



March 22, 2006

L-HU-06-013
10 CFR 50.75(f)(1)

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

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

Decommissioning Funding Status Report

The enclosed decommissioning funding status report is being submitted in accordance with 10 CFR 50.75, "Reporting and Recordkeeping for Decommissioning Planning," Paragraph (f)(1), for Palisades Nuclear Plant. As holder of the plant operating license, Nuclear Management Company, LLC is submitting this report on behalf of the plant owner, Consumers Energy. The financial information presented herein, current as of December 31, 2005, reflects information provided to Nuclear Management Company, LLC by Consumers Energy.

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

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

Enclosure (1)

cc: Regional Administrator, USNRC, Region III
NRR Project Manager, Palisades Nuclear Plant, USNRC
NRC Resident Inspector, Palisades Nuclear Plant, USNRC
Consumers Energy:
Manager of Depreciation and Decommissioning, Jan Anderson
Asset Manager, Steve Wawro

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 at least every two years thereafter on the status of its decommissioning funding for each reactor or share of reactor it owns.

1. The minimum decommissioning funding estimate, pursuant to 10 CFR 50.75(b) and (c). Updated to include NUREG 1307, Revision 11 waste burial changes. \$327,208,960

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

Total External Funds	\$544,109,593
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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	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)	<i>Rate of Earnings (Nominal Rate Of Return)</i>	<i>Escalation Factor (Inflation)</i>	<i>Real Rate of Return (Projected)</i>
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
The Michigan Public Service Commission continues to regulate decommissioning funding for Palisades.