

Maine Yankee

321 OLD FERRY RD. • WISCASSET, ME 04578-4922

January 8, 2013

OMY-13-003

10 CFR 72.4 and 10 CFR 72.30

10 CFR 50.4 and 10 CFR 50.82

ATTN: Document Control Desk
Director, Division of Spent Fuel Storage and Transportation
Office of Nuclear Material Safety and Safeguards
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 Nos. 50-309 and 72-30)

Subject: Revised Independent Spent Fuel Storage Installation Decommissioning Funding Plan

On December 17, 2012, Maine Yankee Atomic Power Company (MY) provided a decommissioning funding plan, including a Decommissioning Cost Estimate (DCE), for the Maine Yankee Independent Spent Fuel Storage Installation (ISFSI). In the letter, MY identified the discovery of a discrepancy in an assumption utilized to calculate the concrete volume associated with the Vertical Concrete Casks (VCCs), and the need to revise the DCE for the Maine Yankee ISFSI to address the proper concrete volume associated with the VCCs. Via this letter, MY submits a revised decommissioning funding plan and revised DCE for the Maine Yankee ISFSI to address the identified discrepancy and satisfy the commitment made in the letter dated December 17, 2012, to submit a revised decommissioning funding plan by January 9, 2013. This letter and its enclosures supersede the December 17, 2012, letter and its enclosures in their entirety.

On June, 17, 2011, the U.S. Nuclear Regulatory Commission (NRC) published a final rule that amended its regulations regarding decommissioning planning, including changes to the information required to be contained in a licensee's DCE and the financial assurance requirements for ISFSI decommissioning funding. In accordance with 10 CFR 72.30(b), MY is providing to the NRC for review and approval a decommissioning funding plan for the Maine Yankee ISFSI. In the final rule, 10 CFR 50.82(a)(4)(i) was revised to include a requirement to incorporate a cost estimate for the management of irradiated fuel. To satisfy this new requirement, MY is providing a cost estimate for the costs of managing irradiated fuel and Greater than Class C (GTCC) waste.

MY complies with the requirements of 10 CFR 72.30(b)(1) through (b)(6), as follows.

10 CFR 72.30(b)(1) requires the licensee to provide "information on how reasonable assurance will be provided that funds will be available to decommission the ISFSI." In addition, 10 CFR 72.30(b)(4) requires the licensee to provide a description of the method of assuring funds for decommissioning from 10 CFR 72.30(e), including means for adjusting cost estimates and associated funding levels periodically over the life of the facility. MY has established an account within its Nuclear Decommissioning Trust (NDT) entitled, "ISFSI Radiological Decom," that segregates the funds for decommissioning of the ISFSI

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from the larger balance of funds for ongoing management of irradiated fuel and GTCC waste held in the NDT. Currently, the trust has sufficient funds to meet the revised DCE for the Maine Yankee ISFSI as provided in Enclosure 1.

MY is currently collecting funds through its power contracts and amendatory agreements under Federal Energy Regulatory Commission (FERC) regulations. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of Maine Yankee, including the cost of decommissioning and the costs for management of irradiated fuel and GTCC waste. Such contracts have been filed with FERC.

MY will periodically reassess the decommissioning cost estimate in accordance with 10 CFR 72.30(c). On a periodic basis, MY will submit rate cases to FERC that will include revised cost estimates for decommissioning and the management of irradiated fuel and GTCC waste. If necessary, additional funds may be recovered from the purchasers.

Also, MY successfully litigated the first of what will likely be several breach of contract damages claims against the Department of Energy (DOE) for failure to begin the removal of spent nuclear fuel (SNF) and GTCC waste from the site in 1998. The final appeal opportunity for the government to challenge the award of damages to MY in its first damages claim expired on December 4, 2012. A demand for payment to MY was submitted by the Department of Justice (DOJ) to the U.S. Treasury on November 26, 2012. MY has not yet received that payment. In accordance with MY's current FERC Settlement, these proceeds from the damages claim, net of taxes, may be added to the NDT to fund future decommissioning and irradiated fuel and GTCC waste management costs. Additional damages claims against the DOE relating to the government's breach of contract are expected to continue as long as the SNF and GTCC waste remain on site. No credit has been taken for the currently awarded damages or future damages regarding the establishment of funding for the costs associated with decommissioning the MY ISFSI or managing irradiated fuel and GTCC waste at the MY ISFSI.

10 CFR 72.30(b)(2) requires the licensee to provide a detailed cost estimate for decommissioning. Enclosure 1 provides a revised DCE for the Maine Yankee ISFSI that: 1) Assumes an independent contractor will perform the decommissioning activities in accordance with 10 CFR 72.30(b)(2)(i); 2) Includes an adequate contingency factor in accordance with 10 CFR 72.30(b)(2)(ii); and 3) Includes the cost of meeting the criteria for unrestricted release in accordance with 10 CFR 72.30(b)(2)(iii). In addition, the revised Maine Yankee ISFSI DCE specifically considered the effects of the events described in 10 CFR 72.30(c) on the costs of decommissioning and the extent of contamination. The revised Maine Yankee ISFSI DCE estimates the costs to decommission the Maine Yankee ISFSI to be \$22.1 million (in 2012 dollars).

10 CFR 72.30(b)(3) requires the licensee to identify and justify the key assumptions contained in the DCE. Enclosure 1 provides the revised DCE for the Maine Yankee ISFSI, including the key assumptions and the justification for their use.

10 CFR 72.30(b)(5) requires the licensee to define the volume of onsite subsurface material containing residual radioactivity that will require remediation to meet the criteria for license termination. No subsurface material is assumed to require remediation regarding radionuclides. This is justified because: 1) the ISFSI area was confirmed to be clean of radiological contaminants prior to the construction of the ISFSI; 2) the ISFSI area will be maintained clean of loose radiological contaminants during the storage period; 3) the irradiated fuel and GTCC waste are stored in sealed canisters; 4) nuclear activation of the VCCs, VCCs liners, and ISFSI are anticipated; the activation products will remain fixed during the storage period; and 5) if contamination of subsurface occurs during decommissioning activities, the

contamination is expected to remain below the decommissioning criteria of 25 millirem per year Total Effective Dose Equivalent.

10 CFR 72.30(b)(6) requires a certification that financial assurance for decommissioning has been provided in the amount of the cost estimate for decommissioning. Enclosure 2 provides the certification of financial assurance.

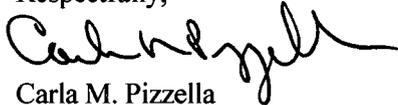
In the final rule published on June 17, 2011, 10 CFR 50.82(a)(4)(i) was revised to include a requirement to incorporate a cost estimate for the management of irradiated fuel. Enclosure 3 provides an estimate of the total costs associated with the Maine Yankee ISFSI, including the FERC approved cost estimate for the management of irradiated fuel and GTCC waste at the Maine Yankee ISFSI through calendar year 2023. It estimates the cost to manage the irradiated fuel and GTCC waste at the Maine Yankee ISFSI to be \$86.7 million (in 2013 dollars).

In accordance with 10 CFR 50.82(a)(4)(i), the revised DCE and the cost estimate for the management of irradiated fuel and GTCC waste at the Maine Yankee ISFSI will be incorporated into the Post-Shutdown Decommissioning Activities Report (PSDAR) following NRC approval. In addition, MY is planning to submit a revised cost estimate for management of the irradiated fuel and GTCC waste at the Maine Yankee ISFSI to FERC that will propose to extend the duration of storage of irradiated fuel and GTCC waste. Following FERC approval, the revised cost estimate and schedule for managing irradiated fuel and GTCC waste will be submitted to the NRC in accordance with 10 CFR 50.82(a)(7).

In March 2013, MY will meet the obligations defined in: 1) 10 CFR 50.75(f)(2) regarding the annual Decommissioning Funding Status Report; 2) 10 CFR 50.82(a)(8)(v) regarding a financial assurance status report of decommissioning funding; and 3) 10 CFR 50.82(a)(8)(vii) regarding the status of the funding for managing irradiated fuel.

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

Respectfully,



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

Enclosure

1. Decommissioning Study of the Maine Yankee Independent Spent Fuel Storage Installation
2. Certification of Financial Assurance
3. Total Costs Associated with the Maine Yankee ISFSI, including Cost Estimate for Managing Irradiated Fuel and GTCC Waste

Commitment: There are no new regulatory commitments in this letter.

References:

1. MY letter to NRC, "Decommissioning Funding Assurance Status Report – 10 CFR 50.75," dated March 27, 2012
2. MY letter to NRC, "Independent Spent Fuel Storage Installation Decommissioning Funding Plan," dated December 17, 2012

cc: W. M. Dean, NRC Region I Administrator
 M. S. Ferdas, Chief, Decommissioning Branch, NRC, Region 1
 J. Goshen, NRC Project Manager, Maine Yankee
 P. Dostie, State of Maine, Nuclear Safety Inspector
 J. Hyland, State of Maine, Manager Radiation Control Program

ENCLOSURE 1

DECOMMISSIONING STUDY OF THE MAINE YANKEE
INDEPENDENT SPENT FUEL STORAGE INSTALLATION

OMY-13-003

ENCLOSURE 2

CERTIFICATION OF FINANCIAL ASSURANCE

January 2013

CERTIFICATION OF FINANCIAL ASSURANCE

NRC Licensee:

Maine Yankee Atomic Power Company
Maine Yankee Independent Spent Fuel Storage Installation
NRC License No. DPR-36 (NRC Docket Nos. 50-309 and 72-30)
321 Old Ferry Road
Wiscasset, ME 04578-4922

Issued to: U.S. Nuclear Regulatory Commission

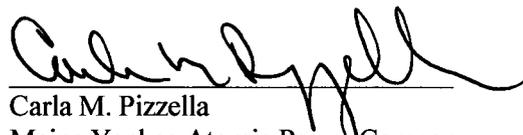
Certification:

I hereby certify that Maine Yankee Atomic Power Company is the licensee for the Maine Yankee Independent Spent Fuel Storage Installation (Maine Yankee ISFSI) and that I, the undersigned, am authorized to provide this Certification of Financial Assurance with respect to the radiological decommissioning of the Maine Yankee ISFSI.

During the operation of this ISFSI, spent nuclear fuel and Greater than Class C waste will be stored at the Maine Yankee ISFSI in storage casks licensed under 10 CFR 72. Pursuant to contracts with the Department of Energy the spent fuel and associated casks will ultimately be removed from the ISFSI location, and Maine Yankee will dispose of other radiological waste in accordance with NRC regulations, at which time the Maine Yankee ISFSI will be decommissioned in accordance with NRC regulations.

I further certify that financial assurance in an amount sufficient to fund Maine Yankee ISFSI radiological decommissioning at the time of such decommissioning has been provided, pursuant to 10 CFR 72.30, as described in Enclosure 1 to the letter to which this Certification is attached. That radiological decommissioning funding assurance is premised on a site-specific decommissioning cost estimate and funding methodology described therein, in the amount of:

Maine Yankee ISFSI \$ 22.1 million (inclusive of contingency)



Carla M. Pizzella
Maine Yankee Atomic Power Company
Vice President, Chief Financial Officer, and Treasurer
Phone (860) 267-6426 x304

Corporate Seal

Date 1-8-13

ENCLOSURE 3

TOTAL COSTS ASSOCIATED WITH THE MAINE YANKEE ISFSI, INCLUDING COST ESTIMATE
FOR MANAGING IRRADIATED FUEL AND GTCC WASTE

Maine Yankee Atomic Power Company
Irradiated Fuel & GTCC Waste Management and ISFSI Decom Estimate
Represented in 2013 Dollars

FERC Summary	Data											2013 - 2023	
	Sum of 2013	Sum of 2014	Sum of 2015	Sum of 2016	Sum of 2017	Sum of 2018	Sum of 2019	Sum of 2020	Sum of 2021	Sum of 2022	Sum of 2023		
Contingency	\$429,920	\$404,170	\$411,670	\$437,270	\$436,670	\$387,920	\$411,670	\$405,770	\$1,252,363	\$0	\$409,020	\$4,986,442	
Insurance	\$464,500	\$464,500	\$464,500	\$464,500	\$464,500	\$464,500	\$464,500	\$464,500	\$464,500	\$0	\$791,100	\$4,971,600	
Labor - Non-Manual	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,712,250	\$1,757,250	\$0	\$629,500	\$16,084,750
Labor - Security	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$2,111,000	\$0	\$0	\$18,999,000
Materials & Supplies	\$112,547	\$85,547	\$85,547	\$97,547	\$85,547	\$85,547	\$85,547	\$85,547	\$97,547	\$85,547	\$0	\$17,500	\$838,423
Miscellaneous	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$0	\$54,000	\$999,000
Outside Services - A&G	\$570,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$0	\$410,000	\$5,140,000
Outside Services - Fuel Loading	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,880,000	\$0	\$0	\$2,880,000
Outside Services - ISFSI OP's	\$743,000	\$1,005,000	\$905,000	\$1,655,000	\$1,655,000	\$680,000	\$655,000	\$775,000	\$655,000	\$0	\$75,000	\$8,803,000	
Outside Services - Legal	\$900,000	\$200,000	\$450,000	\$200,000	\$200,000	\$200,000	\$700,000	\$450,000	\$200,000	\$0	\$1,300,000	\$4,800,000	
Outside Services - NON-RAD D&D of ISFSI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,769,031	\$0	\$4,769,031	
Outside Services - RAD D&D of ISFSI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,175,000	\$15,477,852	\$0	\$22,652,852	
Property Taxes	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$1,003,100	\$0	\$203,100	\$9,231,000
Regulatory Fees	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$1,222,000	\$0	\$585,000	\$7,943,000	
Utilities	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$150,000	\$0	\$25,000	\$1,055,000	
Grand Total	\$9,028,317	\$8,487,567	\$8,645,067	\$9,182,667	\$9,170,067	\$8,148,317	\$8,645,067	\$8,521,167	\$19,580,760	\$20,246,882	\$4,499,220	\$114,153,097	

Note 1: The cost of management of irradiated fuel and GTCC waste is calculated as follows:

\$114,153,097 Grand Total from Above
(\$4,769,031) Non-Rad D&D ISFSI
(\$22,652,852) Rad D&D ISFSI
\$86,731,215 Management of Irradiated Fuel and GTCC Waste

Note 2: The cost of RAD and NON-RAD D&D of the ISFSI in 2013 dollars as provided in the columns labeled "Sum of 2021" and "Sum of 2022" is derived by escalating the value of the cost estimates provided in Enclosure 1 by 2.5%.