



MidAmerican Energy  
4299 N.W. Urbandale Drive  
Urbandale, Iowa 50322  
515 281-2976 Telephone  
515 242-4398 Fax  
[crmontgomery@midamerican.com](mailto:crmontgomery@midamerican.com)

Charles R. Montgomery  
Managing Senior Attorney

March 30, 2005

**VIA OVERNIGHT MAIL**

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Mail Stop O-P1-17  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

**Re: Decommissioning Funding Status Report Pursuant to 10 CFR §50.75(f)(1)**

Document Control Desk:

Enclosed is a signed original version of MidAmerican Energy Company's Decommissioning Funding Status Report for MidAmerican's share (25%) of the Quad Cities Nuclear Power Station, submitted pursuant to 10 CFR §50.75(f)(1).

If you have any questions regarding this submission, please contact the undersigned.

Sincerely,

cc: Steven R. Hom  
Mail Stop 12-D3  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

Lawrence Rossbach  
Mail Stop 13-D1  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

James L. Caldwell  
Regional Administrator  
NRC Region 3  
801 Warrenville Road  
Lisle, IL 60532-4351

Karla K. Stoedter  
Sr. Resident Inspector  
22712 – 206th Avenue, North  
Cordova, IL 61242-9740

ADD 1

**2004 DECOMMISSIONING FUNDING STATUS REPORT**

**10 CFR 50.75(f)(1)**

**(For The Year Ending December 31, 2004)**

**QUAD CITIES NUCLEAR POWER STATION, UNITS 1 & 2**

**Submitted by**

**MidAmerican Energy Company**

**Dated March 30, 2005**

## OVERVIEW

This Decommissioning Funding Status Report is being submitted pursuant to 10 CFR 50.75(f)(1) by MidAmerican Energy Company (MEC), a twenty-five percent owner of Quad Cities Nuclear Power Station, Units 1 & 2 (Quad Cities).

## ADDITIONAL INFORMATION

### **1.) Amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c).**

In a report dated November, 2003 a decommissioning estimate was performed by TLG Services, Inc. (TLG.) In the same study, TLG included a non-radiological estimate for Quad Cities. This study includes cost estimates for basic NRC radiological decommissioning within the meaning of 10 CFR 50.75(b) & (c) (hereafter, Basic Radiological Decommissioning), as well as for spent fuel management and for non-radiological decommissioning activities. The total site-specific decommissioning cost to which funds are being accumulated exceeds the NRC minimum formula amount calculated in accordance with 10 CFR 50.75(c), NUREG-1307, Rev.10, and Regulatory Guide 1.159. The NRC minimum formula amount, 2004 total decommissioning costs, and the Basic Radiological Decommissioning costs for MEC's 25% share of Quad Cities are reported as follows:

	NRC Minimum	Total Site Specific	Basic Radiological	Basic Radiological (MEC Adjusted) *
Unit 1	\$112,486,171	\$139,945,000	\$134,449,000	\$139,732,000
Unit 2	\$112,486,171	\$156,212,000	\$145,015,000	\$139,732,000
Totals	\$224,972,342	\$296,157,000	\$279,464,000	\$279,464,000

\* The TLG Quad Cities site specific study classified common facilities costs based on chronology rather than function. The values in this column reflect an allocation based on unit-related function.

### **2.) Amount accumulated to the end of the calendar year preceding the date of the report.**

As of December 31, 2004, MEC had accumulated: \$212,149,479.

	External Trust Fund Balance (Fair Market value)
Unit 1	\$106,036,349
Unit 2	\$106,113,130
Totals	\$212,149,479

**3.) Schedule of the annual amount remaining to be collected.**

Within the meaning of 10 CFR 50.75(e)(1)(ii)(A), MEC collects the estimated total cost of decommissioning through rates established by “cost of service” or similar ratemaking regulation. The Iowa Utilities Board (IUB) has currently approved the collections of \$4.147 million per year through 2011 in decommissioning funds for each unit, by order dated June 27, 1997, in Docket No. APP-96-1; RPU-96-8. On October 28, 2004 the NRC issued renewed facility operating licenses for Quad Cities Nuclear Power Station Unit 1 (License No. DPR-29,) and Unit 2 (License No. DPR-30) effective as of the date of issuance and which shall expire at midnight on December 14, 2032, in effect extending the licenses an additional twenty years.

**4.) Assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.**

In filings with the IUB, MEC periodically utilizes appropriate assumptions for decommissioning cost escalations and earnings rates. Solely for purposes of meeting NRC’s minimum requirements, MEC has calculated that the current fund balances and annual funding levels, together with earnings at a 2 percent annual real rate of return as permitted by 10 CFR 50.75(e)(1)(ii), satisfy NRC’s minimum funding assurance requirements. Given the current fund balances, anticipated earnings on the funds, and planned future contributions, MEC expects that fully adequate funding will be available for each unit at the time of decommissioning.

**5.) Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).**

MEC is not relying upon any contract for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

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

MEC continues to use the external sinking fund method of providing decommissioning funding assurance.

**7.) Any material changes to trust agreements.**

There were material changes made to the trust agreements (agreements) since MidAmerican’s last Decommissioning Funding Status Report, in 2003. All four of MidAmerican Energy Company’s Decommissioning Trust Agreements were amended to become compliant with the NRC Trust Provisions Rule in 10 CFR 50.75(h)(2). The execution of the four amended trust agreements occurred on December 19, 2003, and, in compliance with NRC regulations, became effective December 24, 2003. The changes

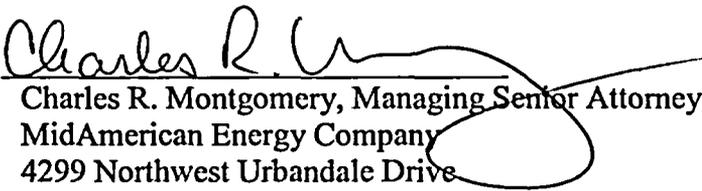
made to all four of MidAmerican's trust agreements were to add a section regarding disbursements or payments, shown here:

**Notice Regarding Disbursements or Payments.** Except for (i) payments of ordinary administrative costs (including taxes) and other incidental expenses of the fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the fund, (ii) withdrawals being made under 10 CFR 50.82(a)(8), and (iii) adjustments for Excess Contributions pursuant to Section 2.4 hereof being transferred to the non-qualified trust, no disbursement or payment may be made from the trust until written notice of the intention to make a disbursement or payment has been given to the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, at least 30 working days before the date of the intended disbursement or payment. The disbursement or payment from the trust may be made following the 30-working day notice period if no written notice of objection from the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, is received by the Trustee or the Company within the notice period. The required notice may be made by the Trustee or on the Trustee's behalf. No such notice is required for withdrawals being made pursuant to 10 CFR 50.82(a)(8)(ii), including withdrawals made during the operating life of the plant to be used for decommissioning planning. In addition, no such notice is required to be made to the NRC after decommissioning has begun and withdrawals are being made under 10 CFR 50.82(a)(8).

No other material changes were made to the trust agreements since MidAmerican's last Decommissioning Funding Status Report, in 2003, and no additional material changes were needed for compliance with 10 CFR 50.75(h)(2). The following table identifies the current Trustee and Investment Manager for each fund.

Trust	Trustee	Investment Manager
Unit 1, Qualified	The Bank of New York	NISA Investment Advisors
Unit 1, Non-Qualified	The Bank of New York	NISA Investment Advisors
Unit 2, Qualified	The Bank of New York	NISA Investment Advisors
Unit 2, Non-Qualified	The Bank of New York	NISA Investment Advisors

MIDAMERICAN ENERGY COMPANY

By:   
 Charles R. Montgomery, Managing Senior Attorney  
 MidAmerican Energy Company  
 4299 Northwest Urbandale Drive  
 Urbandale, IA 50322-7916  
 (515) 281-2976