



# CONNECTICUT YANKEE ATOMIC POWER COMPANY

HADDAM NECK PLANT  
362 INJUN HOLLOW ROAD • EAST HAMPTON, CT 06424-3099

March 15, 2011  
CY-11-009  
Docket No. 50-213  
Re: 10 CFR 50.75(f)

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

Reference: (a) License No. DPR-61 (Docket No. 50-213)  
(b) Letter: CYAPCO to USNRC; Haddam Neck Plant Certifications Of Permanent Cessation of Power Operation and that Fuel has been Permanently Removed From the Reactor, dated December 5, 1996  
(c) Letter: USNRC to Wayne Norton; Haddam Neck Plant – Release of Land from Part 50 License, dated November 26, 2007  
(d) USNRC Regulatory Issue Summary (RIS) 2001-07, REV 1

Subject: Decommissioning Funding Assurance Status Report – 10CFR 50.75

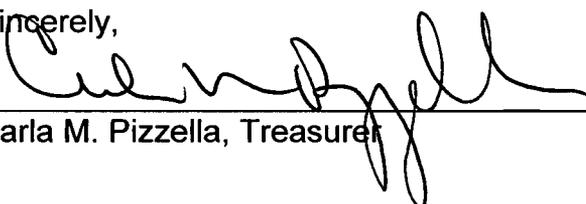
Gentlemen:

In reference (b) Connecticut Yankee Atomic Power Company (CYAPCO) informed the USNRC that the Board of Directors of CYAPCO had decided to permanently cease operations at the Haddam Neck Plant and that fuel had been permanently removed from the reactor. In accordance with 10CFR 50.82(a)(2) the certifications in the letter modified the CYAPCO license to permanently withdraw CYAPCO's authority to operate the reactor. In 1996, CYAPCO commenced decommissioning the power plant. In Reference (c), the NRC amended the CYAPCO license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the ISFSI only. Presently, CYAPCO is storing spent nuclear fuel and other high level waste on site until it is assumed to be removed by the DOE in 2021, through the final decommissioning of the Independent Fuel Storage Installation (ISFSI) in 2023.

In accordance with the requirements of 10 CFR 50.75, direction provided by the NRC staff on March 5, 2008 and recent RIS 2001-07, Rev 1 regulatory clarification, CYAPCO hereby submits its report on the status of decommissioning funding for the year ending December 31, 2010 for CYAPCO. Attachment 1 provides the requested information.

If you should have any questions, please contact me at (860) 267-6426 x304.

Sincerely,

  
\_\_\_\_\_  
Carla M. Pizzella, Treasurer

3-15-11  
Date

NMSS01  
NMSS

Attachment 1 – “NRC Decommissioning Funding Status Report”

cc: J. Joustra, Chief, Decommissioning Branch, Region I  
W. Dean, NRC Regional Administrator, Region 1  
J. Goshen, NRC Project Manager, Haddam Neck Plant  
E. L. Wilds, Jr., Director, CT DEP, Radiation Division

Attachment 1

NRC Decommissioning Funding  
Status Report

March 2011

**Attachment 1**

**NRC Decommissioning Funding Status Report**

**Connecticut Yankee - Haddam Neck Plant**

**(Status as of 12/31/10)**

- |   |  |
|---|--|
| 1. <i>The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c)</i>                                      | \$144.9 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 (e)(1)(i).</i> | \$197.2 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(e)(1)(i)</i>             | \$40.9 million <sup>3</sup><br>(2011-2014)<br>\$43.7 million<br>(2015) |

---

<sup>1</sup> Since the original power plant has been decommissioned and the license amended, the only remaining decommissioning as defined by the NRC in 10 CFR 50.75 is decontamination and dismantlement of the ISFSI once the fuel is removed. The Site-Specific Cost Estimate for future costs beyond 2010 is \$144.9 million (in 2010 dollars) and includes the current estimate for spent fuel management costs, i.e. Long-term ISFSI operations through 2023 (\$136.6 million) and D&D of the ISFSI (\$8.3 million).

<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. Since the original power plant has been decommissioned and the license amended, the only remaining decommissioning is decontamination and dismantlement of the ISFSI (estimated at \$8.3 million of the current market value balance) once the fuel is removed.

<sup>3</sup> CYAPCO revised its annual decommissioning collection rates effective October 1, 2008 continuing through 2015, based on the decommissioning cost reconciliation/PBOP/true-up rate filing and settlement submitted with the FERC on July 31, 2008 and accepted on September 10, 2008. On October 13, 2010, CYAPCO submitted its decommissioning cost estimate and schedule of decommissioning charges, ("2010 Rate Filing"), as it had committed to do in the 2006 Settlement. The 2010 Rate Filing demonstrated that, after escalating costs to 2010 dollars and adjusting for the fact that the costs of the first part of the waste storage included in the 2006 Estimate have already been incurred, the 2006 Estimate remains a reasonable projection of costs upon which the Company may rely in calculating the rates necessary to fund the NDT. The 2010 Rate Filing noted ongoing uncertainties regarding prospective damage awards obtained from litigation with the Department of Energy ("DOE"), offsets to CYAPCO's funding needs, the DOE's commitment to remove CYAPCO's nuclear waste, and the timing of these key events. In light of these unknowns, along with the fact that the 2006 Settlement committed CYAPCO to file another update of decommissioning costs and charges by 2014, CYAPCO proposed to maintain its current level of collections. On December 20, 2010, FERC issued an order accepting the 2010 Rate Filing and granted CYAPCO's requested effective date of January 1, 2011.

**Attachment 1**  
**NRC Decommissioning Funding Status Report**

**Connecticut Yankee - Haddam Neck Plant**  
**(Status as of 12/31/10)**

4. *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>Annual escalation rate</i>	2.5%
<i>Annual after-tax earnings rate on decommissioning trust funds</i>	4.4%
<i>Other factors assumed</i>	None

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

CYAPCO 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 the HNP 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

As noted in the Decommissioning Funding Assurance Status Report dated March 9, 2010, effective January 1, 2010, CYAPCO changed its Nuclear Decommissioning Fund Trustee from Bank of New York Mellon to Bank of America. Although the Trustee changed, there were no material changes to the trust agreements.