

May 27, 2004

Mr. David A. Christian  
Sr. Vice President and Chief Nuclear Officer  
Dominion Nuclear Connecticut, Inc.  
Innsbrook Technical Center  
5000 Dominion Boulevard  
Glen Allen, VA 23060-6711

SUBJECT: MILLSTONE POWER STATION, UNIT NOS. 1, 2 AND 3, CORRECTION TO  
SAFETY EVALUATION ASSOCIATED WITH ISSUED ORDER (TAC NOS.  
MC0999, MC1000 AND MC1001)

Dear Mr. Christian:

By letter dated April 2, 2004, the Commission issued an Order approving the indirect transfer of control of the licenses held by Dominion Nuclear Connecticut, Inc. (Facility Operating License Nos. DPR-21, DPR-65, and NPF-49 for the Millstone Power Station, Unit Nos. 1, 2, and 3, respectively) in response to your application dated October 8, 2003 and its supplement dated November 7, 2003.

Subsequent to the mailing of this order, errors were identified in the Safety Evaluation (SE) issued with this order. Therefore, a replacement page of the SE is enclosed. We apologize for any inconvenience this may have caused. If you have any question please contact me at (301) 415-1484.

Sincerely,

**/RA/**

Victor Nerses, Senior Project Manager, Section 2  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-245, 50-336, and 50-423

Enclosures: Corrected Safety Evaluation Page

cc w/encls: See next page

May 27, 2004

Mr. David A. Christian  
Sr. Vice President and Chief Nuclear Officer  
Dominion Nuclear Connecticut, Inc.  
Innsbrook Technical Center  
5000 Dominion Boulevard  
Glen Allen, VA 23060-6711

SUBJECT: MILLSTONE POWER STATION, UNIT NOS. 1, 2 AND 3, CORRECTION TO  
SAFETY EVALUATION ASSOCIATED WITH ISSUED ORDER (TAC NOS.  
MC0999, MC1000 AND MC1001)

Dear Mr. Christian:

By letter dated April 2, 2004, the Commission issued an Order approving the indirect transfer of control of the licenses held by Dominion Nuclear Connecticut, Inc. (Facility Operating License Nos. DPR-21, DPR-65, and NPF-49 for the Millstone Power Station, Unit Nos. 1, 2, and 3, respectively) in response to your application dated October 8, 2003 and its supplement dated November 7, 2003.

Subsequent to the mailing of this order, errors were identified in the Safety Evaluation (SE) issued with this order. Therefore, a replacement page of the SE is enclosed. We apologize for any inconvenience this may have caused. If you have any question please contact me at (301) 415-1484.

Sincerely,

/RA/

Victor Nerses, Senior Project Manager, Section 2  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-245, 50-336, and 50-423

Enclosures: Corrected Safety Evaluation Page

cc w/encls: See next page

**DISTRIBUTION:**

CRaynor CHolden PUBLIC JClifford MDusaniwskyj  
OGC JTrapp, RI ACRS WBeckner  
PDI-2 R/F GHill (2) VNerses

ADAMS Accession Numbers: Letter - ML41360003; Proprietary SE - ML041360005;  
Package - ML041360004

FICE	PDI-2/PM	PDI-2/LA	RPRP	PDI-2/SC
NAME	VNerses	CRaynor	MDusaniwskyj	JClifford
DATE	5/26/04	5/26/04	5/27/04	5/27/04

**OFFICIAL RECORD COPY**

DNC's  
(SUMMARY OF) PROJECTED INCOME STATEMENT  
(In \$ millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Total Revenue:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Operating Expenses:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Income Before Taxes & Interest:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Total Taxes & Interest:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Net Income:	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The NRC staff has chosen to test the sensitivity of the financial information in the above Projected Income Statement by analyzing two scenarios that change the assumptions for revenue. The staff notes that if prices per megawatt hour were to drop by an average of 10.0%, the average net effect on the five years of Net Income, is a drop from the projected \$ [REDACTED] million to a possible \$ [REDACTED] million. Similarly, if an average historical capacity factor of 87% is assumed instead of the projected average capacity factor of 91%, then the average net effect on the five years of Net Income is a drop to a possible \$ [REDACTED] million. The NRC staff considers that the Net Income under each of the two scenarios is still sufficiently high to provide reasonable assurance of adequate funding.

The NRC staff finds that DNC's Projected Income Statement shows that the anticipated revenues from sales of energy and capacity from the Millstone Units provide reasonable assurance of an adequate source of funds to meet DNC's anticipated expenses during the five-year period covered by the projections. The NRC staff finds that no further financial qualifications analysis or review is necessary.

Therefore, on the basis of the above information, the NRC staff has determined that DNC has met the financial qualifications requirements for a non-utility, pursuant to 10 CFR 50.33(f).

The NRC staff additionally notes that under the August 31, 2000, application DRI entered into an agreement with DNC to make funding of up to \$150 million available to DNC to provide added assurance that DNC will have sufficient funds available to meet its operating expenses for the Millstone Units. Under the terms of the agreement, DNC has the right to obtain such funds from DRI as DNC determines are necessary to protect public health and safety, meet NRC requirements, meet ongoing operational expenses, or to maintain the Millstone Units

**CONTAINS NON-PROPRIETARY INFORMATION**

Corrected by letter dated May 27, 2004

Millstone Power Station, Unit Nos. 1, 2 and 3

cc:

Lillian M. Cuoco, Esquire  
Senior Counsel  
Dominion Resources Services, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Edward L. Wilds, Jr., Ph.D.  
Director, Division of Radiation  
Department of Environmental  
Protection  
79 Elm Street  
Hartford, CT 06106-5127

Regional Administrator, Region I  
U.S. Nuclear Regulatory Commission  
475 Allendale Road  
King of Prussia, PA 19406

First Selectmen  
Town of Waterford  
15 Rope Ferry Road  
Waterford, CT 06385

Mr. W. R. Matthews  
Senior Vice President - Nuclear Operations  
and Chief Nuclear Officer  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Charles Brinkman, Director  
Washington Operations Nuclear Services  
Westinghouse Electric Company  
12300 Twinbrook Pkwy, Suite 330  
Rockville, MD 20852

Senior Resident Inspector  
Millstone Power Station  
c/o U.S. Nuclear Regulatory Commission  
P. O. Box 513  
Niantic, CT 06357

Mr. P. J. Parulis  
Manager - Nuclear Oversight  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. John Markowicz  
Co-Chair  
Nuclear Energy Advisory Council  
9 Susan Terrace  
Waterford, CT 06385

Ms. Nancy Burton  
147 Cross Highway  
Redding Ridge, CT 00870

Ms. Nancy Burton, Esquire  
147 Cross Highway  
Redding Ridge, CT 06876

Mr. G. D. Hicks, Director  
Nuclear Station Safety and  
Licensing  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. Evan W. Woollacott  
Co-Chair  
Nuclear Energy Advisory Council  
128 Terry's Plain Road  
Simsbury, CT 06070

Mr. William D. Meinert  
Nuclear Engineer  
Massachusetts Municipal Wholesale  
Electric Company  
P.O. Box 426  
Ludlow, MA 01056

Mr. David W. Dodson  
Licensing Supervisor  
Dominion Nuclear Connecticut, Inc.  
Roper Ferry Road  
Waterford, CT 06385

Millstone Power Station, Unit Nos. 1, 2 and 3

cc:

Mr. S. E. Scace  
Assistant to the Site Vice President  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. M. J. Wilson  
Manager - Nuclear Training  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. A. J. Jordan, Jr.  
Director - Nuclear Engineering  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. S. P. Sarver  
Director - Nuclear Station Operations and  
Maintenance  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. J. Alan Price  
Site Vice President  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385

Mr. Chris L. Funderburk  
Director, Nuclear Licensing and  
Operations Support  
Dominion Resources Services, Inc.  
Innsbrook Technical Center  
5000 Dominion Boulevard  
Glen Allen, VA 23060-6711

Mr. David A. Christian  
Sr. Vice President and Chief Nuclear Officer  
Dominion Nuclear Connecticut, Inc.  
Innsbrook Technical Center  
5000 Dominion Boulevard  
Glen Allen, VA 23060-6711

Mr. Allan Johanson, Assistant Director  
Office of Policy and Management  
Policy Development & Planning Division  
450 Capitol Avenue - MS# 52ERN  
P.O. Box 341441  
Hartford, CT 06134-1441

Attorney Nicholas J. Scobbo, Jr.  
Ferriter, Scobbo, Caruso, Rodophele, PC  
75 State Street, 7th Floor  
Boston, MA 02108-1807

Ernest C. Hadley, Esquire  
1040 B Main Street  
P.O. Box 549  
West Wareham, MA 02576

Citizens Regulatory Commission  
ATTN: Ms. Susan Perry Luxton  
180 Great Neck Road  
Waterford, CT 06385

Deborah Katz, President  
Citizens Awareness Network  
P.O. Box 83  
Shelburne Falls, MA 03170

Mr. John Buckingham  
Department of Public Utility Control  
Electric Unit  
10 Liberty Square  
New Britain, CT 06051

Mr. J. Alan Price  
Site Vice President  
Dominion Nuclear Connecticut, Inc.  
Rope Ferry Road  
Waterford, CT 06385