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**James Knobel**  
Senior Vice President and  
Chief Nuclear Officer

March 26, 1999  
IPN-99-032  
JPN-99-009

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555

SUBJECT: Indian Point 3 Nuclear Power Plant  
Docket No. 50-286  
James A. FitzPatrick Nuclear Power Plant  
Docket No. 50-333  
**Status of Decommissioning Funding for  
Indian Point 3 and James A. FitzPatrick Nuclear Power Plants**

- REFERENCES:
1. NYPA letter to NRC (IPN-90-041, JPN-90-056), "General Requirements for Decommissioning Nuclear Facilities," dated July 26, 1990.
  2. NYPA letter to NRC (IPN-94-110, JPN-94-044), "Correction of Miscalculated Decommissioning Base Cost for Indian Point 3 Nuclear Power Plant and Notification of Missed Commitment Regarding Annual Review/Update of Decommissioning Cost Estimates for the Indian Point 3 and James A. FitzPatrick Nuclear Power Plants," dated August 29, 1994.

Dear Sir:

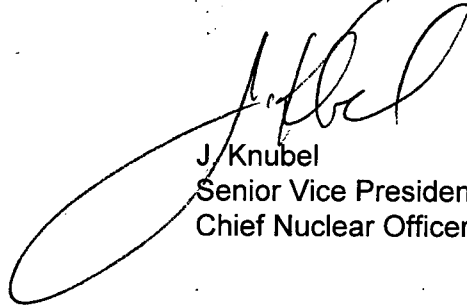
10 CFR 50.75(f)(1) requires each power reactor licensee to report to the NRC by March 31, 1999, and every two years thereafter, on the status of its decommissioning funding for each reactor or share of a reactor that it owns. Attachment I contains the information requested by 10 CFR 50.75(f)(1) for the Indian Point 3 and James A. FitzPatrick plants in the format suggested by the Nuclear Energy Institute (NEI).

The Authority originally submitted information on its decommissioning funding, pursuant to 10 CFR 50.33(k)(2), in References 1 and 2. Reference 1 certified the financial assurance of the decommissioning amount along with the decommissioning methodology to be used, and included a conformed copy of the Authority's Master Decommissioning Trust Agreement.

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No new commitments are being made by the Authority in this submittal. If you have any questions, please contact Ms. Charlene D. Faison.

Very truly yours,



J. Knubel  
Senior Vice President and  
Chief Nuclear Officer

Attachments: As stated

cc: Regional Administrator  
U.S. Nuclear Regulatory Commission  
475 Allendale Road  
King of Prussia, PA 19406

Mr. Joseph F. Williams, Project Manager  
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Division of Licensing Project Management  
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Mr. George F. Wunder, Project Manager  
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Office of the Resident Inspector  
U.S. Nuclear Regulatory Commission  
James A. FitzPatrick Nuclear Power Plant  
P.O. Box 136  
Lycoming, NY 13093

Office of the Resident Inspector  
U.S. Nuclear Regulatory Commission  
Indian Point Unit 3 Nuclear Power Plant  
P.O. Box 337  
Buchanan, NY 10511

ATTACHMENT I TO IPN-99-032 / JPN-99-009

**Decommissioning Status Report  
For Calendar Year Ending 12/31/98**

NEW YORK POWER AUTHORITY

INDIAN POINT 3 NUCLEAR POWER PLANT

DOCKET NO. 50-286

DPR-64

JAMES A. FITZPATRICK NUCLEAR POWER PLANT

DOCKET NO. 50-333

DPR-59

**NRC Decommissioning Funding Status Report  
For Year Ending 12/31/98**

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		(\$ in Millions <sup>2</sup> )	
		<u>IP3</u>	<u>JAF</u>
1.	The minimum decommissioning fund estimate, pursuant to 10 CFR 50.75 (b) and (c). <sup>1</sup>	<u>\$ 286</u>	<u>\$ 347</u>
2.	The amount accumulated at market value at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c).	<u>\$ 292</u>	<u>\$ 319</u>
3.	A schedule of the annual amounts remaining to be collected; for items in 10 CFR 50.75 (b) and (c).		
	Amount remaining	<u>\$ 0</u>	<u>\$ 28</u>
	No. years to collect	<u>17</u>	<u>16</u>
4.	The assumptions used regarding escalation in decommissioning cost, rates of earnings on decommissioning funds, and rates of other factors used in funding projections.		
	Escalation in decommissioning costs	<u>5% per year</u>	
	Rate of earnings on funds	<u>7% per year</u>	
5.	Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(v).	<u>None</u>	
6.	Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.	<u>No change.</u>	

**NRC Decommissioning Funding Status Report  
For Year Ending 12/31/98**

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7. Any material changes to the trust agreements.

- In October 1995, Strong Capital Management replaced JP Morgan as the fixed income manager.
- In March 1997, the Authority's Trustees approved the investment of up to 25% of the trust funds in equity securities. These are placed in a Standard & Poor's Index Fund investment portfolio. In addition approval was given to allow the investment of up to 20% of the trust fund's fixed income portion in bonds with an A credit rating and to allow the investment in municipal securities as long as the overall credit rating of the fixed income portion of the trust fund is maintained at AA.

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1 The NRC formulas in section 10CFR50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to levels that permit: (1) release of the property for unrestricted use and termination of the license; or (2) release of the property under restricted conditions and termination of the license. The cost of dismantling or demolishing non-radiological systems and structures is not included in the NRC decommissioning cost estimates. The costs of managing and storing spent fuel on site until transfer to DOE are not included in the cost formulas.

2 In 1998 dollars.