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From: Patrick Milano *JRM*
To: John Minns
Date: 7/9/01 9:53AM
Subject: IP1 License Conditions

John,

Here are the conditions to be added to the IP1 license. They start with the number 3 for IP2. Please adjust numbers for IP1.

Pat

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3. Entergy Nuclear IP2 and ENO shall take no action to cause Entergy Global Investments, Inc. or Entergy International Ltd. LLC, or their parent companies to void, cancel, or modify the \$55 million contingency commitment to provide funding for the IP1 and IP2 plants as represented in the application for approval of the transfer of the IP1 and IP2 licenses from the Consolidated Edison Co. of New York, Inc. to Entergy Nuclear Indian Point 2, LLC, and Entergy Nuclear Operations, Inc., without the prior written consent of the Director, Office of Nuclear Reactor Regulation.
4. Entergy Nuclear IP2 and ENO shall notify the NRC in writing if any of the \$35 million line of credit established by Entergy International Ltd. LLC is called upon to pay for costs associated with the safe maintenance of IP1 or safe operation and maintenance of IP2, including the costs of nuclear property damage insurance and any retrospective premium pursuant to 10 CFR 140.21.
5. On the closing date of the transfer of Con Ed's interests in IP1 and IP2 to Entergy Nuclear IP2, Entergy Nuclear IP2 shall: 1) obtain from Con Ed the decommissioning trust fund(s) for IP1 and IP2 in an amount no less than \$430,000,000; and 2) either (a) establish a Provisional Trust in an amount no less than \$ 25,000,000 (to be updated annually as required under 10 CFR 50.75(f)(1) and 50.82(a)(8)(iv), unless otherwise approved by the NRC); or (b) obtain a surety bond for an amount no less than \$ 25,000,000 (to be updated annually as required under 10 CFR 50.75(f)(1) and 50.82(a)(8)(iv), unless otherwise approved by the NRC). The total decommissioning funding assurance provided for IP1 and IP2 by the combination of the decommissioning trust fund and Provisional Trust or surety bond shall be at a level no less than the formula amounts under 10CFR 50.75 adjusted to current year dollars. Use of a 2 percent annual real rate of return may be credited as provided in 10 CFR 50.75(e)(1)(i). The Decommissioning Trust, Provisional Trust and surety bond shall conform to the following requirements as appropriate:
- (a) Decommissioning Trust
- (i) The decommissioning trust agreement must be in a form acceptable to the NRC.
- (ii) With respect to the decommissioning trust funds, investment in the securities or other obligations of Entergy Corporation and its affiliates or subsidiaries, successors, or assigns are prohibited. Except for investments tied to market indexes or other non-nuclear-sector mutual funds, investments in any entity owning one or more nuclear power plants are prohibited.
- (iii) The decommissioning trust agreement must provide that no disbursements or payments from the trusts, other than for ordinary administrative expenses, shall be made by the trustee until the trustee has first given the Director of the Office of Nuclear Reactor Regulation 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trusts shall be made if the trustee receives prior written notice of objection from the NRC.

- (iv) The decommissioning trust agreement must provide that the agreement can not be amended in any material respect without 30 days prior written consent of the Director of the Office of Nuclear Reactor Regulation.
 - (v) The appropriate section of the decommissioning trust agreement shall state that the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to a "Prudent Investor" standard, as specified in 18 CFR 35.32(a)(3) of the Federal Energy Regulatory Commission's regulations.
 - (vi) Removal of excess funds from the Decommissioning Trust shall not occur for any reason until after decommissioning activities for the Indian Point Unit 1 and Indian Point Unit 2 facilities have been completed and the licenses have been terminated in accordance with 10 CFR 50.82.
- (b) Provisional Trust:
- (i) The Provisional Trust agreement must be in a form acceptable to the NRC.
 - (ii) Investment in the securities or other obligations of Entergy Corporation and its affiliates or subsidiaries, successors, or assigns are prohibited. Except for investments tied to market indexes or other non-nuclear-sector mutual funds, investments in any entity owning one or more nuclear power plants are prohibited.
 - (iii) The Provisional Trust agreement must provide that no disbursements or payments from the trusts, other than for ordinary administrative expenses, shall be made by the trustee until the trustee has first given the Director of the Office of Nuclear Reactor Regulation 30 days prior written notice of payment. The Provisional Trust agreement shall further contain a provision that no disbursements or payments from the trusts shall be made if the trustee receives prior written notice of objection from the NRC.
 - (iv) The Provisional Trust agreement must provide that the agreement can not be amended in any material respect, or terminated, without the prior written consent of the Director of the Office of Nuclear Reactor Regulation.
 - (v) The appropriate section of the Provisional Trust agreement shall state that the trustee, investment advisor, or anyone else directing the investments made in the trusts shall adhere to a "Prudent Investor" standard, as specified in 18 CFR 35.32(a)(3) of the Federal Energy Regulatory Commission's regulations.
 - (vi) Use of assets in the Provisional Trust, in the first instance, shall be limited to the expenses related to decommissioning IP1 and IP2 as defined by the NRC in its regulations and issuances, and as provided in the IP1 and IP2 licenses and any amendments thereto.;

(c) **Surety Bond**

- (i) The surety bond agreement must be in a form acceptable to the NRC and be in accordance with the requirements of 10 CFR 50.75(e)(1)(iii)(A).
 - (ii) The surety company used to provide the surety bond shall be 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 bond.
 - (iii) Entergy Nuclear IP2 shall establish a standby trust fund to receive funds from the surety bond in the event that Entergy Nuclear IP2 defaults on its funding obligations for the decommissioning of IP1 or IP2. 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.
 - (iv) The surety agreement must provide that the agreement can not be amended in any material respect, or terminated, without prior written consent of the Director of the Office of Nuclear Reactor Regulation.
4. Entergy Nuclear IP2 shall take all necessary steps to ensure that the decommissioning trusts are maintained in accordance with the application for approval of the transfer of the IP1 and IP2, licenses and the requirements of this Order approving the transfer, and consistent with the safety evaluation supporting this Order.
 5. Before the completion of the transfer of IP1 and IP2, Entergy Nuclear IP2 and ENO shall provide the Director, Office of Nuclear Reactor Regulation, satisfactory documentary evidence that they have obtained the appropriate amount of financial insurance required of licensees under 10 CFR Part 140, and the property insurance required of licensees under 10 CFR 50.54(w) of the Commission's regulations.