

William T. O'Connor, Jr.
Vice President, Nuclear Generation

Fermi 2
6400 North Dixie Hwy., Newport, Michigan 48166
Tel: 734-586-5201 Fax: 734-586-4172

DTE Energy



10 CFR 50.75(f)(1)

March 28, 2005
NRC-05-0022

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington D. C. 20555-0001

Reference: Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43

Subject: Decommissioning Funding Status Report for Fermi 2

This letter provides the report required by 10 CFR 50.75(f)(1) regarding the status of The Detroit Edison Company's decommissioning fund for Fermi 2.

Fermi 2 is an operating boiling water reactor with a licensed thermal power of 3430 MW. The Fermi 2 operating license expires in 2025.

The requested annual decommissioning fund information for Fermi 2, reported in 2004 dollars, is provided as an enclosure to this letter. An external sinking fund is being used to accumulate monies for the decommissioning of Fermi 2.

Should you have any questions or require additional information, please contact Ms. Lynne Goodman of my staff at (734) 586-1205.

Sincerely,

A handwritten signature in black ink, appearing to read "William T. O'Connor, Jr.", with a large, stylized flourish at the end.

Enclosure

cc: E. R. Duncan
N. K. Ray
NRC Resident Office
Regional Administrator, Region III

A001

**ENCLOSURE TO
NRC-05-0022**

FERMI 2

NRC DECOMMISSIONING FUNDING STATUS REPORT

**Fermi 2
NRC Docket No. 50-341
NRC License No. NPF-43**

NRC Decommissioning Funding Status Report
Fermi 2
(Millions of Dollars)

- | | | |
|----|--|---------------|
| 1. | The decommissioning fund estimate, pursuant to 10 CFR 50.75(b) and (c) ¹ : | \$697,950,000 |
| 2. | The amount accumulated at the end of calendar year preceding the date of the report for items included in 10 CFR 50.57(b) and (c): | \$541,056,022 |
| 3. | The schedule of the annual amounts remaining to be collected for items in 10 CFR 50.75(b) and (c): | |

The collections for Fermi 2 decommissioning are included in the Company's rates. Currently, approximately \$34 million is being collected per year for Fermi 2 decommissioning. The exact amount per year is based on sales. The amount being collected includes provision for site restoration, in addition to nuclear decommissioning items included in 10 CFR 50.75(b) and (c).

amount remaining (1-2):	\$156,893,978
# years to collect (2005-2025):	20

- | | | |
|----|--|------|
| 4. | The assumptions used regarding rates of escalation in decommissioning cost, rates of earnings on decommissioning fund, and rates of other factors used in funding projections: | |
| | All decommissioning costs are assumed to increase at 6.0% annually; decommissioning funds are assumed to earn at 7.0% after-tax, therefore, the real rate of return is less than 2%. | |
| 5. | Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v): | None |
| 6. | Any modifications to the current method of providing financial assurance occurring since the last submitted report: | None |
| 7. | Any material changes to the trust agreement: | None |

¹ The NRC formulas in section 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license, or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.