

WILLIAM L. BERG
President and CEO



March 27, 2013

10 CFR 50.75(f)(1)
10 CFR 50.82(a)(8)

In reply, please refer to LAC-14275

DOCKET NO. 50-409 and 72-046

ORIGINAL

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

SUBJECT: Dairyland Power Cooperative
La Crosse Boiling Water Reactor (LACBWR)
Possession-Only License DPR-45
Annual Decommissioning Funding Status Report

REFERENCES: 1) 10 CFR 50.75(f)(1)
2) 10 CFR 50.82(a)(8)(v-vii)

In accordance with References 1 and 2, we are submitting our annual report on the status of decommissioning funding for the La Crosse Boiling Water Reactor.

If you have any questions concerning this information, please contact Don Egge, LACBWR Plant/ISFSI Manager at (608) 689-4207.

Sincerely,

William L. Berg, President and CEO

WLB:JBM:jl

Attachment: 1) Decommissioning Funding Status Report for the La Crosse Boiling Water Reactor
March 31, 2013

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FSME20

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cc w/Attachment: John Hickman
Project Manager
U.S. Nuclear Regulatory Commission

Charles Casto
Regional Administrator, Region III
U.S. Nuclear Regulatory Commission

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this 28th day of March, 2013, the above
named, William L. Berg, to me known to be the person who executed the foregoing instrument and
acknowledged the same.



Notary Public, La Crosse County Wisconsin

My commission expires 5-25-14

LAURIE A. ENGEN
Notary Public
State of Wisconsin

**DECOMMISSIONING FUNDING STATUS REPORT
FOR THE
LA CROSSE BOILING WATER REACTOR
MARCH 31, 2013**

1.0 STATUS REPORTING IN ACCORDANCE WITH 10 CFR 50.75(f)(1)

- 1.1 The amount of funds estimated to be required for the LACBWR plant decommissioning as of 12/31/2012 pursuant to 10 CFR 50.75(b) and (c) was \$116,854,400.

This formula decommissioning cost value is derived using guidance from NURGE-1307, Revision 15, and a 1986 Base Cost of \$22,472,000. As explained in the response to an NRC Request for Additional Information (RAI) dated 08/08/2012 (ADAMS Accession No. ML12235A299), based on a 1983 decommissioning cost estimate of \$20,000,000, Dairyland Power Cooperative (DPC) submitted to the NRC a decommissioning funding report for LACBWR dated 07/25/1990 in which DPC concluded that decommissioning would cost \$90.9 million if decontamination and dismantling could begin in 2010.

Furthermore, DPC recognized that the funding plan contained in the Decommissioning Plan submitted to the NRC 12/21/1987 contemplated that total decommissioning costs for LACBWR would be below the levels set forth in 10 CFR 50.75(c)(1). To the extent that such an exemption was deemed necessary by the NRC, DPC requested exemption from funding the Decommissioning Trust at the minimum amount established in 10 CFR 50.75(c)(1) and requested that the NRC approve the continued funding of the Decommissioning Trust at the level set forth in the previously filed Decommissioning Plan.

The NRC approved a decommissioning cost of \$92,000,000 in 2010 dollars in its Safety Evaluation of the Order to Authorize Decommissioning and Amendment No. 66 to Possession-Only License DPR-45 dated 08/07/1991 without exemption from 10 CFR 50.75(c)(1). The NRC cited the new decommissioning regulations as the basis for the approval (53 FR 24018, June 27, 1988, at page 24027, Column 1) stating that for reactors already shut down, "details concerning financial assurance . . . would be decided on a case-by-case basis."

This formula decommissioning cost value does not reflect funds spent for substantial LACBWR plant decommissioning activities completed to date and discussed further in Section 2.0 of this report.

Based on a site specific decommissioning cost estimate, the amount of funds required for the LACBWR ISFSI decommissioning as of 12/31/2012 was \$1,669,120.

- 1.2 The amount of funds accumulated in the DPC Nuclear Decommissioning Trust (DPC NDT) for the LACBWR plant decommissioning as of 12/31/2012 was \$84,169,789.

The amount of funds accumulated in the DPC NDT for the LACBWR ISFSI decommissioning as of 12/31/2012 was \$160,002.

DPC maintains a contingency reserve fund for LACBWR activities. As of 12/31/2012, the balance of this reserve fund was \$28,537,156.

- 1.3 A schedule of the annual amounts remaining to be collected for the LACBWR plant decommissioning is not included because no further amounts are scheduled to be collected.

A schedule of the annual amounts remaining to be collected for the LACBWR ISFSI decommissioning is not included because no further amounts are scheduled to be collected. Funds were placed in the DPC NDT specifically for ISFSI decommissioning during January 2013. The amount of funds accumulated in the DPC NDT for the LACBWR ISFSI decommissioning as of 01/31/2013 was \$1,669,124.

- 1.4 The assumptions used regarding rates of escalation in decommissioning costs, rates of earnings on decommissioning funds, and rates of other factors used in the funding projections are as follows:

- 1.4.1 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%

- 1.4.2 The DPC NDT investment earnings projections are:

- Equity Investments: 7.25%
- Money Market and Fixed Income Investments: 3.0% to 4.25%
- Real Investment Earnings: 2%

- 1.4.3 The current Board approved DPC NDT asset allocation goal is 30% to 60% in equity investments and the balance in fixed income investments.

- 1.5 There are no contracts upon which DPC is relying pursuant to paragraph (e)(1)(v) of 10 CFR 50.75.

- 1.6 There have been no modifications to DPC's method of providing financial assurance since the last submitted report.

- 1.7 There have been no changes to DPC's Nuclear Decommissioning Trust Agreement since the last submitted report.

2.0 **STATUS REPORTING IN ACCORDANCE WITH 10 CFR 50.82(a)(8)(v-vii)**

- 2.1 Funds spent to date for decommissioning the LACBWR plant are \$37,705,868 in year 2012 dollars. Table 1 provides information related to the cost of completed decommissioning activities.

TABLE 1			
ACTIVITY	YEAR	COST	2012 COST¹
Limited Dismantlement	1996	199,262	373,214
Limited Dismantlement	1997	81,780	147,281
Limited Dismantlement	1998	287,942	498,622
Limited Dismantlement	1999	288,244	479,947
Limited Dismantlement	2000	238,296	381,520
Limited Dismantlement	2001	559,116	860,733
Limited Dismantlement	2002	415,290	614,731
Limited Dismantlement	2003	565,579	804,995
Limited Dismantlement	2004	379,328	519,137
RPV and B/C Waste Removal	2005	3,729,985	4,908,406
RPV and B/C Waste Removal	2006	11,866,247	15,014,588
RPV and B/C Waste Removal	2007	8,531,106	10,379,395
Fuel Storage Rack Removal	2012	1,553,282	1,553,282
Post-Fuel Planning	2012	1,170,017	1,170,017
Cost of Decommissioning Completed as of 12/31/2012			\$37,705,868

¹2012 Cost based on original cost realized escalated annually by 4%.

The amount of funds accumulated in the DPC NDT as of 12/31/2012 for decommissioning of the LACBWR plant was \$84,169,789.

The amount of funds estimated to be required for the LACBWR plant decommissioning as of 12/31/2012 pursuant to 10 CFR 50.75(b) and (c) was \$116,854,400. Subtracting funds spent as of 12/31/2012 from the formula amount leaves the remainder of \$79,148,532. Funds accumulated in the DPC NDT as of 12/31/2012 exceeded the remainder of the required formula amount.

- 2.2 As of 12/31/2012, the site specific cost estimate to complete decommissioning of the LACBWR plant was \$71,625,134.

During 2012, the fuel storage racks in the spent fuel pool were removed and disposed of at a cost of \$1,553,282. The estimated cost of this activity from the 2010 Cost Study was \$362,695. This activity was completed prior to sealing the fifth and final dry storage canister. The difference in actual cost and estimated

cost can be attributed to contract labor, overtime costs, and that the activity was completed under the constraints of the cask loading project schedule.

As of 12/31/2012, decommissioning criteria for the LACBWR site have been assumed to be in accordance with 10 CFR 20.1402 for unrestricted use.

- 2.3 There have been no modifications to DPC's method of providing financial assurance since the last submitted report.
- 2.4 There have been no changes to DPC's Nuclear Decommissioning Trust Agreement since the last submitted report.
- 2.5 As of 12/31/2012, accumulated DPC NDT funds exceeded the current site-specific cost estimate for the LACBWR plant decommissioning. In addition, DPC maintains a contingency reserve fund for LACBWR activities. As of 12/31/2012, the balance of this reserve fund was \$28,537,156.
- 2.6 DPC's established 10 CFR 50.54(bb) spent fuel management funding plan is that ISFSI operating costs are funded from DPC's Operations & Maintenance (O&M) budget.
- 2.7 As of 12/31/2012, DPC has not projected the cost of managing irradiated fuel until title to the fuel and possession of the fuel is transferred to the Secretary of Energy because this cost is indeterminate. ISFSI operating costs are estimated to be \$2,000,000 per year and are funded from the O&M budget.
- 2.8 DPC has an established 10 CFR 50.54(bb) spent fuel management funding plan that was submitted to the NRC by letter LAC-13815 dated 09/26/2003 (ADAMS Accession No. ML032881008). An RAI from the NRC concerning the spent fuel management plan dated 12/11/2003 (ADAMS Accession No. ML033460186) was received. DPC provided a response to the RAI by letter LAC-13832 dated 03/02/2004 (ADAMS Accession No. ML040780310). Documentation of further communication from the NRC concerning the DPC spent fuel management plan is not available.

The DPC spent fuel management funding plan is described in Section 3.2, "Dry Cask Storage Cost Funding," of the LACBWR Decommissioning Plan/PSDAR (Revised November 2012, ADAMS Accession No. ML12354A076).