

August 17, 2004

Mr. Paul B. Eccard
First Selectman
Town of Waterford
Fifteen Rope Ferry Road
Waterford, CT 06385-2886

SUBJECT: LICENSE RENEWAL APPLICATION BY DOMINION NUCLEAR
CONNECTICUT FOR THE MILLSTONE POWER STATION, UNITS 2 AND 3

Dear Mr. Eccard:

Thank you for the follow-up comments you provided to us in your letter dated July 28, 2004. We appreciate the information you have shared with us to help us understand the challenge that deregulation of electric power generation has presented to your community. It is clear from the discussions between your staff and the socioeconomics expert on our environmental team that you are working very hard to try to plan effectively for the property tax impact of deregulation. I understand that Mr. Richard Emch, our Environmental Project Manager for the Millstone Power Station, Units 2 & 3 (Millstone) license renewal application, and you have discussed the concerns expressed in your letter. I understand (1) that you have been in discussions with Dominion Nuclear Connecticut (Dominion) about how they can provide the economic planning information you need, and (2) that you anticipate reaching an agreement with Dominion on a process to provide this information. This is particularly important because the working relationship between the Town of Waterford and Millstone will go on for years, while the NRC's review process for the Millstone license renewal application will probably be completed next year.

Your comments at the environmental scoping meeting on May 18 and the supplemental information you provided in your letter are being evaluated by our environmental team along with the other information we gathered during the site audit in May. The team is drafting the Supplemental Environmental Impact Statement (SEIS), and your areas of concern such as the potential tax-related land use environmental impacts of license renewal at Millstone will be addressed in Chapters 2 and 4 of the SEIS. The SEIS will be published for comment in December 2004. While Millstone's property tax payments are more than 20 percent of the Town of Waterford's budget, the Generic Environmental Impact Statement does include other considerations and criteria in the assessment of the tax-related land use environmental impacts:

The degree to which the community has pre-established patterns of development and has provided adequate public services to support and guide development.

The degree to which license renewal would result in changes to local land use and development patterns.

P. Eccard

- 2 -

As you noted, Dominion indicated in the Environmental Report that no capital expenditures will be needed for refurbishment to support license renewal. The U.S. Nuclear Regulatory Commission (NRC) has no basis for requiring license renewal applicants to provide information on planned capital expenditures not needed to support license renewal. Dominion only has to provide information to NRC if there is a potential safety or environmental impact issue associated with the expenditure that requires NRC review and approval.

If you have any additional concerns or questions, please contact Mr. Richard L. Emch, Jr., Senior Project Manager at 301-415-1590 or RLE@nrc.gov.

Sincerely,

/RA/

Pao-Tsin Kuo, Program Director
License Renewal and Environmental Impacts Program
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Docket Nos.: 50-336 and 50-423

cc w/encl.: See next page

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Millstone Power Station, Units 2 and 3

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