

June 17, 2002

Mr. Ross P. Barkhurst
President and Chief Executive Officer
Vermont Yankee Nuclear Power
Corporation
185 Old Ferry Road
P.O. Box 7002
Brattleboro, VT 05302-7002

Mr. Michael R. Kansler
Senior Vice President and Chief
Operating Officer
Entergy Nuclear Vermont Yankee, LLC
Entergy Nuclear Operations, Inc.
440 Hamilton Ave.
White Plains, NY 10601

SUBJECT: CORRECTION LETTER FOR THE SAFETY EVALUATION PROVIDED WITH
LICENSE TRANSFER ORDER (TAC NO. MB3154)

Dear Messrs. Barkhurst and Kansler:

On May 17, 2002, the Nuclear Regulatory Commission (NRC) issued an Order approving the transfer of license for Vermont Yankee Nuclear Power Station from Vermont Yankee Nuclear Power Corporation to Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc. Enclosure 2 to the cover letter forwarding the Order provided the approved conforming amendment and Enclosures 3 and 4 provided nonproprietary and proprietary versions of the staff's safety evaluation (SE) related the preceding action.

The license condition stated in section III. (4) on page 6 of the Order and in section 3.2, "Additional Analyses," page 6, last paragraph, of the SE was inadvertently dropped from the conforming amendment in enclosure 2. The following will be added to "J. License Transfer Conditions," on page 9 of the license:

Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc. shall take no action to cause Entergy Global Investments, Inc., or Entergy International Holdings Ltd. LLC, or their parent companies to void, cancel, or modify the lines of credit to provide funding for Vermont Yankee as represented in the application without prior written consent of the Director of the Office of Nuclear Reactor Regulation.

Also to provide consistency in format the paragraph designator "c." on page 9 of the license is deleted.

One administrative error was found on page 7 of the SE regarding decommissioning funds. To correctly respond to your license transfer application initially filed on October 5, 2001, the words "Entergy Nuclear VY" should be replaced with "VYNPC" in the first sentence, third line of the last paragraph on page 7. The sentence should read; "Pursuant to Section 6.10 of the PSA, in the event the aggregate value of the qualified and nonqualified decommissioning funds, as of the closing, is less than the minimum decommissioning amount required by the NRC, VYNPC shall be required to make an additional deposit to the nonqualified decommissioning fund so that the aggregate value of both funds is equal to the NRC minimum."

Messrs. Barkhurst and Kansler

-2-

These changes do not change the conclusion of the SE. We apologize for any inconvenience this may have caused. Enclosed please find a corrected page 7 for the nonproprietary and proprietary versions of the SE for enclosures 3 and 4 to the May 17, 2002, letter. Also please find the corrected license page 9 for the conforming amendment for Enclosure 2.

Sincerely,

/RA/

Robert M. Pulsifer, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-271

Enclosures: 1) Corrected page 7 for the SEs
2) Corrected page 9 of the license for the conforming amendment

cc w/encl: See next page

These changes do not change the conclusion of the SE. We apologize for any inconvenience this may have caused. Enclosed please find a corrected page 7 for the nonproprietary and proprietary versions of the SE for enclosures 3 and 4 to the May 17, 2002, letter. Also please find the corrected license page 9 for the conforming amendment for Enclosure 2.

Sincerely,

/RA/

Robert M. Pulsifer, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-271

- Enclosures: 1) Corrected page 7 for the SEs
- 2) Corrected page 9 of the license for the conforming amendment

cc w/encl: See next page

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Accession No.: ML021550049

*Previous concurrence.

OFFICE	PDI-2/PM	PDI-2/LA	OGC*	PDI-2/SC
NAME	RPulsifer	TClark	SHom	JClifford
DATE	6/11/02	6/11/02	06/10/02	6/12/02

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With regard to ENO, the application provides that ENO is seeking authority under the license to operate and maintain VY, but not to own the facility. According to the application, ENO will operate VY at cost and be reimbursed by Entergy Nuclear VY for such costs pursuant to the terms of an operating agreement that was submitted with the application. In essence, while ENO may be nominally responsible for costs, Entergy Nuclear VY will have the full financial responsibility for funding the safe operation of the facility. Since the staff has determined that Entergy Nuclear VY is financially qualified to hold the license as the owner of the facility, in that indicated sources of revenues will cover estimated costs, the staff concludes that ENO, in light of the cost pass-through contract that will exist, will have reasonable assurance of obtaining the funds necessary to cover estimated operation costs for the period of the license, and thus, is financially qualified to hold the operating authority under the license.

4.0 DECOMMISSIONING FUNDING ASSURANCE

The NRC has determined that the requirements to provide assurance of decommissioning funding and provision of an adequate amount of decommissioning funding are necessary to ensure the adequate protection of public health and safety. Section 50.33(k) of Title 10 of the *Code of Federal Regulations* requires that an application for an operating license for a utilization facility contain information indicating how reasonable assurance will be provided that funds will be available to decommission the facility. Pursuant to 10 CFR 50.75(b), each power reactor licensee must certify that it will provide decommissioning funding assurance in an amount that may be more, but not less, than the amount determined under the formulas in 10 CFR 50.75(c)(1) and (2).

VYNPC currently maintains two decommissioning trusts for VY, one for funds qualified for tax treatment under 26 USC § 468A (qualified fund), the other a non-qualified fund. The application states that at the closing of the sale, VYNPC will transfer the assets of its qualified and non-qualified decommissioning trust funds to a trust fund to be established by Entergy Nuclear VY. As of August 30, 2001, the aggregate value of the assets in the funds totaled \$296.2 million. Between August 15, 2001, the effective date of the PSA, and the closing of the sale and transfer, VYNPC will make additional deposits from time to time to the decommissioning fund in accordance with Federal Energy Regulatory Commission and Internal Revenue Service requirements. The amount required at closing to meet the minimum amount required under NRC regulations, assuming a 2-percent real rate of growth on the fund until the end of license, was calculated by Entergy Nuclear VY to be \$304 million (see Enclosure 10). The NRC staff has verified Entergy Nuclear VY's calculation and accepts this amount as accurate.

Pursuant to Section 6.10 of the PSA, in the event the aggregate value of the qualified and nonqualified decommissioning funds, as of the closing, is less than the minimum decommissioning amount required by the NRC, VYNPC shall be required to make an additional deposit to the nonqualified decommissioning fund so that the aggregate value of both funds is equal to the NRC minimum. However, the additional deposit, together with the deposits made between the effective date of the PSA and the closing, shall not exceed an aggregate amount equal to \$16,777,380 times the number of days between July 1, 2001, and the closing date divided by 365. The application further states that if any additional amount is needed in order to satisfy the NRC's funding requirements, this amount will be supplied by Entergy Nuclear VY through an additional deposit of funds, a surety, or a parent or affiliate

b. Surety

- (i) The surety agreement must be in a form acceptable to the NRC and be in accordance with all applicable NRC regulations.
- (ii) The surety company providing any surety obtained to comply with the Order approving the transfer shall be one of those listed by the U.S. Department of the Treasury in the most recent edition of Circular 570 and shall have a coverage limit sufficient to cover the amount of the surety.
- (iii) Entergy Nuclear Vermont Yankee, LLC shall establish a standby trust to receive funds from the surety, if a surety is obtained, in the event that Entergy Nuclear Vermont Yankee, LLC defaults on its funding obligations for the decommissioning of Vermont Yankee. The standby trust agreement must be in a form acceptable to the NRC, and shall conform with all conditions otherwise applicable to the decommissioning trust agreement.
- (iv) The surety agreement must provide that the agreement cannot be amended in any material respect, or terminated, without 30 days prior written notification to the Director of the Office of Nuclear Reactor Regulation.

Entergy Nuclear Vermont Yankee, LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of this license to Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc., and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.

Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc. shall take no action to cause Entergy Global Investments, Inc., or Entergy International Holdings Ltd. LLC, or their parent companies to void, cancel, or modify the lines of credit to provide funding for Vermont Yankee as represented in the application without prior written consent of the Director of the Office of Nuclear Reactor Regulation.

4. This license is effective as of the date of issuance and shall expire at midnight on March 21, 2012.

A-127 12/17/90

FOR THE ATOMIC ENERGY COMMISSION

Original Signed By
Roger S. Boyd /f/

A. Giambusso, Deputy Director
for Reactor Projects
Directorate of Licensing

Enclosures:
Appendix A Technical Specifications

Date of Issuance:
Feb. 28, 1973

Amendment No.

Vermont Yankee Nuclear Power Station

cc:

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