

WILLIAM L. BERG  
President and CEO



February 7, 2007

In reply, please refer to LAC-13966

DOCKET NO. 50-409

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U. S. Nuclear Regulatory Commission  
Washington, DC 20555

SUBJECT: Dairyland Power Cooperative  
La Crosse Boiling Water Reactor (LACBWR)  
Possession-Only License No. DPR-45  
Annual Report on the Status of Decommissioning Funding

REFERENCES: (1) 10 CFR 50.75(f)(1)

In accordance with Reference 1, we are submitting our annual report on the status of decommissioning funding for the La Crosse Boiling Water Reactor.

If there are any questions concerning this report, please contact us.

Sincerely,

DAIRYLAND POWER COOPERATIVE

William L. Berg, President & CEO

WLB:JBM:tc

Enclosures

cc/enc: Kristina Banovac, NRC Project Manager  
James Caldwell, NRC Region III Administrator  
Peter Lee, Decommissioning Branch, NRC Region III

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NM5501

**STATUS REPORT**  
**Decommissioning Funding**  
**for the**  
**La Crosse Boiling Water Reactor**  
**March 31, 2007**

1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) is \$84,637,823 in 2005 dollars. The \$84,637,823 includes a cost estimate of \$19,597,819 for certain decommissioning activities that are currently in progress, including removal of the LACBWR Reactor Pressure Vessel (RPV) and the permanent disposal of the RPV at the radioactive waste disposal site in Barnwell, South Carolina, as well as removal of additional Class B and Class C low-level radioactive waste. Dairyland has entered into an agreement with Duratek, Inc. (now Energy Solutions) to perform these decommissioning activities which are estimated not to exceed the \$19,597,819 cost assumed in the decommissioning cost estimate and are scheduled to be completed by the middle of 2007. On December 27, 2006, Dairyland withdrew \$11,124,709.42 from the "Dairyland Power Cooperative Nuclear Decommissioning Trust (DPC-NDT)" for this decommissioning work completed through October 31, 2006.
2. The amount accumulated to the end of the calendar year preceding the date of this report is \$72,234,709 as of 12/31/06. Including the \$11,124,709.42 withdrawn on December 27, 2006 from the DPC-NDT per paragraph 1. above, the balance at 12/31/06 would have been approximately \$83,359,418.
3. No further annual amounts are scheduled to be collected. A separate reserve of \$11,389,625 is available if future changes in the cost estimate or earnings performance necessitate additional collections.
4. The assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in funding projections:
  - La Crosse Boiling Water Reactor placed in SAFSTOR status 5/1/87.
  - Final decommissioning starts in 2019 – 7-year project.
  - Fuel removed by 2022.

- Decommissioning cost updated every five years.
  - Funding accomplished by 2000, subject to additional collections if necessitated by future changes in the cost estimate or earnings performance.
  - Projected decommissioning cost in 2005 dollars - \$84,637,823.
  - Escalation rates applied:
 

Labor	4.0%
Indirect	4.0%
Shipping	4.0%
Reprocessing	7.0%
Material	4.0%
Burial – Radwaste	3.0%
  - Earnings projections:
    - Equity Investments - 7.31% to 8.13%
    - Fixed Income Investments - 5.30% to 5.48%
  - Investment Asset Allocation Goal:
    - Equity Investments - 50%
    - Fixed Income Investments - 50%
5. There are no contracts upon which Dairyland Power Cooperative is relying pursuant to paragraph (e)(1)(v) of 10 CFR 50.75.
  6. There have been no modifications to Dairyland Power Cooperative's method of providing financial assurance since the last submitted report.
  7. There have been no changes to Dairyland Power Cooperative's trust agreement.