

MAINE YANKEE
321 Old Ferry Road, Wiscasset, Maine 04578

March 9, 2016
OMY-16-010
10 CFR 50.4
10 CFR 50.75(f)(1) and (2)
10 CFR 50.82(a)(8)(v) and (vi)

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

Maine Yankee Atomic Power Company
Maine Yankee Independent Spent Fuel Storage Installation
NRC License No. DPR-36 (NRC Docket No. 50-309)

Subject: Decommissioning Funding Assurance Status Report

On August 7, 1997, Maine Yankee Atomic Power Company (Maine Yankee) informed the USNRC that the Board of Directors of Maine Yankee had decided to permanently cease operations at the Maine Yankee Plant and that fuel had been permanently removed from the reactor (Reference 1). In accordance with 10 CFR 50.82(a)(2), the certifications in the letter modified the Maine Yankee license to permanently withdraw Maine Yankee's authority to operate the reactor. In 1998, Maine Yankee commenced decommissioning the power plant. On September 30, 2005, the NRC amended the Maine Yankee license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the Independent Spent Fuel Storage Installation (ISFSI) only (Reference 2). The only decommissioning activities that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to occur after the Department of Energy (DOE) removes the irradiated fuel and Greater than Class C (GTCC) waste.

In Attachment 1, Maine Yankee provides the attached Decommissioning Funding Assurance Status Report for the Maine Yankee ISFSI to comply with 10 CFR 50.75(f)(1) and (2) and 10 CFR 50.82(a)(8)(v) and (vi).

This letter contains no regulatory commitments.

NM5501

If you have any questions regarding this letter, please do not hesitate to contact me at (860) 267-6426 x304.

Respectfully,


Carla M. Pizzella
Vice President, Chief Financial Officer, and Treasurer

Attachment:

1. Decommissioning Funding Status Report for the Maine Yankee Independent Spent Fuel Storage Installation (Status as of 12/31/2015)

References:

1. Maine Yankee letter to USNRC, "Certifications of Permanent Cessation of Power Operation and Permanent Removal of Fuel from the Reactor," dated August 7, 1997
2. USNRC letter to Maine Yankee, "Issuance of Amendment No. 172, To Facility Operating License No. DPR-36 – Maine Yankee Atomic Power Station (TAC No. M8000)," dated September 30, 2005

cc: D. H. Dorman, NRC Region I Administrator
R. Powell, Chief, Decommissioning Branch, NRC, Region 1
J. Goshen, NRC Project Manager
P. Dostie, State of Maine, Nuclear Safety Inspector
J. Hyland, State of Maine, Manager Radiation Control Program

ATTACHMENT 1 TO OMY-16-010

**DECOMMISSIONING FUNDING STATUS REPORT FOR THE
MAINE YANKEE INDEPENDENT SPENT FUEL STORAGE INSTALLATION
(STATUS AS OF 12/31/2015)**

Attachment 1 to OMY-16-010
Decommissioning Funding Status Report for the
Maine Yankee Independent Spent Fuel Storage Installation
(Status as of 12/31/2015)

10 CFR Requirement	Response	Comment
10 CFR 50.75(f)(1) and (2) Requirements		
<p>1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c).</p>	<p>~\$21.6 million (in 2015 dollars)</p>	<p>10 CFR 50.75 provides the calculation basis for determining minimum amounts of funding required to demonstrate reasonable assurance of funds for decommissioning. However, the methodology does not take into consideration work that has already been completed. In 1998, Maine Yankee Atomic Power Company (Maine Yankee) commenced decommissioning the power plant. On September 30, 2005, the NRC amended the Maine Yankee license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to only that associated with the Maine Yankee Independent Spent Fuel Storage Installation (ISFSI). Thus, the only decommissioning activities and decommissioning funding requirements that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to occur after the Department of Energy (DOE) removes the irradiated fuel and Greater than Class C (GTCC) waste.</p> <p>On December 16, 2015, Maine Yankee provided a three-year update to the decommissioning funding plan for the Maine Yankee ISFSI in accordance with 10 CFR 72.30(c) that included a revised Decommissioning Cost Estimate (DCE) for the Maine Yankee ISFSI.</p>
<p>2. 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).</p>	<p>~\$29.6 million (as of 12/31/15)</p>	<p>Maine Yankee has established an account within its Nuclear Decommissioning Trust (NDT) entitled "ISFSI Radiological Decom" that segregates the funds for radiological decommissioning of the ISFSI from the larger balance of funds for ongoing management of irradiated fuel and GTCC waste held in the NDT. This market balance only reflects the funds in the segregated account for radiological decommissioning the ISFSI.</p>

**Attachment 1 to OMY-16-010
Decommissioning Funding Status Report for the
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(Status as of 12/31/2015)**

10 CFR Requirement	Response	Comment
<p>3. Schedule of the annual amounts remaining to be collected including amounts beyond those required in 10 CFR 50.75(e)(1)(i).</p> <p># Years to collect</p>	<p>\$0</p> <p>N/A</p>	<p>No additional comments.</p>
<p>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:</p> <p>Annual escalation rate,</p> <p>Annual after-tax earnings rate on decommissioning trust funds, and</p> <p>Other factors assumed.</p>	<p>2.5%</p> <p>4.5%</p> <p>None</p>	<p>No additional comments.</p>
<p>5. Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(A).</p>	<p>Yes</p>	<p>Maine Yankee may collect funds through its power contracts and amendatory agreements under Federal Energy Regulatory Commission (FERC) regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of Maine Yankee, including decommissioning costs. Such contracts have been filed with FERC.</p>
<p>6. Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.</p>	<p>None</p>	<p>No additional comments.</p>

**Attachment 1 to OMY-16-010
Decommissioning Funding Status Report for the
Maine Yankee Independent Spent Fuel Storage Installation
(Status as of 12/31/2015)**

10 CFR Requirement	Response	Comment
7. Any material changes to trust agreements.	None	No additional comments.
10 CFR 50.82(a)(8)(v) (A) through (D) Requirements		
1. The amount spent on decommissioning, both: cumulative and over the previous calendar year.	\$0 (Refer to Comment) \$0	<p>In 1998, Maine Yankee commenced decommissioning the power plant. On September 30, 2005, the NRC amended the Maine Yankee license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the ISFSI only. The only decommissioning activities that remain are those associated with the decommissioning of the Maine Yankee ISFSI, which is currently scheduled to occur after the DOE removes the irradiated fuel and GTCC waste.</p> <p>10 CFR 50.82(a)(8)(v) became effective on December 17, 2012. At that time, the only areas that were within the control of Operating License No. DPR-36 were those associated with the Maine Yankee ISFSI. Thus, Maine Yankee is only presenting the information associated with the decommissioning of the areas that remain within the control of Operating License No. DPR-36.</p> <p>Presently, Maine Yankee is storing irradiated fuel and GTCC waste on site until it is removed by the DOE. Decommissioning of the Maine Yankee ISFSI is currently scheduled to be completed in calendar year 2032, after the DOE removes the irradiated fuel and GTCC waste. Thus, the cumulative cost spent on decommissioning the Maine Yankee ISFSI is \$0, and the amount spent in calendar year 2015 is \$0.</p>
2. The remaining balance of any decommissioning funds.	\$29.6 million (as of 12/31/15)	Maine Yankee has established an account within its NDT entitled "ISFSI Radiological Decom" that segregates the funds for radiological decommissioning of the ISFSI from the larger balance of funds for ongoing management of irradiated fuel and GTCC waste held in the NDT. This market balance only reflects the funds in the segregated account for radiological decommissioning of the ISFSI.

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<p>3. The amount provided by other financial assurance methods being relied upon.</p>	<p>\$0</p>	<p>As of 12/31/15, Maine Yankee’s NDT account entitled “ISFSI Radiological Decom” has a balance sufficient to cover the estimated cost of the remaining radiological decommissioning of the ISFSI. However, if in the future, the balance in the account is not fully funded to cover the estimated cost of the remaining radiological decommissioning of the ISFSI, the Company has several methods of obtaining additional funds, if required, to cover projected costs.</p> <p>First, Maine Yankee may collect 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 Maine Yankee, including decommissioning. Pursuant to these power contracts, Maine Yankee has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.</p> <p>Second, Maine Yankee has received proceeds from the successful litigation of the first and second phases of its breach of contract damages claims against the DOE for failure to begin the removal of spent nuclear fuel (SNF) and GTCC waste from the site in 1998. Maine Yankee will continue to file claims against the DOE as long as the DOE continues to breach its contract obligations related to SNF and GTCC waste. To that end, in August, 2013 the Company filed a third round of claims against the DOE seeking damages for the years 2009 - 2012. The phase three trial was held on June 30 and July 1, 2015. Two rounds of post-trial briefings were completed on February 16, 2016, and an oral argument on the second round was held on February 19, 2016. The case is currently with the Judge for a decision. Each of the prospective claims will likely result in the receipt of proceeds that can be used to offset future costs, if required.</p> <p>Accordingly, Maine Yankee’s most recent FERC filing which was approved in June, 2013, implemented a fifteen year funding mechanism. Until the 2013 FERC filing, the Company had employed a “full funding” assumption in developing funding requirements. The fifteen year funding mechanism was put in place to incorporate the potential for the receipt of future DOE breach of contract damages as a source of</p>

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10 CFR Requirement	Response	Comment
		<p>funding as discussed above. If future damage recovery does not occur, the Company has the ability to apply to FERC for more funding, if necessary. The approved FERC filing also requires Maine Yankee to provide an information filing regarding the adequacy of funding if five years pass without receipt of damage awards from litigation with the DOE.</p> <p>Third, Maine Yankee expects to utilize the investment return on Decommissioning Trust assets as a funding source. The current assumed rate of investment return, after fees and taxes, is 4.5%.</p>
4. An estimate of the costs to complete decommissioning, reflecting any difference between actual and estimated costs for work performed during the year.	~\$21.6 million (in 2015 dollars)	On December 16, 2015, Maine Yankee provided a three-year update to the decommissioning funding plan for the Maine Yankee ISFSI in accordance with 10 CFR 72.30(c) that included a revised DCE for the Maine Yankee ISFSI.
5. The decommissioning criteria upon which the estimate is based.	10 CFR 20.1402	The assumptions regarding the decommissioning cost estimate are provided in the revised DCE for the Maine Yankee ISFSI provided on December 16, 2015.
6. Any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report.	None	No additional comment.
7. Any material changes to trust agreements or financial assurance contracts.	None	No additional comment.

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10 CFR Requirement	Response	Comment
10 CFR 50.82(a)(8)(vi) Requirement		
<p>1. Additional financial assurance required to cover the estimate cost of completion.</p>	<p>None</p>	<p>As of 12/31/15, Maine Yankee’s NDT account entitled “ISFSI Radiological Decom” has a balance sufficient to cover the estimated cost of the remaining radiological decommissioning of the ISFSI. However, if in the future, the balance in the account is not fully funded to cover the estimated cost of the remaining radiological decommissioning of the ISFSI, the Company has several methods of obtaining additional funds, if required, to cover projected costs.</p> <p>First, Maine Yankee may collect 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 Maine Yankee, including decommissioning. Pursuant to these power contracts, Maine Yankee has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.</p> <p>Second, Maine Yankee has received proceeds from the successful litigation of the first and second phases of its breach of contract damages claims against the DOE for failure to begin the removal of spent nuclear fuel (SNF) and GTCC waste from the site in 1998. Maine Yankee will continue to file claims against the DOE as long as the DOE continues to breach its contract obligations related to SNF and GTCC waste. To that end, in August, 2013 the Company filed a third round of claims against the DOE seeking damages for the years 2009 -2012. The phase three trial was held on June 30 and July 1, 2015. Two rounds of post-trial briefings were completed on February 16, 2016, and an oral argument on the second round was held on February 19, 2016. The case is currently with the Judge for a decision. Each of the prospective claims will likely result in the receipt of proceeds that can be used to offset future costs, if required.</p> <p>Accordingly, Maine Yankee’s most recent FERC filing which was approved in June, 2013, implemented a fifteen year funding mechanism. Until the 2013 FERC filing, the Company had employed a “full funding” assumption in developing funding requirements. The fifteen year funding mechanism was put in place to incorporate the</p>

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		<p>potential for the receipt of future DOE breach of contract damages as a source of funding as discussed above. If future damage recovery does not occur, the Company has the ability to apply to FERC for more funding, if necessary. The approved FERC filing also requires Maine Yankee to provide an information filing regarding the adequacy of funding if five years pass without receipt of damage awards from litigation with the DOE.</p> <p>Third, Maine Yankee expects to utilize the investment return on Decommissioning Trust assets as a funding source. The current assumed rate of investment return, after fees and taxes, is 4.5%.</p>