

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

Detroit Edison



A DTE Energy Company

10 CFR 50.75(f)(1)

March 31, 2005
NRC-05-0021

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

References: 1) Enrico Fermi Atomic Power Plant, Unit No. 1
NRC Docket No. 50-16
NRC License No. DPR-9

Subject: Decommissioning Funding Status Report for Fermi 1

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

Fermi 1 is a permanently shutdown experimental sodium cooled breeder reactor, which last operated in 1972. It is in the SAFSTOR status and its possession-only license expires in 2025. Decommissioning activities are being performed with the goal of removing the radioactive material and terminating the Fermi 1 license. The estimated cost of decommissioning was reviewed and updated based on progress through 2004.

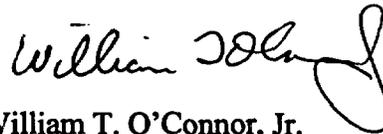
The requested annual decommissioning fund information for Fermi 1, reported in 2004 dollars, is provided as an enclosure to this letter. The prepayment trust method is being used to fund these activities at Fermi 1. Fund performance and decommissioning expenditures will continue to be monitored as the project progresses. Available options to provide assurance to the NRC are surety, insurance, or other guarantee. A DTE Energy company guarantee has been chosen as the assurance method for Fermi 1's shortfall with the expectation that Detroit Edison will expense the shortfall over the next few years. An updated financial test, to demonstrate the criteria for the parent company guarantee continues to be met, is an attachment to this letter.

NM 5501

USNRC
March 31, 2005
NRC-05-0021
Page 2

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

Sincerely,



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

WTO/DTB/ljd

Enclosure (1)
Attachment (1)

cc: T. Smith
P. Lee (NRC Region III)
L. Shekter-Smith (State of Michigan)
Regional Administrator, Region III
NRC Resident Office

ENCLOSURE

FERMI 1

NRC DECOMMISSIONING FUNDING STATUS REPORT

**Enrico Fermi Atomic Power Plant, Unit 1
NRC Docket No. 50-16
NRC License No. DPR-9**

**NRC Decommissioning Funding Status Report
Fermi 1
(Millions of Dollars)**

1. The decommissioning cost estimate for Fermi 1 is based on a site-specific estimate adjusted by an engineering review. The estimated remaining decommissioning cost in 2004 dollars. \$26

2. The amount accumulated at the end of 2004 for decommissioning costs. The Fund value as of December 31, 2004 has been reduced by \$1 million due to dollars expended in 2004 and not yet reimbursed. \$19

3. Amount fund is above (or below) estimated remaining costs. \$(7)

4. The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning fund, and rates of other factors used in funding projections.

Decommissioning costs are assumed to increase at a rate equal to the fund's earnings.

5. Any modifications to the current method of providing financial assurance occurring since the last submitted report. None

6. Any material changes to the trust agreement: None

Deloitte & Touche LLP
Suite 900
600 Renaissance Center
Detroit, MI 48243-1895
USA

Tel: +1 313 396 3000
Fax: +1 313 396 3618
www.deloitte.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The DTE Energy Company
Detroit, Michigan

We have performed the procedures included in the U.S. Nuclear Regulatory Commission ("NRC") Regulatory Guide 1.159 Assuring the Availability of Funds for Decommissioning Nuclear Reactors, which were agreed to by DTE Energy Company ("DTE"), solely to assist the specified parties in evaluating DTE's compliance with the financial test option as of December 31, 2004, included in the accompanying letter dated March 24, 2005 from Mr. David Meador, Chief Financial Officer of DTE. Management is responsible for DTE's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings are as follows:

1. We compared the amounts in items 5 and 6 under the caption Alternative II in the letter referred to above to supporting analyses prepared by DTE personnel, after rounding to the nearest \$1 million, and noted no differences.
2. Detail amounts on such analyses described in item 1 above were then compared to accounting records underlying the audited consolidated financial statements of DTE and its subsidiaries as of and for the year ended December 31, 2004, on which we have issued our report dated March 15, 2005, after rounding to the nearest \$1 million, and we noted no differences.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying letter dated March 24, 2005. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of DTE and the NRC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 24, 2005

**LETTER FROM David E. Meador, CHIEF FINANCIAL OFFICER
OF DTE Energy Company, CORPORATE PARENT of The Detroit Edison Company,
INCLUDING COST ESTIMATES AND DATA
FROM AUDITED FINANCIAL STATEMENTS**

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

I am the Chief Financial Officer of **DTE Energy Company (DTE or firm)**, 2000 2nd Avenue, Detroit, MI 48226-1279, a Michigan corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 50.

DTE guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 50, the decommissioning of the following facility owned by The Detroit Edison Company, a Michigan corporation and wholly-owned subsidiary of this firm. The current cost estimates for decommissioning, and the amounts being guaranteed, are shown for each facility:

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Current Cost Estimates</u>	<u>Amount Being Guaranteed</u>
Enrico Fermi Atomic Power Plant Unit 1	6400 N. Dixie Hwy Newport, MI 48166	\$26,000,000	\$9,000,000

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year 2004.

This fiscal year of this firm ended on **December 31**. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended **December 31, 2004**

FINANCIAL TEST: ALTERNATIVE II

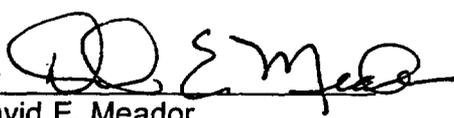
- Decommissioning cost estimates or guaranteed amount for facility [license number DPR 9] \$9,000,000
- Current bond rating of most recent unsecured issuance of this firm
Rating Baa2
Name of rating service Moody's
- Date of issuance of bond June 4 2004

4. Date of maturity of bond	<u>June 1 2007</u>	
5*. Tangible net worth**	<u>\$3,468,000,000</u>	
6*. Total assets in the United States	<u>\$21,282,000,000</u>	
	<u>Yes</u>	<u>No</u>
7. Is line 5 at least \$10 million?	<u>X</u>	___
8. Is line 5 at least 6 times line 1?	<u>X</u>	___
9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.	<u>X</u>	___
10. Is line 6 at least 6 times line 1?	<u>X</u>	___
11. Is the rating specified on line 2 "BBB" or better (if issued by Standard & Poor's) or "Baa2" or better (if issued by Moody's)	<u>X</u>	___

* denotes figures derived from financial statements as adjusted. Total assets in the U. S. reflect adjustments for international investments. U.S. based assets represent 99.9% of assets owned by DTE Energy.

** Tangible net worth is defined as net worth minus goodwill, patents trademarks, and other intangibles. In accordance with NRC guidance, the decommissioning guarantee related to Fermi 1 has been added to the tangible net worth.

DTE Energy Company

By 
David E. Meador
Executive Vice President and Chief Financial Officer, DTE Energy Company
March 24, 2005