September 12, 2001

Sandra L. Hochstetter, Chairman
Arkansas Public Service Commission
1000 Center Building
Little Rock, Arkansas 72203

Dear Chairman Hochstetter:

Thank you for your letter of August 2, 2001, regarding the Arkansas Public Service Commission's actions with respect to the collection of funds by Entergy Operations, Inc. (Entergy) for the eventual decommissioning of Units 1 and 2 of its Arkansas Nuclear One facility.

As stated in my letter to Mr. John McGaha, President of Entergy, dated May 11, 2001, a copy of which was sent to you under separate cover, the NRC's concerns and regulatory requirements are focused on ensuring the availability of sufficient funds for decommissioning at such time as operation of a licensed facility permanently ceases. Our regulations do not dictate how such funds must be accumulated to the extent such determination is associated with state-determined tariffs. Thus, as stated in my letter to Mr. McGaha, our "regulations [10 C.F.R. § 50.75(e)(1)(ii)] ... require that the accumulation of decommissioning funds in an external sinking fund be based on the remaining term of the license." On the other hand, "[d]ecommissioning fund collection can be based on a renewed license (e.g., 60 years) [but] *only* after the NRC has approved the license renewal." For your information, the license for ANO Unit 1 was renewed by the NRC on June 20, 2001.

Your August 2 letter, in particular the assurance that the Public Service Commission's action was not based on an assumption about license renewal and "in no way prevents collection of decommissioning funds should it be determined in the future that such funds are required to decommission ANO," provides a helpful explanation of Arkansas' approach to the accumulation of sufficient decommissioning funds.

Sincerely,

/RA/

Richard A. Meserve