

March 31, 2005

L-HU-05-008
10 CFR 50.75(f)(1)

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

Duane Arnold Energy Center
Docket 50-331
License No. DPR-49

Monticello Nuclear Generating Plant
Docket 50-263
License No. DPR-22

Kewaunee Nuclear Power Plant
Docket 50-305
License No. DPR-43

Point Beach Nuclear Plant Units 1 and 2
Dockets 50-266 and 50-301
License Nos. DPR-24 and DPR-27

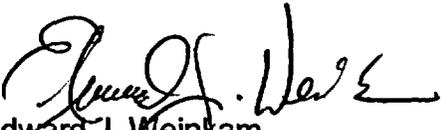
Palisades Nuclear Plant
Docket 50-255
License No. DPR-20

Prairie Island Nuclear Plant Units 1 and 2
Dockets 50-282 and 50-306
License Nos. DPR-42 and DPR-60

Decommissioning Funding Status Reports

The enclosed decommissioning funding status reports are being submitted in accordance with 10 CFR 50.75, "Reporting and Recordkeeping for Decommissioning Planning," Paragraph (f)(1), for the aforementioned plants. As holder of the plant operating licenses, Nuclear Management Company, LLC is submitting these reports on behalf of the plant owners and co-owners identified in each respective report. The financial information presented herein, current as of December 31, 2004, reflects information provided to Nuclear Management Company, LLC by each respective plant owner or co-owners.

This letter contains no new commitments and no revisions to existing commitments.


Edward J. Weinkam
Director, Regulatory Services
Nuclear Management Company, LLC

Enclosures

cc: Administrator, Region III, USNRC
Project Managers, above listed plants, USNRC
NRC Resident Inspectors, above listed plants, USNRC

ADD1

ENCLOSURES
DECOMMISSIONING FUNDING STATUS REPORTS

| Enclosure | Owner(s) | Plant |
|------------------|--|------------------------|
| 1 | Consumers Energy Company | Palisades (PNP) |
| 2 | Wisconsin Electric Power Company | Point Beach 1 (PBNP1) |
| 3 | Wisconsin Electric Power Company | Point Beach 2 (PBNP2) |
| 4 | a. Wisconsin Public Service Corp b. Wisconsin Power & Light Company (WP&L) | Kewaunee (KNPP) |
| 5 | Xcel Energy | Prairie Island 1 (PI1) |
| 6 | Xcel Energy | Prairie Island 2 (PI2) |
| 7 | Xcel Energy | Monticello (MNGP) |
| 8 | a. Interstate Power and Light (IPL) b. Central Iowa Power Cooperative (CIPCO) c. Corn Belt Cooperative (Corn Belt) | Duane Arnold (DAEC) |

9 PAGES FOLLOW

ENCLOSURE 1
Consumers Energy Company
Palisades Nuclear Plant
Docket No. 50-255 License No. DPR-20
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c) \$351,199,040

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| | |
|-----------------------------|---------------|
| Total External Funds | \$522,590,585 |
|-----------------------------|---------------|

3. A schedule of the annual amounts remaining to be collected and deposited in external sinking fund as approved by Michigan Public Service Commission (MPSC) in 1999.

| Annual Annuity | Years to Collect |
|-----------------------|-------------------------|
| \$5,500,000 | 3 yrs |

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|---------------------------------|---|-------------------------------|---------------------------------|
| Consumers Energy Company (100%) | 6.4% | 4.54% | 1.86% |

Basis for Allowance:

The Michigan Public Service Commission approved the escalation factor in its December 16, 1999, Order in Case No. U-11662.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None
Consumers Energy has not relied on contract obligations to meet its NRC funding assurance.

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None
Consumers Energy has not modified its method of providing financial assurance.

7. Any material changes to trust agreements. None
Consumers Energy modified its trust agreement to include NRC notification provision per Regulatory Guide 1.159. The Michigan Public Service Commissioning continues to regulate decommissioning funding for Palisades.

ENCLOSURE 2
Wisconsin Electric Power Company
Point Beach Nuclear Plant, Unit 1
Docket No. 50-266 License No. DPR-24
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$316,176,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| | |
|-------------------------|---------------|
| Pre-Tax External | \$365,659,295 |
|-------------------------|---------------|

3. A schedule of the annual amounts remaining to be collected.

| | |
|-----------------------|-------------------------|
| Annual Annuity | Years to Collect |
| \$9,963,385 | 6 yrs |

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|--|--|----------------------------------|------------------------------------|
| Wisconsin Electric Power Company (100%)-Point Beach Unit 1 | 6.31% | 6.02% | 0.29% |

Basis for Allowance:

Wisconsin Electric Power Company average Escalation Factor is 6.02%. This composite rate is based on rates approved by the Public Service Commission, Wisconsin.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.
Wisconsin Electric continues to use the external sinking fund method of providing decommissioning funding assurance. None

7. Any material changes to trust agreements.
The Point Beach Decommissioning Trust Agreement was restated in 2003 to include NRC notification provision per Regulatory Guide 1.159. None

ENCLOSURE 3
Wisconsin Electric Power Company
Point Beach Nuclear Plant, Unit 2
Docket No. 50-301 License No. DPR-27
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$316,110,000

2. The amount accumulated at the end of the calendar year preceding the date of the report. *Pre-Tax External* \$372,649,819

3. A schedule of the annual amounts remaining to be collected. *Annual Annuity* \$7,630,923 *Years to Collect* 8 yrs

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

| Plant Owner (% Ownership) | <i>Rate of Earnings (Nominal Rate Of Return)</i> | <i>Escalation Factor (Inflation)</i> | <i>Real Rate of Return (Projected)</i> |
|--|--|--------------------------------------|--|
| Wisconsin Electric Power Company (100%)-Point Beach Unit 2 | 6.31% | 6.02% | 0.29% |

Basis for Allowance:

Wisconsin Electric Power Company average Escalation Factor is 6.02%. This composite rate is based on rates approved by the Public Service Commission, Wisconsin.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.
Wisconsin Electric continues to use the external sinking fund method of providing decommissioning funding assurance. None

7. Any material changes to trust agreements.
The Point Beach Decommissioning Trust Agreement was restated in 2003 to include NRC notification provision per Regulatory Guide 1.159. None

ENCLOSURE 4

**Wisconsin Public Service Corporation & Wisconsin Power & Light Company
Kewaunee Nuclear Power Plant
Docket No. 50-305 License No. DPR-43
Decommissioning Funding Status Report**

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis, beginning on March 31, 1999, and every 2 years thereafter, on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c).

| |
|----------------|
| \$ 323,457,000 |
|----------------|

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| Plant Owners | Ownership % | External Funds |
|--|-------------|----------------|
| Wisconsin Public Service Corp. (WPSC) | 59.0% | \$344,479,730 |
| Wisconsin Power & Light Company (WP&L) | 41.0% | \$252,328,377 |
| Total Pre-Tax: | | \$596,808,107 |

3. A schedule of the annual amounts remaining to be collected.

| Plant Owners | Annual Annuity | Years to Collect (a) |
|--|----------------|----------------------|
| Wisconsin Public Service Corp. (WPSC) | \$0.00 | 0 yrs |
| Wisconsin Power & Light Company (WP&L) | \$0.00 | 0 yrs |
| Total | \$0.00 | 0 yrs |

(a) See Item 6 below.

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

| Plant Owner (% Ownership) | Rate of Earnings | Escalation Factor | Real Rate of Return |
|--------------------------------------|------------------|-------------------|---------------------|
| Wisconsin Public Service Corp. (59%) | 4.95% | 6.08% | (1.13%) |
| Wisconsin Power & Light (41%) | 5.80% | 6.50% | (0.70%) |

Basis for Allowance:

These escalation rates are based on labor, energy, burial and other, rates approved by the Public Service Commission, Wisconsin.

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

There are no current contracts being relied upon pursuant to 10 CFR 50.75(e)(1)(v) to decommission KNPP.

None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.

Pending the sale of KNPP, WPSC's combined FERC & PSCW funding requirements are not being collected in rates nor are being contributed to the trust, per rulings from both commissions.

None

7. Any material changes to trust agreements.

WPSC and WP&L amended its trust agreements to include NRC notification provision per Regulatory Guide 1.159.

None

ENCLOSURE 5
Xcel Energy
Prairie Island Generating Plant Unit 1
Docket No. 50-282 License No. DPR-42
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$319,600,000

2. The amount accumulated at the end of the calendar year preceding the date of the report. **These funds are being transferred to the external fund on a prescribed schedule, per MPUC Docket# E-002/M-02-1766.**

| | |
|-----------------|---------------|
| <i>External</i> | \$279,220,358 |
| <i>Internal</i> | \$17,574,226 |
| <i>Total</i> | \$296,774,584 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|-----------------------|-------------------------|
| <i>Annual Annuity</i> | <i>Years to Collect</i> |
| \$22,434,048 | 8.8 yrs |

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|--------------------------------------|--|----------------------------------|------------------------------------|
| Xcel Energy (100%)- Prairie Island 1 | 5.5% | 4.19% | 1.31% |

Basis for Allowance:

Xcel Energy files a triennial decommissioning study with the Minnesota Public Utilities Commission for approval. A portion of the study is dedicated to an internal analysis of inflation factors surrounding the various components necessary to perform the decommissioning function. The analysis utilizes long-range inflation projections published by Global Insight, the Consumer Price Index, and the Chained Price Index for Gross Domestic Product, as well as other forecasted data.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None

7. Any material changes to trust agreements. None
Trust agreement amended to include NRC notification provision per Regulatory Guide 1.159.

ENCLOSURE 6
Xcel Energy
Prairie Island Generating Plant Unit 2
Docket 50-306 License DPR-60
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$319,600,000

2. The amount accumulated at the end of the calendar year preceding the date of the report. **These funds are being transferred to the external fund on a prescribed schedule, per MPUC Docket# E-002/M-02-1766.**

| | |
|-----------------|---------------|
| <i>External</i> | \$295,676,538 |
| <i>Internal</i> | \$16,502,608 |
| <i>Total</i> | \$312,179,146 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|-----------------------|-------------------------|
| <i>Annual Annuity</i> | <i>Years to Collect</i> |
| \$23,093,520 | 9.8 yrs |

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|--------------------------------------|--|----------------------------------|------------------------------------|
| Xcel Energy (100%)- Prairie Island 2 | 5.5% | 4.19% | 1.31% |

Basis for Allowance:

Xcel Energy files a triennial decommissioning study with the Minnesota Public Utilities Commission for approval. A portion of the study is dedicated to an internal analysis of inflation factors surrounding the various components necessary to perform the decommissioning function. The analysis utilizes long-range inflation projections published by Global Insight, the Consumer Price Index, and the Chained Price Index for Gross Domestic Product, as well as other forecasted data.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None

7. Any material changes to trust agreements. **Trust agreement amended to include NRC notification provision per Regulatory Guide 1.159.** None

ENCLOSURE 7
Xcel Energy
Monticello Generating Plant
Docket No. 50-263 License No. DPR-22
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c). \$412,600,000

2. The amount accumulated at the end of the calendar year preceding the date of the report.
These funds are being transferred to the external fund on a prescribed schedule, per MPUC Docket# E-002/M-02-1766.

| | |
|-----------------|----------------------|
| <i>External</i> | \$343,564,975 |
| <i>Internal</i> | \$33,512,074 |
| Total | \$377,077,049 |

3. A schedule of the annual amounts remaining to be collected.

| | |
|-----------------------|-------------------------|
| Annual Annuity | Years to Collect |
| \$35,054,124 | 5.75 yrs |

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|--------------------------------|--|----------------------------------|------------------------------------|
| Xcel Energy (100%)- Monticello | 5.5% | 4.19% | 1.31% |

Basis for Allowance:

Xcel Energy files a triennial decommissioning study with the Minnesota Public Utilities Commission for approval. A portion of the study is dedicated to an internal analysis of inflation factors surrounding the various components necessary to perform the decommissioning function. The analysis utilizes long-range inflation projections published by Global Insight, the Consumer Price Index, and the Chained Price Index for Gross Domestic Product, as well as other forecasted data.

5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v). None

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report. None

7. Any material changes to trust agreements. None
Trust agreement amended to include NRC notification provision per Regulatory Guide 1.159.

ENCLOSURE 8
IPL, CIPCO & Corn Belt
Duane Arnold Energy Center
Docket No. 50-331 License No. DPR-49
Decommissioning Funding Status Report

As provided in 10 CFR 50.75(f)(1), each power reactor licensee is required to report to the NRC on a calendar year basis beginning March 31, 1999, and every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning fund estimate pursuant to 10 CFR 50.75(b) and (c).

| Utility (% Ownership) | NRC Minimum |
|-----------------------|----------------------|
| IPL (70%) | \$291,651,660 |
| CIPCO (20%) | 83,329,046 |
| Corn Belt (10%) | 41,664,522 |
| Total | \$416,645,228 |

2. The amount accumulated at the end of the calendar year preceding the date of the report.

| Utility (% Ownership) | Internal | External | Total |
|-------------------------|---------------------|----------------------|----------------------|
| IPL (a) (b) (70%) | \$21,709,000 | \$175,401,574 | \$197,110,574 |
| CIPCO (b) (20%) | 19,182,112 | 32,503,586 | 51,685,698 |
| Corn Belt (a) (b) (10%) | 7,204,320 | 16,584,154 | 23,788,474 |
| Total | \$48,095,432 | \$224,489,314 | \$272,584,746 |

- (a) IPL & Corn Belt are not relying on Internal Fund Reserve for purposes of meeting NRC decommissioning funding assurance requirements.
(b) These funds have been invested for purposes of funding decommissioning.

3. Schedule of the annual amounts remaining to be collected. (Beginning 2005 & Ending 2014)

| Utility (% Ownership) | Annual Annuity (a) | Projected Funds Ending 2014 |
|-----------------------|----------------------------|-----------------------------|
| IPL (70%) | \$13.5 to \$13.8 mil | \$366,861,719 |
| CIPCO (20%) | \$3.2 mil | 114,354,783 |
| Corn Belt (10%) | \$1.1 to \$1.7 mil | 71,966,867 |
| Total | \$17.8 to \$18.7mil | \$553,183,369 |

- (a) Actual annual contributions to the external sinking fund will vary based upon reassessment of owner's decommissioning funding obligations in light of NRC requirements, actual inflation, actual fund earnings, and other factors.

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

| Plant Owner (% Ownership) | Rate of Earnings (Nominal Rate Of Return) | Escalation Factor (Inflation) | Real Rate of Return (Projected) |
|---------------------------|---|-------------------------------|---------------------------------|
| IPL (a) (70%) | 6.39% | 2.9% | 2% |
| CIPCO (b) (20%) | 8% | 4% | 4% |
| Corn Belt (c) (10%) | 10% | 5% | 5% |

Basis for Allowance:

- (a) The Iowa Utility Board has the regulatory authority for approving the rate of earnings and escalation factor. The real rate of return allowed by 10 CFR 50.75 is 2%.

ENCLOSURE 8 cont.

(b) Central Iowa Power Cooperative (CIPCO) is a tax-exempt cooperative under IRS section 501c(12). This exempt status allows for a higher rate of earnings that results in higher projected real rates of return. CIPCO's rates are not regulated by any state or federal agency. CIPCO's rates are determined annually based on a budget approved by the Board of Directors. If the cooperative does not obtain the projected earnings rates on the decommissioning fund, it has the ability to increase future funding to meet the decommissioning obligation.

(c) Corn Belt Cooperative is a tax-exempt cooperative under IRS section 501c(12). This exempt status allows for higher rate of earnings that results in higher projected real rates of return. Corn Belt's rates are not regulated by any state or federal agency. Corn Belt's rates are determined annually based on a budget approved by the Board of Directors. If the cooperative does not obtain the projected earnings rates on the decommissioning fund, it has the ability to increase future funding to meet the decommissioning obligation.

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

None

IPL, CIPCO and Corn Belt are not relying upon any long term contract for purposes of providing decommissioning funding within the meaning of 10 CFR 50.75(e)(1)(v).

6. Any modifications to a licensee's method of providing financial assurance occurring since the last submitted report.

None

IPL, CIPCO & Corn Belt continue to use the external sinking fund method of providing decommissioning funding assurance.

5. Any material changes to trust agreements.

None

IPL, CIPCO and Corn Belt amended their respective trust agreements to include NRC notification provision per Regulatory Guide 1.159.

CIPCO trust agreements were modified in 2003 to transfer trustee responsibilities to Citicorp Trust Bank.

Corn Belt's trustee changed name due to merger. Corn Belt's investment management responsibilities were transferred to Northwinds Marketing Group, LLC.