

BARBARA A. NICK
President and CEO



March 31, 2015

10 CFR 50.75(f)(2)
10 CFR 50.82(a)(8)

In reply, please refer to LAC-14333

DOCKET NO. 50-409 and 72-046

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)(2)
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 Robert Palmberg, Vice President, Generation, of my staff at 608-787-1483.

Sincerely,

Barbara A. Nick, President and CEO

BAN:DGE:tco

Attachment: 1) Decommissioning Funding Status Report for the La Crosse Boiling Water Reactor
March 31, 2015

NM5520
NM5526

cc w/Attachment: Marlayna Vaaler
Project Manager
U.S. Nuclear Regulatory Commission

Cynthia Pederson
Regional Administrator, Region III
U.S. Nuclear Regulatory Commission

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this 26th day of March, 2015, the above named, Barbara A. Nick, 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 5-25-18

LAURIE A. ENGEN
Notary Public
State of Wisconsin

**DECOMMISSIONING FUNDING STATUS REPORT
FOR THE
LA CROSSE BOILING WATER REACTOR
MARCH 31, 2015**

1.0 STATUS REPORTING IN ACCORDANCE WITH 10 CFR 50.75(f)(2)

- 1.1 The amount of funds estimated to be required for the LACBWR Plant decommissioning as of 12/31/2014 pursuant to 10 CFR 50.75(b) and (c) was \$124,383,000.

This formula decommissioning cost value is derived using guidance from NUREG-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 revised March 2013, the amount of funds required for the LACBWR ISFSI decommissioning was \$1,495,829 as of 12/31/14.

As of 12/31/2014, the cost of ISFSI decommissioning being carried on general ledger accounts was \$1,816,447.

- 1.2 The amount of funds accumulated in the DPC Nuclear Decommissioning Trust (DPC NDT) for the LACBWR Plant decommissioning as of 12/31/2014 was \$91,136,925.

The amount of funds accumulated in the DPC NDT for the LACBWR ISFSI decommissioning as of 12/31/2014 was \$1,816,783.

- 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.
- 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: 9.6%
- Money Market and Fixed Income Investments: 1.80%

- 1.4.3 The current Board approved DPC NDT asset allocation goal is 0% to 30% 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 \$49,614,754 in year 2014 dollars. Table 1 provides information related to the cost of completed decommissioning activities.

| TABLE 1 | | | |
|---|-------------|-------------|------------------------------|
| ACTIVITY | YEAR | COST | 2014 COST¹ |
| Limited Dismantlement | 1996 | 199,262 | 403,669 |
| Limited Dismantlement | 1997 | 81,780 | 159,299 |
| Limited Dismantlement | 1998 | 287,942 | 539,310 |
| Limited Dismantlement | 1999 | 288,244 | 519,111 |
| Limited Dismantlement | 2000 | 238,296 | 415,897 |
| Limited Dismantlement | 2001 | 559,116 | 930,968 |
| Limited Dismantlement | 2002 | 415,290 | 664,893 |
| Limited Dismantlement | 2003 | 565,579 | 870,683 |
| Limited Dismantlement | 2004 | 379,328 | 561,498 |
| RPV and B/C Waste Removal | 2005 | 3,729,985 | 5,308,932 |
| RPV and B/C Waste Removal | 2006 | 11,866,247 | 16,239,778 |
| RPV and B/C Waste Removal | 2007 | 8,531,106 | 11,226,353 |
| Fuel Storage Rack Removal | 2012 | 1,553,282 | 1,680,030 |
| Post-Fuel Planning | 2012 | 1,170,017 | 1,265,491 |
| Metal Removal | 2013 | 2,722,838 | 2,831,752 |
| Metal Removal/LTP Development | 2014 | 5,997,090 | 5,997,090 |
| Cost of Decommissioning Completed as of 12/31/2014 | | | 49,614,754 |

¹2014 Cost based on original cost realized escalated annually by 4%.

The amount of funds accumulated in the DPC NDT as of 12/31/2014 for decommissioning of the LACBWR Plant was \$91,136,925.

The amount of funds estimated to be required for the LACBWR Plant decommissioning as of 12/31/2014 pursuant to 10 CFR 50.75(b) and (c) was \$124,383,000. Subtracting funds spent as of 12/31/2014 from the formula amount leaves the remainder of \$74,768,246. Funds accumulated in the DPC NDT as of 12/31/2014 exceeded the remainder of the required formula amount.

2.2 As of 12/31/2014, the site specific cost estimate to complete decommissioning of the LACBWR Plant was \$84,492,763. This value is based upon the LACBWR Decommissioning & Decontamination Cost Study Update that was performed in March 2013 and adjusted for work completed in 2013 and 2014.

As of 12/31/2014, the cost of LACBWR Plant decommissioning being carried on general ledger accounts was \$86,119,483.

During 2014, the final shipments of waste materials from the Main Turbine and Generator were sent off-site for disposal, completing the total removal of those major components and closing them out from the cost accounting. Additional site activities concentrated on the reduction of the amount of hazardous materials on-site by focusing on asbestos and lead disposal. A decommissioning power loop was installed allowing the de-energization of the installed station power system and transformers. Removal of reactor auxiliary systems such as control rod drive mechanisms and the coolant purification system made up the bulk of the remaining work. On the process side of the project, the License Termination Plan project was started using Energy Solutions as a vendor. The actual cost of these decommissioning activities was \$5,997,090, \$337,663 greater than the estimated cost of \$5,659,427.

As of 12/31/2014, 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 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.
- 2.6 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.
- 2.7 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).

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 March, 2014, ADAMS Accession No. ML14079A352).