



# CONNECTICUT YANKEE ATOMIC POWER COMPANY

HADDAM NECK PLANT  
362 INJUN HOLLOW ROAD • EAST HAMPTON, CT 06424-3099

March 23, 2016  
CY-16-012  
10 CFR 50.4  
10 CFR 50.82(a)(8)(vii)

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

Connecticut Yankee Atomic Power Company  
Haddam Neck Plant Independent Spent Fuel Storage Installation  
NRC License No. DPR-61 (NRC Docket No. 50-213)

Subject: Funding Status Report for Managing Irradiated Fuel and GTCC Waste

On December 5, 1996, Connecticut Yankee Atomic Power Company (CYAPCO) informed the USNRC that the Board of Directors of CYAPCO had decided to permanently cease operations at the Haddam Neck 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 CYAPCO license to permanently withdraw CYAPCO's authority to operate the reactor. In 1996, CYAPCO commenced decommissioning the power plant. On November 26, 2007, the NRC released most of the formerly licensed land for unrestricted use, shrinking the licensed land to that utilized to support the Independent Spent Fuel Storage Installation (ISFSI) only (Reference 2). Presently, CYAPCO is storing irradiated fuel and Greater than Class C (GTCC) waste on site until the Department of Energy (DOE) satisfies its contractual obligations to take title and possession of the spent fuel and GTCC waste and remove them from the site.

In Attachment 1, CYAPCO provides the attached Funding Status Report for Managing Irradiated Fuel and GTCC Waste at the Haddam Neck Plant ISFSI to comply with 10 CFR 50.82(a)(8)(vii).

This letter contains no regulatory commitments.

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

NM5501

**Attachment:**

1. Funding Status Report for Managing Irradiated Fuel and GTCC Waste at the Haddam Neck Plant Independent Spent Fuel Storage Installation (Status as of 12/31/2015)

**References:**

1. CYAPCO letter to USNRC, "Haddam Neck Plant Certifications of Permanent Cessation of Power Operation and that Fuel Has Been Permanently Removed from the Reactor Vessel," dated December 5, 1996
2. USNRC letter to CYAPCO, "Haddam Neck Plant - Release of Land from Part 50 License," dated November 26, 2007

cc: D. H. Dorman, NRC Region I Administrator  
R. Powell, Chief, Decommissioning Branch, NRC, Region 1  
J. Goshen, NRC Project Manager  
J. Semancik, Director, CT DEEP, Radiation Division

ATTACHMENT 1 TO CY-16-012

FUNDING STATUS REPORT FOR THE MANAGING OF IRRADIATED FUEL AND GTCC WASTE  
AT THE HADDAM NECK PLANT INDEPENDENT SPENT FUEL STORAGE INSTALLATION  
(STATUS AS OF 12/31/2015)

**Attachment 1 to CY-16-012**  
**Funding Status Report for the Managing of Irradiated Fuel and GTCC Waste at the**  
**Haddam Neck Plant Independent Spent Fuel Storage Installation**  
**(Status as of 12/31/2015)**

| 10 CFR Requirement  | Response  | Comment   |
|---|---|---|
| <b>10 CFR 50.82(a)(8)(vii) Requirements</b>   |   |   |
| 1. The amount of funds accumulated to cover the cost of managing the irradiated fuel.   | ~\$293.0 million (as of 12/31/15)                 | Connecticut Yankee Atomic Power Company (CYAPCO) has established an account within its Nuclear Decommissioning Trust (NDT) entitled, "ISFSI Radiological Decom" that segregates the funds for decommissioning of the Haddam Neck Plant Independent Spent Fuel Storage Installation (ISFSI) from the larger balance of funds for ongoing management of irradiated fuel and Greater than Class C (GTCC) waste, and the pre-1983 Department of Energy (DOE) Spent Fuel Obligation held in the NDT. The market balance represented here as of 12/31/2015 excludes the funds set-aside for decommissioning the ISFSI.  |
| 2. The projected cost of managing irradiated fuel until title to the fuel and possession of the fuel is transferred to the Secretary of Energy. | ~\$208.2 million (2016 – 2033*) (In 2015 dollars) | This is based on information provided in Revision 5 of the Haddam Neck Plant Post-Shutdown Decommissioning Activities Report, and the Decommissioning Funding Plan submitted to the NRC on December 14, 2015.<br><br>* Currently, the irradiated fuel and GTCC waste are scheduled to be removed from the site by 2031, with decommissioning, license termination, and business closure occurring after that time period.   |
| 3. If the funds accumulated do not cover the projected cost, a plan to obtain additional funds to cover the cost.                               | See Comment                                       | The Company has several methods of obtaining additional funds to cover projected costs.<br><br>First, CYAPCO 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 CYAPCO, including the ongoing costs of managing irradiated fuel and GTCC waste, and the costs associated with CYAPCO's pre-1983 DOE Spent Fuel Obligation. Pursuant to these power contracts, CYAPCO has the ongoing ability to seek collections from its purchasers for additional funds that may be required to cover these costs.<br><br>Second, CYAPCO 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. |

**Attachment to CY-16-012**  
**Funding Status Report for the Managing of Irradiated Fuel and GTCC Waste at the**  
**Haddam Neck Plant Independent Spent Fuel Storage Installation**  
**(Status as of 12/31/2015)**

| 10 CFR Requirement | Response | Comment  |
|--------------------|----------|--|
|                    |          | <p>CYAPCO 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, CYAPCO'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 funding. 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 CYAPCO 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, CYAPCO expects to utilize the investment return on Decommissioning Trust assets to offset future costs. The current assumed rate of investment return, after fees and taxes is 4.5%.</p> |