2004

MN-04-021

RA-04-037

UNITED STATES NUCLEAR REGULATORY COMMISSION

Attention: Director of Nuclear Reactor Regulation

Washington, DC 20555

Reference: (a) License No. DPR-36 (Docket No. 50-309)

(b) Letter: M. B. Sellman to USNRC; Certifications of Permanent Cessation of Power Operation and Permanent Removal of Fuel From the Reactor; MN-97-89, dated August 7, 1997

Subject: Decommissioning Funding Status Report - 10 CFR 50.75(f)

Gentlemen:

On December 6, 1996, Maine Yankee shut down the reactor and has not restarted the reactor or returned to power operations.

In reference (b), Maine Yankee informed the USNRC that the Board of Directors of Maine Yankee had decided to permanently cease operations at the Maine Yankee plant and that fuel had been permanently removed from the reactor. In accordance with 10 CFR 50.82(a)(2) the certifications in the letter modified the Maine Yankee license to permanently withdraw Maine Yankee's authority to operate the reactor.

In accordance with the requirements of 10 CFR 50.75(f), Maine Yankee hereby submits its report on the status of decommissioning funding for the year ending December 31, 2003. The enclosure provides the requested information.

Maine Yankee is actively decommissioning the plant facility. As of December 31, 2003, \$353 million (or \$386 million in 2003 dollars escalated at 3.8%) has been estimated as the allocation of actual expenditures to date for decommissioning activities as defined by the NRC in 10 CFR 50.2. Note: In 2001, Maine Yankee received a credit to the total decommissioning expense from performance and payment bond settlement proceeds of \$44 million.

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If you have any questions please contact me at 207-882-4530.

Very truly yours,



Thomas L. Williamson, Director
Nuclear Safety & Regulatory Affairs

Enclosure: Maine Yankee - NRC "Decommissioning Funding Status Report -
December 31, 2003"

c: Mr. J. T. Buckley, NRC NMSS Project Manager, Decommissioning
Mr. P. J. Dostie, State of Maine, Division of Health Engineering
Mr. H. J. Miller, NRC Regional Administrator, Region 1
Senator Charles Pray, State of Maine, Nuclear Safety Advisor

MAINE YANKEE
NRC DECOMMISSIONING FUNDING STATUS REPORT
December 31, 2003

- | | |
|--|---|
| 1. \$349.7 million (Note A) | Minimum decommissioning fund estimate pursuant to 10 CFR 50.75 (b) and (c) |
| 2. \$69.7 million trust balance (Note B) | Decommissioning trust balance accrued as of December 31, 2003 |
| 3. Current collection of \$25.6 million as approved by FERC on 6/1/99 (Note C) | Total annual collection estimated including amounts beyond those required in 10CFR 50.75 (b) and (c) |
| 4. 3.8% assumed annual escalation of decommissioning costs (Note C) | |
| 5.5% assumed annual after-tax earnings on decommissioning funds (Note C) | |
| Other factor rates assumed | None |
| 5. Power contracts
Additional power contracts
Amendatory agreements | Maine Yankee is currently collecting decommissioning funds through its power contracts and amendatory agreements under FERC regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of Maine Yankee, including decommissioning costs. Such contracts have been filed with FERC. |
| 6. Modifications to Maine Yankee's current method of providing financial assurance since the last submitted report | None |
| 7. Material changes to trust agreements | None |

Notes:

- A. Not reduced for actual expenditures and decommissioning work.
- B. This balance includes amounts accrued in the Trust for earnings, and decommissioning costs including site restoration and long term spent fuel storage management incurred through 12/31/03, as well as decommissioning as defined in 10CFR 50.75. Excluding contract settlement credits, as of December 31, 2003, \$489 million (or \$532m in 2003 dollars escalated at 3.8%) has been expended for all decommissioning costs, of which \$353 million (or \$386m in 2003 dollars escalated at 3.8%) has been estimated as the allocation of actual expenditures for decommissioning activities, as defined by the NRC in 10CFR 50.2. Note in 2001, the Company received a credit to total decommissioning expense for performance and payment bond settlement proceeds of \$44 million.
- C. Under the Settlement approved by FERC on June 1, 1999 and effective August 1, 1999, Maine Yankee has agreed to file with FERC no later than January 1, 2004 for the purpose of examining any further rate adjustments specifically, although not limited to the future cost of spent fuel storage. On October 21, 2003, Maine Yankee filed a revised rate schedule with the FERC. Effective January 1, 2004, the Company began collecting \$29.3 million, subject to refund pending a hearing. This revised rate assumes an annual escalation rate of 3.25% on decommissioning costs and an annual after-tax earnings rate of 5.0% on decommissioning funds.