



## **YANKEE ATOMIC ELECTRIC COMPANY**

49 Yankee Road, Rowe, Massachusetts 01367

March 29, 2007

BYR 2007-029

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, D.C. 20555-001

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

Subject: Decommissioning Funding Assurance Status Report - 10 CFR 50.75(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, 2006, for the Yankee Nuclear Power Station. The attachment provides the requested information.

The current decommissioning cost estimate is based on the 2005 cost estimate ("2005 Estimate") that was incorporated in the Settlement filing filed with the FERC on May 1, 2006, in Docket No. ER-06-249. The updated cost estimate reflects the costs of completing site closure activities from October 2005 forward and storing spent nuclear fuel and other high-level waste on site until it is assumed to be removed by the DOE in 2020 through the final decommissioning of the ISFSI in 2022.

The 2005 Estimate supersedes the cost estimate that was filed with the FERC on November 23, 2005.

If you have any questions, please contact me at (860) 267-3938.

Sincerely,

Gerard van Noordennen  
Regulatory Affairs Manager

Enclosure: As stated.

cc: S. Collins, NRC Region 1 Administrator  
M. Roberts, Acting Chief, Decommissioning Branch, NRC Region I  
J. Hickman, NRC Project Manager

NM5501

**NRC Decommissioning Funding Status Report**  
**Yankee Atomic Power Company**  
**(Status as of 12/31/06)**

1. <i>The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c).</i>	\$308.4 million <sup>(1)</sup>
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>	\$22.3 million <sup>(2)</sup>
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>	\$11.7 million (2007) \$11.8 million (2008-2014) <sup>(3)</sup>
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>	2.5%
<i>Annual after-tax earnings rate on decommissioning trust funds:</i>	
Pre-tax (taxable)	4.0 – 6.0%
Pre-tax (tax-exempt)	5.0%
Pre-tax equity	10.0%
State tax rate (non-qualified trust)	6.5%
Federal tax rate (qualified trust)	20.0%
Federal tax rate (non-qualified trust)	34.0%
<i>Other factors assumed</i>	None

<sup>(1)</sup> NUREG-1307 Revision 12, Report on Waste Burial Charges.

<sup>(2)</sup> 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.

<sup>(3)</sup> YAEC has revised its annual decommissioning collections rates effective February 1, 2006 continuing through 2014, based on the Settlement Agreement filed at FERC on May 1, 2006 and accepted on July 31, 2006.

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