

December 29, 2004

Ms. Fenna Lee Bonsignore, Chair
Selectboard of Leverett Massachusetts
9 Montague Road
Leverett, MA 01054

Dear Ms. Bonsignore:

I am responding on behalf of the Nuclear Regulatory Commission (NRC) to your letter to Entergy Nuclear Operations (Entergy), dated November 18, 2004, a copy of which was sent to the NRC. Your letter expressed concerns with the request by Entergy to amend the Vermont Yankee Nuclear Power Station (Vermont Yankee) operating license to increase the power level of the facility by 20%. In that letter, you requested that Entergy perform an in-depth independent engineering assessment before any increase in capacity is considered.

As you noted in your letter, the NRC has conducted an engineering inspection of Vermont Yankee. The inspectors used operating experience, risk assessment, and engineering analysis to select risk-significant components and operator actions for detailed reviews. A portion of the inspection sample was from systems or components that would be potentially affected by a power uprate. Three weeks of onsite inspection and over 900 hours of direct inspection time were conducted at the Vermont Yankee site. The inspection team concluded that the components and systems reviewed would be capable of performing their intended safety functions. The team also concluded that sufficient design controls had been implemented for design and engineering work, including those related to Entergy's proposed extended power uprate. The inspection team did identify eight deficiencies of low safety significance related to design control at Vermont Yankee; however, sample-based extent-of-condition reviews indicated the original problems were not widespread or programmatic in nature. With regard to the impact of these findings on the proposed power uprate, the NRC staff is still reviewing the licensee's power uprate request. As such, we have not reached any conclusions concerning the acceptability of the proposed uprate. We believe that the extensive technical review performed by the NRC staff, along with the ongoing NRC inspection program, provide assurance that any issues that could affect safe operation of the plant, related to the proposed power uprate, will be identified. The NRC will not approve the Vermont Yankee uprate, or any proposed change to a plant license, unless the NRC can conclude that the proposed change will be executed in a manner that assures the public's health and safety.

You requested an informational meeting with the NRC in the community. The Vermont State Nuclear Advisory Panel hosted a meeting with the NRC on December 16, 2004, in Brattleboro, Vermont. The purpose of this meeting was to discuss the findings from the engineering inspection discussed above, and the inspection into the two misplaced fuel rod pieces. Because the NRC staff has not yet completed its review of the Vermont Yankee power uprate application, it would be premature to engage in discussion of the power uprate proposal at this time. The NRC staff expects to hold a meeting in the future to discuss the proposed power uprate.

You also requested information about compensation should there be loss of life, illness, or loss of property due to an accident involving radiation release at Vermont Yankee. The Price-

Ms. F. Bonsignore

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Anderson Act, which was enacted in 1957, provides a system to pay funds for claims by members of the public for personal injury and property damage resulting from a nuclear incident. The Act would cover claims for damage from operation of the reactor as well as for storage of spent fuel at the reactor site. The Act provides approximately \$10 billion in insurance to pay these claims under a two-layer insurance system. Large commercial reactor licensees, such as Vermont Yankee, participate in this system. The first layer provides \$300 million in private insurance, the maximum currently available from the private insurance market. In the event of a nuclear incident causing damages exceeding \$300 million, large reactor licensees would be assessed an equal share of the damages in excess of the primary insurance layer. This deferred premium, or secondary layer, is currently \$95.8 million per reactor. With over 100 reactors in this layer, total insurance is approximately \$10 billion.

Thank you for your interest in the NRC's activities related to Vermont Yankee. Please contact me at 301-415-3036 if you would like to discuss any of the information provided in this letter.

Sincerely,

/RA/

Cornelius F. Holden, Director
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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Anderson Act, which was enacted in 1957, provides a system to pay funds for claims by members of the public for personal injury and property damage resulting from a nuclear incident. The Act would cover claims for damage from operation of the reactor as well as for storage of spent fuel at the reactor site. The Act provides approximately \$10 billion in insurance to pay these claims under a two-layer insurance system. Large commercial reactor licensees, such as Vermont Yankee, participate in this system. The first layer provides \$300 million in private insurance, the maximum currently available from the private insurance market. In the event of a nuclear incident causing damages exceeding \$300 million, large reactor licensees would be assessed an equal share of the damages in excess of the primary insurance layer. This deferred premium, or secondary layer, is currently \$95.8 million per reactor. With over 100 reactors in this layer, total insurance is approximately \$10 billion.

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Project Directorate I
Division of Licensing Project Management
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