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April 25, 2017

MEMORANDUM

TO: Senator David Woodsome, Chair
Representative Seth Berry, Chair
Joint Standing Committee on Utilities, Energy and Technology

FROM: Mary C. Mayhew, Commissioner
Department of Health and Human Services

SUBJECT: 2016 Report of Oversight Activities and 2017 Budget of the Interim Spent Fuel Storage Facility Oversight Fund.

Legislation enacted in the spring of 2008 requires the Radiation Control Program in the Department of Health and Human Services to provide an annual summary review of activities conducted regarding the public health and safety of the interim spent fuel storage facility and timely performance of the US. Department of Energy regarding the removal of spent fuel. The report must be submitted annually to the Joint Standing Committee on Utilities, Energy and Technology by February 15.

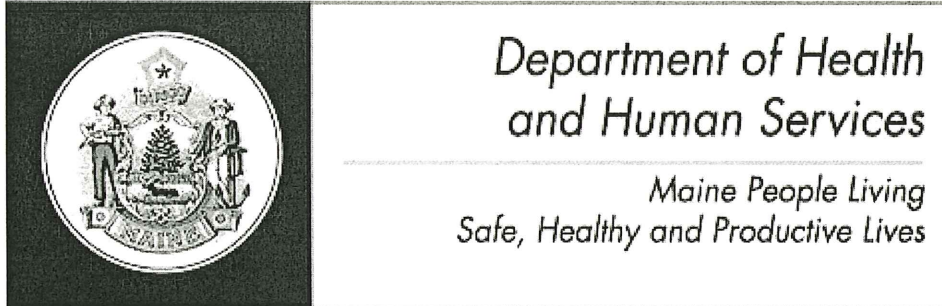
The enclosed report provides the information required under Title 22 of the Maine Revised Statutes §670, as enacted under Public Law, Chapter 539, in the second regular session of the 123rd Legislature.

Should you have questions about its content, please feel free to contact Mr. Jay Hyland, P.E., Program Manager, Radiation Control Program, at 287-5677.

MCM/klv

Enclosure

cc: Kathleen Newman, Deputy Chief of Staff, Governor's Office
Sheryl Peavey, COO, Maine Center for Disease Control and Prevention
Paul Mercer, Commissioner, Department of Environmental Protection
Eric Bryant, Maine Office of the Public Advocate
Lt. Scott Ireland, Department of Public Safety
J. Stanely Brown, Maine Yankee Atomic Power



Paul R. LePage, Governor

Mary C. Mayhew, Commissioner

2016 Report of Oversight Activities and Funding

of the
The Interim Spent Fuel Storage Facility Oversight Fund

prepared for
Joint Standing Committee on Energy, Utilities and Technology

Pursuant to 22 MRSA §670

March 17, 2016

2016 Report of Oversight Activities and Funding
of the
The Interim Spent Fuel Storage Facility Oversight Fund

EXECUTIVE SUMMARY

The Radiation Control Program, Maine CDC, DHHS has prepared the following report which details the costs and activities conducted under the Interim Spent Fuel Storage Facility Oversight Fund (the Fund) for calendar year 2016. The reporting parties are the Department of Health and Human Services, the Department of Environmental Protection, the Office of Public Advocate, the Department of Public Safety and Maine Yankee (the Oversight Group). Each of the organizations represented on the group has reported their specific activities over the year. The Oversight group proposes that it should bill Maine Yankee only for the necessary funding to provide proper oversight, up to the statutory limit as defined in 22 MRS §669.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Radiation Control Program, Maine CDC

The Oversight Group is tasked with State oversight of the Independent Spent Fuel Storage Installation (ISFSI) which is the facility in Wiscasset where all the spent nuclear fuel (SNF) and greater than class C (GTCC) radioactive waste from the decommissioned Maine Yankee plant are stored. The Fund is a non-lapsing state fund paid by Maine Yankee in quarterly installments as established by 22 MRS §668.

The Maine CDC's Radiation Control Program (RCP) was charged with the financial oversight of the Fund and for holding regular meetings of the Oversight Group as defined in 22 MRS §670. The Oversight Group met four times during 2016 (January 12, April 12, July 15, October 11).

The RCP's Program Manager performed the following activities that are budgeted to account for 17% of his time:

- Reviewing the State Nuclear Safety Inspector's monthly reports and annual report.
- Conducting billing and disbursement of Fund monies in accordance with the budget.
- Participating in bi-weekly conference calls with the Nuclear Waste Strategy Coalition.
- Participating in quarterly conference calls regarding the Federal Energy Regulatory Commission rate case settlements and interim spent fuel storage alternatives.
- Attending the annual meeting with Maine Yankee Citizen's Advisory Panel.
- Preparation of the Annual Report to Legislature of the Oversight Group.
- Attending quarterly meetings of the Oversight Group.
- Maintaining the RCP's website.
- Reviewing quarterly environmental radiation samples for the monitoring of environmental contamination and exposure at the Maine Yankee site and other background locations.

The State Nuclear Safety Inspector, whose salary is paid by the Fund, reimbursed the Fund for time spent assisting the x-ray inspection program, and is included in the income column on the budget sheet, attached to the end of this report, referenced as

“REIMBURSEMENT FROM OTHER PROGRAM.” The State Nuclear Safety Inspector’s vacation and sick time earned, but not taken after 2014 will remain in the Fund up to the maximum limit of accrued time until it is used.

Office of Nuclear Safety

The State Nuclear Safety Inspector (SNSI) was established by Title 22 Chapter 159-A. This chapter also required the SNSI to provide monthly reports, an annual report of activities, and an annual report regarding revenues and expenditures to the Legislature. The monthly reports and the annual activities reports can be found at: www.maineradiationcontrol.org.

The State Nuclear Safety Inspector performed the following activities during 2016:

Legislative Mandates

- Submitted monthly activities reports to the Legislature for management review for the months of November through December 2015 and January through November of 2016 on SNSI activities at the Maine Yankee site. Revised monthly report format commencing with November 2016 report.
- Participated in the quarterly meetings of the oversight group overseeing the Maine Yankee site.
- Submitted the annual accounting report of all revenues received and disbursed from the Interim Spent Fuel Storage Facility Oversight Fund to the Joint Standing Committee of the Legislature having jurisdiction.
- Provided current and projected activities’ reports for inclusion in the Radiation Control Program’s Annual Oversight and Funding Report to the Joint Standing Committee of the Legislature.
- Submitted SNSI’s 2015 Annual Activities Report.

Radiological Environmental Monitoring Program

- Maintained the consolidation of the Maine Yankee environs, ISFSI and Bailey Cove programs into one environmental radiation surveillance program monitoring the ISFSI.
- Performed quarterly Thermo-Luminescent Dosimetry (TLD) field replacements around the ISFSI to measure ambient radiation levels.
- Maintained on-going assessment program to better quantify the impact of transit and storage exposures associated with the State’s TLDs employed around the ISFSI. Discussions undertaken with the vendor that processes the State’s environmental radiation dosimeters to minimize storage impacts and determine storage exposure for control badges in the steel vault at the Health and Environmental Testing Laboratory.

Independent Spent Fuel Storage Installation (ISFSI)

- Reviewed shift, security status reports on the ISFSI’s daily operations.
- Attended and observed security shift turnover briefs.
- Participated in the annual Emergency Plan training and exercise.
- Maintained training and background checks for site and security clearance access and safeguards qualifications for security sensitive information.

- Observed and participated in the U.S. Nuclear Regulatory Commission's biennial inspection of the Maine Yankee storage facility.
- Observed and participated in Maine Yankee's three day cask lid lift and robotic demonstration project.
- Provided an annual update of the State's activities to local representatives on the Maine Yankee Community Advisory Panel.
- Reviewed and commented, when appropriate, on Maine Yankee submittals to the U.S. Nuclear Regulatory Commission on exemption requests to their regulations, Emergency Plan, Off-Site Dose Calculation Manual, Annual Radiological Environmental Operating Report, Annual Effluent Release Report, Annual Decommissioning Funding Assurance Status Report, Annual Special Nuclear Material Report and Annual Individual Monitoring Report on personnel exposure.

Other Noteworthy Activities

- Participated in quarterly Federal Energy Regulatory Commission rate case settlement briefings on the litigation status of Maine Yankee's, Connecticut Yankee's and Yankee Rowe's (Massachusetts) lawsuits against the U.S. Department of Energy.
- Attended the Department of Energy's (DOE) annual National Transportation Stakeholders Forum (NTSF) as the State's representative. The Forum is the main mechanism by which DOE communicates and collaborates with states and tribes on the Department's shipments of radioactive wastes and materials.
- Published article in the Department of Energy's national NTSF newsletter on Maine Yankee's cask lid lift and robotic demonstration project.
- Represented the State at the semi-annual and annual meetings of the Northeast High Level Radioactive Waste Transportation Task Force (NEHLRWTTF), an affiliate of the Council of State Governments, Eastern Regional Conference, and briefed counterparts on the state's radiological activities.
- Observed several DOE webcasts on public meetings soliciting public input to a national consent-based siting process for the consolidated interim storage and geologic disposal of spent nuclear fuel and high-level radioactive wastes.
- Attended DOE's informational meeting on consent-based siting with Wiscasset officials and residents.
- Observed the Bipartisan Policy Center's webcast on moving forward with consent-based siting for nuclear facilities.
- Participated in several conference calls as one of two representatives from the NEHLRWTTF to the 180 (c) Interregional Team, which encompasses four national regional groups. The Team's purpose is to formalize state recommendations to DOE on procedures implementing Section 180 (c) of the Nuclear Waste Policy Act to include the development of a national funding allocation formula governing technical assistance to states and tribes for training public safety officials on safe transportation and emergency response functions on spent fuel shipments within their borders. The Team has worked on a Policy Implementation Exercise with DOE to better formulate the states' funding needs for training local responders.
- Participated in several conference calls and webinars of the NTSF Information and Communications Working Group. Presently, DOE is relying on the Working Group

to develop protocols on a national quarterly newsletter for Forum and comment on informational material for shipping high-level and low-level radioactive wastes prior to their dissemination to the public.

- Participated in conference calls, webinars of the NTSF Rail/Routing Working Group on spent nuclear fuel rail shipments. Also commented on meeting summaries, work plans, and issue papers. Discussed the scope of federal and state inspections of spent fuel shipments, derailment information, route selection criteria, prioritization of trains, dispatching of trains over lines, handoffs between dispatchers, interchange between carriers, and the Federal Railroad Administration safety compliance oversight plan.
- Participated in bi-monthly Nuclear Waste Strategy Coalition conference calls on the national and congressional issues raised with the Obama Administration's opposition to the geologic repository at Yucca Mountain in Nevada and the de facto imposition of long term storage of spent nuclear fuel and high level waste at existing operating and decommissioned reactor sites.
- Participated in periodic conference calls as an advisor to the national Conference of Radiation Control Program Director's Committee on Low Level Radioactive Waste Management.

State Nuclear Safety Inspector Projected Activities for 2017

1. Complete the annual oversight fund report to the Legislature.
2. Provide an annual activities summary to the Radiation Control Program for inclusion in the Program's annual report to the Legislature.
3. Provide an annual report to the Legislature on the State Nuclear Safety Inspector's activities for the previous calendar year.
4. Submit monthly reports to the Legislature and other interested parties.
5. Develop a more detailed tracking system on invoices to better reflect actual expenditures.
6. Review daily security operations reports from the ISFSI for trends, issues, condition reports, etc.
7. Review and comment, if appropriate, on Maine Yankee's five annual reports to the U.S. NRC or any other correspondence with the NRC.
8. Attend and observe security shift debriefs.
9. Issue the Confirmatory Summary Report.
10. Participate in the biennial NRC inspection of the ISFSI, or any other NRC inspection.
11. Participate in the annual Maine Yankee emergency plan training and exercise.
12. Provide an annual update to local representatives on the Maine Yankee Community Advisory Panel on the State's activities.
13. Advise senior state officials on any spent fuel storage issues that may impact public health and safety.
14. Maintain an appropriate independent environmental surveillance program of the Maine Yankee environs and assess public health impact from ISFSI operations.
15. Complete the neutron survey of the ISFSI environs and provide a summary of the State's results to Maine Yankee.
16. Act as the State's radiation expert to the Department of Environmental Protection on radiation issues.

17. Serve as state representative to the Council of State Governments Eastern Regional Conference's NEHLRWTF on spent fuel and high level waste shipments.
18. Participate in the NTSF Section 180(c) Working Group on state funding allocation plan for emergency preparedness training and preparation for local responders to spent fuel shipments.
19. Participate in the NTSF's Information and Communications Working Group on transportation of spent fuel shipments and public outreach.
20. Participate in the NTSF's Rail and Routing Working Group on shipping spent nuclear fuel.
21. Participate in the Energy Department's public outreach on Consent-Based Siting for interim consolidated storage or geologic disposal of spent nuclear fuel.
22. Continue as a national advisor to the Conference of Radiation Control Program Director's Committee on Low-Level Radioactive Waste Management.
23. Remain current on national and international research efforts on the storage and disposition of spent nuclear fuel.
24. Assess the appropriateness of maintaining the State's two solar powered environmental radiation detectors on Bailey Point and the old west Forebay Dike.
25. Dispose the remaining twelve decommissioning soil samples in storage to an appropriate hazardous waste facility.
26. Ensure all the data, analyses and reports issued by the State's decommissioning consultant are captured in a retrievable format for archiving.
27. Collaborate with State Archives in developing a storage and retrieval system for historical operating and decommissioning information on Maine Yankee.
28. Forward appropriate State Nuclear Safety Inspector's files (several hundred boxes) to State Archives.
29. Request from Maine Yankee gamma survey information on the in-core instrument sump and surveyed buildings and appropriate ISOCS information for remediation or final status release.
30. Complete printing and binding of all photos of the Maine Yankee decommissioning.
31. Evaluate the distribution of radioactive environmental contaminants from the site characterization and marine sediment/tidal study samples.
32. Consider developing a timetable for issuing special technical summary reports covering historical operational and decommissioning events at Maine Yankee.
33. Consider developing a review schedule for Maine Yankee's final status survey release reports and engineering calculations.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Resource Conservation and Recovery Act (RCRA) Chemical Sampling of Groundwater

This monitoring program started in September 2005 and is scheduled to terminate 30 years from that date. Baseline monitoring was conducted from 23 wells (reduced to 21 wells after June 2008) on a quarterly basis during the months of September, December, March and June for a three year period that ended with the submittal of the *Third Annual Report of Groundwater Monitoring of Bailey Point, September 2007 – June 2008, With Three-Year Monitoring Overview and Trend Analysis, Wiscasset, Maine, December 16, 2008*. Additional chemical monitoring is to be conducted three times per year every fifth year until 2033, and three times per year for the final two years (2034 and 2035). The RCRA groundwater

monitoring event at Maine Yankee occurred during the period October 2013 to September 2014. The monitoring report, *Fifth Year Groundwater Monitoring Report of Bailey Point, October 2013-September 2014 with Baseline Monitoring Overview and Trend Analysis, Wiscasset, Maine, Revision 0, January 26, 2015* has been submitted to the Department and has been reviewed.

Maine Yankee proposed changes to their RCRA monitoring plan in a document titled *Maine Yankee Groundwater Monitoring Review and Proposed Plan Revisions, Bailey Point, Wiscasset, Maine, June 19, 2015*. The Department reviewed the proposal, and based on Maine Yankee's Consent Order, developed a counterproposal that has been reviewed by Maine Yankee's consultant, Robert G. Gerber. Final agreement was reached on February 26, 2016. Approved modifications of groundwater monitoring included abandoning 14 wells (completed in 2016) and continued monitoring of remaining wells. The remaining wells were strategically chosen to optimally monitor the remaining contamination.

Maine Yankee has submitted modifications to the Quality Assurance Project Plan in December which describes the acquisition of environmental information whether generated from direct measurements activities, collected from other sources, or compiled from computerized databases and information systems. The modifications are with the Department and under review.

Anticipated Activities

Project Manager (Kyle Jellison): Project orientation, attend meetings, coordinate communications with Department staff, Maine Yankee personnel and DHHS, coordinate review of technical data by Department staff, monitor financial accounts, prepare correspondence.

Project Geologist (Rob Peale): Review and comment on groundwater monitoring issues.

Project Chemist (Kelly Perkins): Review and comment on technical issues. Monitor quality assurance for analytical data.

Database Manager (Tracy Krueger): Configure analytical data for the Department's EGAD database.

Environmental Supervisor (Chris Swain): Project orientation, assist Project Manager.

Division Director (David Wright): Assist Environmental Supervisor and Project Manager.

Clerical Support (varied): Clerical personnel support for copying, mailing, phone communications.

OFFICE OF THE PUBLIC ADVOCATE

Maine Public Utilities Commission Stranded Cost Proceedings

In 2016, Maine Yankee took actions that have resulted in the expected return of millions of dollars to ratepayers of Central Maine Power (CMP) and Emera Maine. As detailed in [Maine Yankee's portion of this Report], there are two sources of funds that are being returned to ratepayers – the proceeds of the Phase III DOE litigation award and the funds resulting from the dissolution of the Spent Fuel Trust.

Central MainePower

In October, CMP filed with the Maine Public Utilities Commission a stranded cost case in which it proposed to return to its ratepayers the following amounts:

| Central Maine Power share | |
|--|--------------|
| Maine Yankee Phase III proceeds | \$ 1,368,336 |
| Maine Yankee Spent Fuel Trust Proceeds | \$21,473,547 |
| Total | \$22,841,882 |

In its filing, CMP proposes that these amounts be returned to its customers in one year.¹ It is possible that the timing and period over which these funds are dispersed could change as a result of litigation and negotiation among the parties to the case (the Office of the Public Advocate is a party). Spreading this rate reduction over more than one year or starting the rate reduction at a different time than CMP has proposed are both possible outcomes of this process. As of the time of this writing, that process was underway but not yet resolved.

Emera Maine

Emera Maine was formed when two utilities, Bangor Hydro Electric and Maine Public Service, merged. Each of these utilities were owners of Maine Yankee, and their ownership interests now rest with Emera Maine. In November, Emera Maine filed its stranded cost case at the Commission and is seeking to return to the ratepayers who reside in these separate districts their portion of the proceeds in the following amounts.

| Maine Public District share | |
|--|-------------|
| Maine Yankee Phase III proceeds | \$ 180,000 |
| Maine Yankee Spent Fuel Trust Proceeds | \$2,830,000 |
| Total | \$3,010,000 |

| Bangor Hydro District share | |
|--|-------------|
| Maine Yankee Phase III proceeds | \$ 252,000 |
| Maine Yankee Spent Fuel Trust Proceeds | \$3,960,000 |
| Total | \$4,212,000 |

Emera is proposing that these amounts be returned to its ratepayers in their respective districts in one year. It is possible that through litigation or negotiation that the timing and the period

¹ There is an exception to this with CMP's large industrial customers. If this entire rate reduction were returned in one year, their rates would be negative, and CMP has indicated that its billing system is not designed to handle negative rates. This is being discussed by the Commission Staff, CMP and the parties to the case.

over which this occurs might change. The Office of the Public Advocate is a party to the case. As of the time of this writing, that case was underway but not yet resolved.

DEPARTMENT OF PUBLIC SAFETY

In 2016, the State Police and Maine Yankee facility personnel continued to maintain and improve their relationship through intelligence sharing initiatives.

On October 19, 2016, the Maine State Police Tactical Team and Crisis Negotiation Team conducted a joint exercise with ISFSI security personnel. The training day began with a safety brief for all involved. Members of the security team then role played as aggressors in a small scale attack scenario on the plant, while members of the Crisis Negotiation Team and Tactical Team began working toward a solution to the scenario. The scenario consisted of four (4) armed individuals that breached the interior property of the plant and threw an improvised explosive device (IED), damaging one of the casks containing nuclear material. The actors then stormed into the security area, forcing security personnel to barricade themselves inside the facility. Crisis Negotiation Team members began to work the problem, establishing contact with one of the actors and having dialogue by telephone. Tactical Team members began arriving and set up a perimeter around the security building area where the actors were positioned. Once locked down, through communication and negotiation with the aggressors, they agreed to come out of the facility and were taken into custody without incident by the Tactical Team's Reactionary Team. A de-brief of the incident was attended and discussed by all present during the drill. Ideas on how to improve communications were discussed and an overall discussion about the drill itself was completed.

The Department of Public Safety is following the equipment replacement plan that was developed and approved by the Oversight group and using funding designated for this purpose from the Fund. This plan is used to support and maintain the tactical response capability of the Tactical Team. The plan details the periodic equipment purchases that are necessary to replace outdated equipment that no longer provides the protection to the wearer due to its finite shelf life. This replacement cycle includes only equipment that is directly related to the protection of public health and safety in the event that the State Police respond to an incident at the ISFSI.

The Maine Information and Analysis Center (MIAC) as Maine's designated Fusion Center continues to monitor classified and unclassified intelligence and threat streams and can identify items that may affect Maine Yankee. This information is shared with Maine Yankee when appropriate. Periodic updates are provided at quarterly meetings on issues that impact Maine. This cooperation and teamwork will enhance our relationship going forward.

Representatives of the MIAC continue to attend the Maine Yankee Oversight Group quarterly meetings. This partnership will continue to grow and mature as staff members become more experienced and relationships continue to develop at both facilities.

MAINE YANKEE ATOMIC POWER COMPANY

Spent Nuclear Fuel Removal: the Federal Government's Obligation

As required by contract and the Nuclear Waste Policy Act (NWPA), the U.S. Department of Energy (DOE) was to begin removing spent nuclear fuel (SNF) and Greater than Class C

waste (GTCC waste) from Maine Yankee by the end of January 1998. As a Nuclear Regulatory Commission (NRC) licensee it is Maine Yankee's responsibility to safely and securely store the SNF and GTCC waste in accordance with all applicable regulations until the government fulfills its obligations.

In April 2016, the NRC completed its Safety and Security Inspection of the Maine Yankee Independent Spent Fuel Storage Installation (ISFSI). No findings, deficiencies, or violations were identified.

The current annual cost to ratepayers for Maine Yankee's Independent Spent Fuel Storage Installation (ISFSI) is on the order of \$10 million. However, that annual cost could well increase as regulations evolve and potentially impose additional requirements on the company.

Given the uncertainty over federal policy for the removal of SNF and GTCC waste, this material could remain stored at Maine Yankee for decades. When the federal government fulfills its obligation to remove all the SNF and GTCC waste the ISFSI will be decommissioned and Maine Yankee will go out of business. That date is unknown.

DOE Litigation

Maine Yankee has been in litigation with the federal government since 1998 to recover costs for the company's ratepayers resulting from the government's ongoing failure to honor its contract obligations. In the third round of litigation, now completed, U.S. Court of Federal Claims Judge James F. Merow awarded Connecticut Yankee Atomic Power Company, Yankee Atomic Electric Company, and Maine Yankee Atomic Power Company approximately \$76.8 million for the years 2009-2012. In the Phase III case, Judge Merow awarded Maine Yankee approximately \$24.6 million.

The government chose not to appeal the spring 2016 decision and the funds were transferred to the three Yankee Companies in mid-October. These funds were disbursed in December in accordance with a Federal Energy Regulatory Commission filing agreed to between Maine Yankee and the state utility regulators in Maine, Massachusetts, and Connecticut.

At this time, the Phase IV case is expected to be filed later this year and is expected to address damages for the 2013-2016 timeframe.

Maine Yankee pays-off pre-1983 SNF disposal fee obligation

Under the Standard Contract established by the Nuclear Waste Policy Act, utilities must pay the DOE a one-time fee to pay for the disposal of SNF used to generate electricity prior to April 7, 1983. As allowed by the Standard Contract, Maine Yankee chose to defer making this one-time fee payment in 1983, choosing to wait until the DOE fulfilled its obligation to begin removing the SNF or at some time prior to that at the Company's choosing. A Trust Fund was established under Maine Statutes in 1987 to hold the funds necessary to meet this obligation. In December 2016, with the Spent Fuel Trust Fund balance exceeding the amount owed to DOE, Maine Yankee chose to retire this obligation. Most of the excess funds in the Trust have been returned to Maine Yankee owner companies in accordance with the terms and conditions of the Spent Fuel Trust Fund. The remaining funds will be used to address taxes and administrative costs associated with terminating the Trust in 2017. Any remaining funds will then be distributed to the owners as discussed above.

Paying-off the one-time SNF disposal fee was unrelated to the ongoing DOE litigation discussed above.

Priority removal of SNF from shutdown reactor sites

Maine Yankee joins with others who continue to urge Congress to implement a pilot program to remove spent nuclear fuel and high-level waste (HLW) from shutdown reactor sites and relocate it to one or more consolidated interim storage facilities (CIS) as proposed in US Senate and House legislation introduced in the last Congress and a bill recently introduced in the new Congress. The pilot program concept has bipartisan support in Congress including the Maine delegation.

The pilot program would serve as a first step by which the federal government can begin meeting its contractual and statutory obligation to remove the SNF and HLW while pursuing the longer term objective of a geologic repository. Maine Yankee supports the proposed pilot program as well as the NRC's Yucca Mountain license application process which is currently at a stand still pending further funding from Congress.

Proposed Private Consolidated Interim Storage (CIS) Sites

Maine Yankee is following with interest the progress of two proposed private CIS sites in West Texas and South East New Mexico that would initially focus on receiving SNF from shutdown reactor sites.

Texas Proposal: Waste Control Specialists (WCS) in West Texas submitted a license application for a proposed CIS facility to the NRC April 28, 2016. WCS has indicated their facility could be complete as early as 2021 if the NRC license is issued and legislative and contractual issues are resolved in that time frame.

In February 2015, Waste Control Specialists announced plans to expand their Low Level Waste facility to build a private, temporary storage site for SNF. WCS' application and project is supported by Areva and NAC (the cask vendor for Maine Yankee). The NRC has stated that the application could be reviewed and approved in about three years, with a potential operational date for the facility in the 2021 timeframe. The expansion of the WCS site has the support of the local county and indications are support from the State as well. WCS is not seeking federal funds to build or operate the site, but plans to enter into an agreement whereby DOE would take title to the SNF, pay WCS to store the fuel and remain ultimately liable for the waste.

The NRC issued a notice in November 2016 that it is seeking public comments on the issues to be addressed in the environmental review of the WCS application to construct and operate an interim spent fuel storage facility. The NRC will prepare an Environmental Impact Statement even though the agency has not yet accepted and docketed the WCS application because NRC has the information needed for an EIS and doing so will allow the agency to engage interested members of the public early in the process.

New Mexico Proposal: In April 2015, officials from two Southeast New Mexico counties announced an agreement between Holtec International and the Eddy-Lea Energy Alliance to site a CIS facility on 32 acres in the communities of Carlsbad and Hobbs. Governor Susana Martinez that month sent a letter to the Secretary of Energy as a preliminary endorsement of the proposal. In spring 2016 the New Mexico Legislature approved a resolution "Requesting

the Eddy-Lea Energy Alliance to develop a consolidated interim storage facility.” Holtec officials have indicated that the company expects to submit a license application to the NRC at the end of March 2017, and have met with NRC for pre-application meetings. The New Mexico facility also hopes to be operational in the 2021 timeframe.

Congress

As has been the case since 2010, the impasse in Congress preventing reform of the nuclear waste management program continued in 2016. During the lame duck session Congress passed a Continuing Resolution (CR) to fund the government through April 28, 2017. The CR does not contain funding for the Yucca Mountain license application process or for CIS. We are hopeful progress will be made to reform the nuclear waste management program in the new Congress.

Department of Energy

Former Texas Governor Rick Perry has been nominated by President Trump to be Secretary of Energy subject to Senate confirmation. The policy direction of the incoming Administration regarding the SNF disposal issue including the Yucca Mountain license application process and the potential for developing consolidated interim storage isn't yet known.

During 2016 the DOE held a series of meetings throughout the country seeking input into developing a consent-based siting process for interim storage and permanent repository sites for SNF and HLW. One of these meetings was in Boston in June followed the next day by a meeting in Wiscasset. Representatives from Wiscasset, the State of Maine, Maine congressional delegation staff and Maine Yankee attended the Boston and Wiscasset meetings. DOE currently has a draft of the consent-based siting report out for public comment. DOE is also requesting comment on a draft plan for a defense waste only repository, and input from the public on the role of private CIS facilities.

In October 2016 DOE issued its annual update of the Preliminary Evaluation for Removing Used Nuclear Fuel from Shutdown Sites. A team from DOE visited Maine Yankee in 2012 to gather information about transportation infrastructure at the site which has been periodically updated and is included in DOE's report. DOE also continues work through its contractor Areva on the design, analysis, and proto type fabrication of the buffer and rail cars that will be used to transport SNF when the time comes. This contract which was awarded in 2015 does not cover the testing or full-scale production of the cask and buffer cars.

Maine Yankee, the State of Maine and other stakeholders working together

During 2016, the focus remained on building support for reforming the SNF program, especially the proposal to establish a pilot project for the removal of SNF and HLW from decommissioned reactor sites to a CIS facility. Maine Yankee will continue working with others in 2017 in an effort to overcome the impasse between the Senate and House on this issue. Maine Yankee appreciates the active involvement and support of many state and regional stakeholders.

Since the early 1990s the State and Maine Yankee have been members of the Nuclear Waste Strategy Coalition. The NWSC is a diverse national group. Its mission: “To reform and adequately fund the U.S. civilian high-level nuclear waste transportation, storage, and disposal program in a manner that ensures timely and safe waste removal from operating and

decommissioned nuclear power plants and that protects ratepayers' substantial investment in the program." The State and Maine Yankee participate in regular conference calls and other activities of the NWSC that include state utility regulators, attorneys general offices, municipalities, tribal representatives and electric utilities.

On a quarterly basis the State of Maine and Maine Yankee participate in a meeting of New England policy makers called the Interim Storage Alternatives Effort. This initiative is part of the FERC settlement agreements for Maine Yankee, Connecticut Yankee, and Yankee Rowe. Its purpose is to share information and to identify interim SNF storage alternatives outside New England.

Maine Yankee is a member of the Decommissioning Plant Coalition. The DPC is active in Washington, DC representing the unique interests of shutdown plants whose only function is the safe storage of SNF and GTCC waste until the federal government fulfills its commitment to remove this material. Wayne Norton, President and CEO of Connecticut Yankee and Yankee Atomic and Chief Nuclear Officer of Maine Yankee, is the chair of the DPC.

Maine Yankee also continues to benefit from the input of its Community Advisory Panel (CAP) which has been in place since 1997.

For more information on the status of SNF removal/disposal go to www.maineyankee.com.

ESTIMATED POST DECOMMISSIONING OVERSIGHT EXPENDITURES AND
BUDGETED TRANSFERS FROM ACCOUNT 014-10A-2440-03

| | DEP | | DHHS | | PUS | | DHHS | | INCOME |
|---|-------------------------------|----------------------|------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | 014-05A-1790-1014-10A-2440-03 | 01407H041004 | Safety Inspector | OPA | STATE POLICE | DEH RCP | TOTAL | | |
| Calendar Year 2017 | | | | | | | | | |
| DEP - Radiological Program | \$ 2,932.00 | | | | | | \$ 2,932.00 | | |
| OPA - Nuclear Safety Advisor | | | | | | | \$ - | | |
| OPA- All Other | | | | | | | \$ - | | |
| DHHS - RCP | | | | | | | \$ 18,670.44 | \$ 18,670.44 | |
| DHHS - Safety Inspector | | | \$ 139,937.33 | | | | \$ 139,937.33 | \$ 139,937.33 | |
| DHHS - Contractor and Independent Expert | | | | | | | \$ - | \$ - | |
| DEP - equipment | | | | | | | \$ - | \$ - | |
| Sub - total | \$ 2,932.00 | \$ 402.92 | \$ 139,937.33 | \$ - | \$ 15,132.00 | \$ 15,132.00 | \$ 15,132.00 | \$ 15,132.00 | |
| DICAP - (DHHS=\$19,000/FTE) | | | | | | | \$ 18,670.44 | \$ 176,671.77 | |
| Sta - cap rates OPA | 0.13742 | 0.006391 | | | | | \$ 3,362.27 | \$ 22,765.19 | |
| Sta - cap rates DEP - Envir. Prot. | 0.03038 | | | | | | \$ - | \$ - | |
| Sta - cap rates DHHS - ME CDC | 0.04068 | | | | | | \$ 759.51 | \$ 6,452.16 | |
| Sta - cap rates DEP - State Police | 0.01677 | | | | | | \$ 253.76 | \$ 253.76 | |
| Total Est. Sta-cap Exp. | \$ 491.99 | \$ 24,692.65 | \$ - | \$ - | \$ 253.76 | \$ 4,121.78 | \$ 29,560.19 | \$ 29,560.19 | |
| TOTALS | \$ 3,423.99 | \$ 164,629.98 | \$ - | \$ 15,385.76 | \$ 22,792.22 | \$ 206,231.96 | \$ 41,186.08 | \$ 25,051.48 | \$ 36,000.00 |
| BALANCE CARRIED FORWARD | | | | | | | | | |
| REIMBURSEMENT FROM OTHER PROGRAM (014-10A-2447-03, Radiological Health) | | | | | | | | | |
| CY 2017 FIRST QUARTER | \$ 856.00 | \$ 41,157.50 | \$ - | \$ 3,846.44 | \$ 5,698.06 | \$ 51,557.99 | \$ 36,000.00 | \$ 36,000.00 | \$ 36,000.00 |
| CY 2017 SECOND QUARTER | \$ 856.00 | \$ 41,157.50 | \$ - | \$ 3,846.44 | \$ 5,698.06 | \$ 51,557.99 | \$ 36,000.00 | \$ 36,000.00 | \$ 36,000.00 |
| CY 2017 THIRD QUARTER | \$ 856.00 | \$ 41,157.50 | \$ - | \$ 3,846.44 | \$ 5,698.06 | \$ 51,557.99 | \$ 36,000.00 | \$ 36,000.00 | \$ 36,000.00 |
| CY 2017 FOURTH QUARTER | \$ 856.00 | \$ 41,157.50 | \$ - | \$ 3,846.44 | \$ 5,698.06 | \$ 51,557.99 | \$ 36,000.00 | \$ 36,000.00 | \$ 36,000.00 |
| TOTALS | \$ 3,423.99 | \$ 164,629.98 | \$ - | \$ 15,385.76 | \$ 22,792.22 | \$ 206,231.96 | \$ 41,186.08 | \$ 25,051.48 | \$ 36,000.00 |