

YANKEE ATOMIC ELECTRIC COMPANY

Telephone (413) 424-5261



49 Yankee Road, Rowe, Massachusetts 01367

March 29, 2006
BYR 2006-020

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 2055-0001

Reference: License No. DPR-3 (Docket No. 50-29)

Subject: ~~Decommissioning Funding Assurance~~ -10CFR50.75(f)

In accordance with the requirements of 10 CFR 50.75(f), YAEC hereby submits its report on the status of decommissioning funding for the year ending December 31, 2005 for the Yankee Nuclear Power Station. The attachment provides the requested information.

The current decommissioning cost estimate is based on the 2005 cost estimate that was incorporated in the rate case filed with the FERC on November 23, 2005, in Docket No. ER-06-249. The cost estimate supercedes the prior (2003) cost estimate. The revised cost estimate reflects the remaining cost of decommissioning as well as fuel storage costs through 2022, which are the result of the continuing DOE default in removing the spent fuel from the Yankee Nuclear Power Station to permanent storage.

If you should have any questions, please contact the undersigned at (301) 916-3995.

Sincerely,

YANKEE ATOMIC ELECTRIC COMPANY

Alice C. Carson
Licensing Manager

Attachment: As stated.

cc. S. Collins, NRC Region I Administrator
Marie Miller, Chief, Decommissioning Branch, NRC Region I
J. Hickman, NRC Project Manager

Nm5501

NRC Decommissioning Funding Status Report

Yankee Atomic Power Company
(Status as of 12/31/05)

- | | |
|---|--|
| 1. <i>The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).</i> | \$288.94 million ⁽¹⁾ |
| 2. <i>The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c).</i> | \$18.230 million ⁽²⁾ |
| 3. <i>Schedule of the annual amounts remaining to be collected including amounts beyond those required in 10 CFR 50.75(b) and (c)</i> | \$54.941 million (2006)
\$23.5 million (2007-2010) ⁽³⁾ |
| 4. <i>The assumptions used regarding escalation of the decommissioning cost estimate, rates of earnings on decommissioning funds, and rates of other factors used in funding projections are:</i> | |
| <i>Annual escalation rate</i> | 3.76% |
| <i>Annual after-tax earnings rate on decommissioning trust funds</i> | |
| <i>Pre-tax (taxable)</i> | 4.0 - 6.0% |
| <i>Pre-tax (tax-exempt)</i> | 4.0 - 5.0% |
| <i>Pre-tax equity</i> | 10.0% |
| <i>State tax rate (non-qualified trust)</i> | 6.5% |
| <i>Federal tax rate (qualified trust)</i> | 20.0% |
| <i>Federal tax rate (non-qualified trust)</i> | 34.0% |
| <i>Other factors assumed</i> | None |

⁽¹⁾ NUREG-1307 Revision 11, Report on Waste Burial Charges.

⁽²⁾ This accrued market value balance includes amounts in the Decommissioning Trust for all decommissioning costs including site restoration and long-term spent fuel storage as well as decommissioning as defined in 10 CFR 50.75.

⁽³⁾ The decommissioning collections were filed in the amount of \$54.941 million for 2006 and \$23.5 million annually for the period 2007-2010 in FERC Docket No. 06-249 that is pending FERC approval.

NRC Decommissioning Funding Status Report (con't)
Yankee Atomic Power Company
(Status as of 12/31/05)

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

YAEC is currently collecting funds through its power contracts and amendatory agreements under FERC regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of YAEC, including decommissioning costs. Such contracts have been filed with FERC.

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

None

7. *Any material changes to trust agreements*

None