

WILLIAM L. BERG  
President and CEO



March 28, 2011

In reply, please refer to LAC-14167

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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 and CEO

WLB: JBM: jkl

Enclosures

cc/enc: John Hickman, NRC Project Manager  
Mark Satorius, NRC Region III Administrator  
Peter Lee, Decommissioning Branch, NRC Region III

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## **2010 Decommissioning Funding Status (DFS) Report**

### **For the La Crosse Boiling Water Reactor (LACBWR)**

**March 31, 2011**

1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) is \$67,833,419 in 2010 dollars. Certain decommissioning activities in the amount of \$24,127,338 were completed during the timeframe of 2005 through 2007 for the 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. As of December 31, 2010, Dairyland has withdrawn \$18,154,154 from the Dairyland Power Cooperative Nuclear Decommissioning Trust (DPC-NDT) for this decommissioning work with the last withdrawal occurring on April 16, 2007. While there have been additional expenditures for activities under the decommissioning plan for which Dairyland has not been reimbursed, there is no plan to withdraw any additional amounts in 2011.
2. The amount accumulated in the DPC-NDT to the end of the calendar year preceding the date of this report (12/31/10) is \$77,916,230. That investment balance fluctuates and may be impacted by macroeconomic factors outside Dairyland's control.
3. No further annual amounts are currently scheduled to be collected. Dairyland does reassess annually or more frequently whether future changes in the decommissioning cost estimate or investment earnings performance necessitate additional collections. Dairyland's Board policy is to provide additional funding, as necessary, through rates charged to its members or through transfers from a separate reserve fund to ensure that the NDT, with future investment earnings, will be sufficient to cover final decommissioning expenses.

The separate reserve fund is also available to provide partial funding for an on-site Independent Spent Fuel Storage Installation (ISFSI) which allows the removal of the LACBWR spent fuel. The reserve fund balance as of 12/31/10 is \$17,408,204. Dairyland also assesses annually or more frequently whether additional amounts can be withdrawn from the reserve fund for the ISFSI project or should remain available for decommissioning as mentioned above.

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 are:

- LACBWR was placed in SAFSTOR status as of 5/1/87.
- The LACBWR spent fuel is planned to be removed from the reactor building and transferred to the LACBWR ISFSI upon the scheduled completion in 2011.
- The LACBWR Decommissioning Plan (D-Plan), approved in August 1991, described the scheduled final decommissioning as a 7-year project to commence in 2019. DPC gave notification to the NRC in December 2010 of a change in schedule to accelerate the removal of radioactive metal from the LACBWR facility, after the LACBWR spent fuel is transferred to the ISFSI. The removal of radioactive metal is assumed to be a 4-year project, followed by a three year period for concrete removal and final site survey. During that 4-year period, DPC will determine if any changes in the current decommissioning plans are needed to complete the disposition of concrete structures and site end use. Some flexibility exists in the start of the concrete removal phase which will allow sufficient time, if needed, to assure that adequate NDT funds are available for the final decommissioning process.
- The D-Plan and cost estimate updates are completed at least every five years.
- No additional DPC-NDT funding from rates charged to DPC members occurred after 1998 but a transfer of \$6.0 million was made in 2008 to the DPC-NDT from the separate reserve fund established by the Dairyland Board. If required, DPC will provide additional funding through member rates or additional transfers from its reserve fund, depending upon future changes in the decommissioning cost estimate or investment earnings performance.
- The projected decommissioning cost in 2010 dollars is \$67,833,419.
- The average escalation rates applied in the decommissioning cost estimate are:

Labor	4.0%
Indirect	4.0%
Shipping	3.0%
Reprocessing	5.0%
Material	4.0%
Burial – Radwaste	5.0%

- The current Board approved DPC-NDT asset allocation goal is 40% to 60% in equity investments and the balance in fixed income investments with a transition to a fixed income portfolio of a portion of the DPC-NDT to match the cost of the metal removal project when it commences.
  - The DPC-NDT investment earnings projections are:
    - Equity Investments: 6.91% to 7.97%
    - Fixed Income Investments: 3.31%
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 Nuclear Decommissioning Trust Agreement.