



**FPL Energy.**

**Duane Arnold Energy Center**

FPL Energy Duane Arnold, LLC  
3277 DAEC Road  
Palo, Iowa 52324

March 31, 2006

NG-06-0282  
10 CFR 50.75(f)(1)

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

Duane Arnold Energy Center ("DAEC")  
Docket 50-331  
License No. DPR-49

Decommissioning Funding Status Report

Please find enclosed a decommissioning funding status report for DAEC in accordance with paragraph (f)(1) of 10 CFR 50.75, "Reporting and Recordkeeping for Decommissioning Planning." FPL Energy Duane Arnold, LLC, a subsidiary of FPL Energy, LLC submits this report because of the involvement of FPL Energy, LLC in a proposed merger with Constellation Energy Group, Inc. The financial information presented herein, is current as of December 31, 2005. The previous report for DAEC was submitted on March 31, 2005 by the Nuclear Management Company, LLC, as the prior licensed operator of DAEC.

This letter contains no new commitments and no revisions to existing commitments. If you have any questions concerning this submittal, please contact Steven Catron, DAEC Licensing Manager at (319) 851-7234 or Robert E. Helfrich, Senior Attorney, FPL Energy, LLC, at (561) 304-5288.

Gary Van Middlesworth  
Vice President, Duane Arnold Energy Center  
FPL Energy Duane Arnold, LLC

Enclosure

cc: Administrator, Region III, USNRC  
Project Manager, DAEC, USNRC  
Resident Inspector, DAEC, USNRC

ADD

## Enclosure

### FPL Energy Duane Arnold, LLC, Central Iowa Power Cooperative (CIPCO), Corn Belt Power Cooperative (Corn Belt) Decommissioning Funding Status Report

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

| Plant Owner (% Ownership)          | NRC Minimum          |
|------------------------------------|----------------------|
| FPL Energy Duane Arnold, LLC (70%) | \$299,267,400        |
| CIPCO (20%)                        | \$85,504,972         |
| Corn Belt (10%)                    | \$42,752,486         |
| <b>Total</b>                       | <b>\$427,524,858</b> |

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

| Plant Owner (% Ownership)          | Internal            | External           | Total              |
|------------------------------------|---------------------|--------------------|--------------------|
| FPL Energy Duane Arnold, LLC (70%) | 0                   | \$188,157,208      | \$188,157,208      |
| CIPCO (b) (20%)                    | \$24,036,951        | \$34,939,973       | \$58,976,924       |
| Corn Belt (a) (b) (10%)            | \$8,849,156         | \$17,214,797       | \$26,063,953       |
| <b>Total</b>                       | <b>\$32,886,107</b> | <b>240,311,978</b> | <b>273,198,085</b> |

- (a) Corn Belt is 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.  
(c) Balance as of 1/27/06.

3. Schedule of the annual amounts remaining to be collected. (Beginning 2006 & Ending 2014)

| Plant Owner (% Ownership)          | Annual Annuity (a)          | Projected Funds Ending 2014 |
|------------------------------------|-----------------------------|-----------------------------|
| FPL Energy Duane Arnold, LLC (70%) | \$0                         | \$295,829,588               |
| CIPCO (20%)                        | \$1.0 to 3.2 million        | \$112,735,000               |
| Corn Belt (10%)                    | \$1.3 to 2.0 million        | \$70,329,595                |
| <b>Total</b>                       | <b>\$2.3 to 5.2 million</b> | <b>\$478,894,183</b>        |

- (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) |
|--|---|-------------------------------|---------------------------------|
| FPL Energy Duane Arnold, LLC (a) (70%) | 7.1%                                      | 4.06%                         | 2%                              |
| CIPCO (b) (20%)                        | 8%  | 4%                            | 4%                              |
| Corn Belt (c) (10%)                    | 10%                                       | 5%                            | 5%                              |

Basis for Allowance:

- (a) The real rate of return allowed by 10 CFR 50.75 is 2%.

(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 Power 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

FPL Energy Duane Arnold, LLC, 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.

See below

FPL Energy Duane Arnold, LLC, CIPCO & Corn Belt continue to use the external sinking fund method of providing decommissioning funding assurance. FPL Group Capital is providing a parent guaranty in the amount of \$75 million as an additional method of financial assurance for FPL Energy Duane Arnold, LLC.

7. Any material changes to trust agreements.

See below (a)  
(b) (c)

(a) FPL Energy Duane Arnold, LLC – Modifications to trust arrangements are described in the NRC license transfer application letter NG-05-0419 dated 8/1/05 and approval in NRC order letter TAC No. MC8026 dated 12/23/05.

(b) October 11, 2005, Nuclear Management Company, LLC Letter to NRC from Gary Van Middlesworth, Site Vice President, DAEC, which provided draft forms of agreement for NRC's information for the Qualified and Non-Qualified trust agreements.

(c) February 20, 2006, FPL Energy Duane Arnold, LLC Letter to NRC from Gary Van Middlesworth, Vice President, DAEC, which provided a copy of the executed Buyer's Parent Guaranty in the amount of \$75 million to the NRC for decommissioning funding assurance for DAEC (in year 2005 dollars).