

UNITED STATES OF AMERICA

December 6, 2006 (3:25pm)

NUCLEAR REGULATORY COMMISSION

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF**In the Matter of****CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
ENERGY NUCLEAR OPERATIONS.****Docket No. 50-255****(Palisades Nuclear Plant, License No. DPR-20)**

**PETITION FOR LEAVE TO INTERVENE
OF THE MICHIGAN ENVIRONMENTAL COUNCIL AND
PUBLIC INTEREST RESEARCH GROUP IN MICHIGAN
AND
REQUEST FOR HEARING,
REQUEST FOR EXTENSION OF TIME, AND
REQUEST FOR DISCOVERY**

The Michigan Environmental Council ("MEC") and the Public Research Group in Michigan ("PIRGIM"), pursuant to 10 C.F.R. § 2.309, and the "Notice of Consideration of Approval of Transfer of Facility Operating License and Confirming Amendment, and Opportunity for a Hearing – Palisades Nuclear Plant (TAC No. MD2945)" file this Petition for Leave to Intervene to seek participation as full party intervenors in this case docket. Petitioners herein also submit their Request for Extension of Time, Request for Discovery, and reserve the right to amend or supplement this petition within a reasonable time after Petitioners receive information missing from the application and following discovery.

I. INTRODUCTION

Consumers Energy Company ("CECo"), Nuclear Management Company, LLC ("NMC"), Entergy Nuclear Palisades, LLC ("ENP"), and Entergy Nuclear Operations, Inc.

TEMPLATE = SELV-037

SELV-02

(“ENO”) request in this docket the transfer of the Palisades Nuclear Plant (“Palisades”) Facility Operating License DPR-20 from CECo and NMC to ENP to possess and own, and ENO, to possess, use and operate Palisades. The request is made in accordance with 10 C.F.R. 50.80 (“Transfer of Licenses.”) with license amendments submitted pursuant to 10 C.F.R. 50.90.

The publicly available application and attachments is devoid of any meaningful financial information regarding the proposed transferees, however, as enclosures 1, 3, and 7 are not provided.

The application seeks the license transfers as a result of a proposed Asset Sale Agreement (“ASA”) signed by CECo and ENP on July 11, 2006, pursuant to which ENP has agreed to purchase, and CECo agreed to sell, Palisades and other assets. The closing of the sale, and of the attendant Purchase Power Agreement (“PPA”) between CECo and ENP is wholly contingent upon prior approvals of the Michigan Public Service Commission (“MPSC”). CECo and ENP are seeking said approvals from the MPSC, in heavily contested case proceedings commenced before the MPSC based upon mandatory notice and hearing requirements set forth under Michigan law, including the Michigan Administrative Procedures Act, MCL 24.201 *et seq.*, provisions of the Public Service Commission Act, including 1939 PA 3 and 1982 PA 304, MCL 460.6, 6a, and Section 6j *et seq.*, MCL 460.6j *et seq.* and also the Rules of Practice and Procedure Before the Commission, R 460.17101 *et seq.*

II. PETITION TO INTERVENE

MEC and PIRGIM petition for leave to intervene in this case docket pursuant to 10 C.F.R. § 2.309, this Commission’s Notice, and Sections 11(s) and 189 of the Atomic Energy Act of 1954, 42 U.S.C. 2014(s) and 42 U.S.C. 2239, and such other statutory provisions and regulation as may be applicable. MEC and PIRGIM submit contentions herein asserting that the

applicants fail to demonstrate that the proposed license transferees meet the financial qualifications standards applicable to the requested license, as included in 10 C.F.R. 50.33 and 50.40. The application also fails to provide sufficient evidence that the financial assurances requirements of 10 C.F.R. 50.33 and 50.75 can be met. The application and attachments fail to provide sufficient financial assurance that the Palisades Nuclear Plant, and the ISFSI sites at the Palisades Nuclear Plant and the Big Rock Nuclear Plant site, will be decommissioned in accordance with this Commission's rules, and further, fail to ensure that the spent nuclear fuel ("SNF") existing at the Big Rock and Palisades sites will be adequately and securely protected, and disposed, and that the SNF sites will thereafter be decommissioned. MEC and PIRGIM assert that these contentions should be admitted because they satisfy the NRC's admissibility requirements in 10 C.F.R. § 2.309. MEC and PIRGIM also request that a full adjudicatory hearing be scheduled, with MEC and PIRGIM being admitted as full participants, with all rights to discovery, cross examination, and presentation of direct testimony, as may be provided by applicable rule provisions.

A. Standing to Intervene

MEC and PIRGIM assert that both their organizations possess standing to intervene in this case docket pursuant to the criteria set forth in 10 C.F.R. § 2.309, and applicable agency and court precedent. In support of standing, MEC/PIRGIM state:

1. Identification Information [10 C.F.R. 2.309(d)(1)(i)].

MEC and PIRGIM request that all correspondence and communications with respect to this proceeding be sent to, and that the Secretary include on the official service list, the following counsel for MEC and PIRGIM:

Don L. Keskey
Counsel for MEC/PIRGIM
Clark Hill PLC
212 East Grand River Avenue
Lansing, MI 48906
(517) 318-3100
(517) 318-3014 (Direct)
(517) 318-3099 (Fax)
dkeskey@clarkhill.com

The following information provides the name, address, and telephone number of joint petitioners MEC and PIRGIM herein:

1. Michigan Environmental Council
119 Pere Marquette Drive, Suite 2A
Lansing, Michigan 48912
Telephone number: (517) 487-9539
2. Public Interest Research Group in Michigan
103 E. Liberty, Suite 202
Ann Arbor, MI 48104
Telephone number: (734) 662-6597

2. Nature of Petitioners' right under the Act to be made a party to the proceeding [10 C.F.R. 2.309(d)(1)(ii)].

MEC and PIRGIM assert that they have standing to participate in these proceedings pursuant to provisions of the Atomic Energy Act, including Sections 11(s) and 189, 42 U.S.C. 2014(s), 42 U.S.C. 2239, and pursuant to C.F.R. 2.309, such other statutory and rule provisions that are applicable, as well as agency and judicial precedent.

MEC and PIRGIM recognize that state regulatory authorities, such as the Michigan Public Service Commission ("MPSC"), have a major jurisdictional role with respect to economic and environmental aspects of nuclear power, whereas the Nuclear Regulatory Commission ("NRC, or this Commission") have jurisdiction to regulate health and safety matters relating to nuclear power. *Pacific Gas & Electric v Energy Resources Commission*, 461 U.S. 190 (1983).

However, both NRC and state regulatory authorities have complementary, and hopefully cooperative roles, in ensuring and preserving adequate financial assurances that adequate financial resources and other commitments exist to ensure the decommissioning of nuclear plants, and also the proper and safe disposal of spent nuclear fuel (“SNF”), and the decommissioning of SNF storage sites, or “Interim Spent Fuel Site Installations” (“ISFSI”). In numerous cases since 1999 MEC and PIRGIM have actively participated in cases before the MPSC to ensure protection of decommissioning funds accumulated through ratepayer rates for the express purpose of decommissioning nuclear plants, and also, to advocate remedies to ensure that SNF disposal fees collected in rates are better protected to also ensure proper and safe disposal of SNF and the decommissioning of ISFSI sites in Michigan.

MEC and PIRGIM assert that they qualify under the Act for intervention as organizations concerned with Michigan’s environment, and in promoting the decommissioning of nuclear plants and SNF storage sites in Michigan, and in assuring adequate financial assurances to accomplish these objectives. MEC and PIRGIM represent thousands of Michigan ratepayers who have a vital interest in preserving and protecting the financial resources they have prepaid for the decommissioning of CECo’s nuclear plants and SNF sites, and also for the disposal of SNF through fees paid to CECo under provisions of the Nuclear Waste Policy Act of 1982 and Standard Contracts entered into by CECo with the Department of Energy (“DOE”).¹

¹ The MEC is a statewide nonprofit public interest and environmental organization consisting of 71 public health and environmental organizations, having over 200,000 Michigan citizen members. Various of the individual member organizations of MEC, and their citizen members, purchase their electricity in whole or part from CECo, which in turn is generated in significant part from the Palisades Plant. PIRGIM is a statewide nonprofit consumer protection and public interest organization made up of approximately 10,000 Michigan citizen members located within and throughout the state of Michigan. PIRGIM’s members include citizens who purchase their electricity from CECo.

MEC and PIRGIM also represent numerous Michigan citizens who live, work, or engage in recreation, adjacent and near the facilities subject to this case application, including the Palisades sites and the Big Rock SNF site. MEC is made up of scores of organizations on a statewide basis, including environmental and public health organizations whose purpose is to advocate for public safety, and the protection of the environment and public health, including energy and nuclear power matters. MEC's subsidiary organizations and members cover geographical areas which encompass the Palisades Nuclear Plant, and also the ISFSI sites of both the Big Rock Plant and the Palisades Nuclear Plant. In this respect, MEC and PIRGIM also have standing as organizations to promote these purposes, as well as in their status of direct ratepayers of CECo (e.g. *Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc.*, 60 NRC 548 (2004), pp 553, 555-557 (petition construed in favor of petitioner); *IP3-Fitzpatrick*, (association standing), *Louisiana Energy Services*, 59 NRC 256 at 258 (2004 WL 2920523) ("organizational" standing); *Friends of the Earth v Laidlaw*, 528 U.S. 167; 120 S. Ct. 693; 145 L.Ed.2d 610 (2000).²

MEC and PIRGIM have also been approved as a state-funded grantee to specifically pursue these decommissioning and SNF issues and remedies, before both state and federal agencies, by Michigan's Utility Consumer Participation Board, pursuant to a program authorized under Michigan's Act 304, Section 6j *et seq.*, MCL 460.6j *et seq.* In that sense, MEC/PIRGIM

² In MPSC case U-13771, commenced in 2003 by a complaint filed by MEC and PIRGIM, and naming as respondents the five (5) nuclear utilities serving Michigan, including CECo, MEC/PIRGIM requested an investigation into the impact of the post-Standard Contract default in the federal SNF disposal program, and sought remedies to protect ratepayer-collected funds to ensure nuclear plant decommissioning, SNF disposal, and SNF site decommissioning; the presiding Michigan Administrative Law Judge ("ALJ") in U-13771 made exhaustive findings, based on state and federal law, and the facts concerning MEC/PIRGIM's status and membership, that MEC and PIRGIM had standing to pursue these issues and remedies before the MPSC (MPSC Case U-13771, ALJ decision of March 10, 2005, pp 18-40).

have been authorized by the State of Michigan to advocate upon behalf of Michigan's residential ratepayers in this and related cases.

3. Nature and extent of petitioners' property, financial or other interest in the proceeding [10 C.F.R. 2.309(d)(1)(iii)].

MEC and PIRGIM's status and purposes, as described in (2) above, have provided MEC/PIRGIM standing in scores of state agency and Court proceedings, to seek to protect Michigan ratepayers and Michigan's environment. Similarly, MEC and PIRGIM assert that they should be found to have standing to participate in the important issues subject to this Commission's review in this case, including an examination of the financial qualifications of the applicants and the adequacy of financial assurances, that the applicants can successfully carry out their responsibilities under the requested license – responsibilities that should include decommissioning of plant sites and ISFSIs, and disposing of SNF. This proceeding thus directly involves MEC/PIRGIM's long-held interests in protecting Michigan ratepayers and environment, and in assuring that adequate financial means and assurances exist to guarantee that these ultimate tasks and responsibilities will be completed and upheld.

As noted in (2) above, MEC and PIRGIM, and their respective organizations and citizen members, include thousands of citizens who obtain their electric energy from CECo, and thus are directly affected by and interested in the rates, terms and conditions, and policies governing the provision of electric energy to its members and the general public. MEC and PIRGIM, and their citizen members, also have a vital interest in ensuring that utility rates are just and reasonable, that electricity is provided in an efficient manner with minimization of waste to Michigan's economic and environmental resources, that ratepayer-collected funds are protected and utilized to effect nuclear plant and SNF decommissioning, and that adequate financial qualifications and assurances exist to carry out the public health and safety objectives carried out by this

Commission under the Atomic Energy Act. MEC/PIRGIM also have a strong interest in preserving MPSC jurisdiction over rate matters, and in supporting the cooperative exercise of jurisdiction by the MPSC and this Commission in their respective roles to carry out the objectives of both state and federal law aimed at protecting public interests.

Under Michigan law and procedures, MEC and PIRGIM have been found to have standing to participate in scores of proceedings and cases before Michigan agencies and the Courts, including energy and rate case matters before the Michigan Public Service Commission. These proceedings have included several MPSC cases involving nuclear plant decommissioning, and protection of SNF fees collected from ratepayers or paid to the federal government under the Nuclear Waste Policy Act of 1982 and the Standard Contract applicable to Michigan utilities. MEC and PIRGIM have a direct role in seeking to protect ratepayers' interest in the sizable decommissioning funds accumulated by CECo, and also the sizable sums collected from ratepayers under Michigan's Act 304 for SNF fees, including SNF disposal fees related to pre-April 7, 1983 generation, which CECo has not paid to the federal Nuclear Waste Fund, and which remain presently unsecured.³ MEC/PIRGIM filed a complaint case in MPSC docket U-13771, involving as respondents all five (5) nuclear utilities that serve Michigan ratepayers, including CECo to seek better protection of ratepayers' interests, and to recommend remedies to enhance financial assurances to ensure nuclear plant and SNF site decommissioning, and SNF disposal. These issues have also been raised by MEC/PIRGIM in other recent CECo cases, including CECo's nuclear plant decommissioning case, U-14150, and also CECo dockets U-13917, U-14274 and U-14701, involving CECo's last three (3) Power Supply Cost Recovery

³ The MPSC issued an order providing for pre-1983 SNF fees to be placed in an MPSC regulated trust relative to another major nuclear utility, Indiana Michigan Power Company, MPSC case U-11237, order dated November 26, 1996.

(“PSCR”) cases under Michigan’s Act 304, MCL 460.6a and 460.6j *et seq.* MEC and PIRGIM have also participated as full parties in several Michigan Court cases involving these issues, including ongoing matters.⁴ These issues involve hundreds of millions of dollars in impact to Michigan’s ratepayers.

Thus, the thousands of individual ratepayers represented by petitioners MEC and PIRGIM, many of whom are CECo ratepayers, are directly impacted by decisions to be made in this case. In addition, members of MEC/PIRGIM also represent Michigan citizens who live locally near both the Big Rock SNF site, and the Palisades Nuclear Plant and SNF site, and have direct interests in the proper decommissioning of said plants and proper disposal of the SNF. MEC and PIRGIM also have direct interests under their organizational mission statements, and purpose, to promote the economic use of energy, including nuclear energy, and to promote the public interest, environmental protection, and consumer protection. All of these interests are impacted by these proceedings.

4. Possible effect of any decision or order that may be issued in the proceeding on petitioners’ interest [C.F.R. 2.309(d)(1)(iv)].

MEC and PIRGIM assert that issues raised in this proceeding relate directly to lengthy cases efforts undertaken by MEC and PIRGIM before the MPSC and Michigan’s Courts to better ensure adequate financial assurance, and financial accountability of the owners of the Palisades Nuclear Plant, the Big Rock Plant, and each plant’s respective SNF sites, to better ensure the ultimate decommissioning of the plants, and of the SNF sites, and the disposal of SNF. MEC/PIRGIM have undertaken these efforts to protect the interests of their members as ratepayers, and as organizations seeking to protect Michigan’s public interest and its

⁴ Michigan Environmental Council and PIRGIM v DECo, Docket 264131; MEC/PIRGIM v MPSC and CECo, Docket 264860; MEC/PIRGIM v MPSC and IM Power Co, Docket 264859.

environment. MEC/PIRGIM are concerned that there is a lack of adequate financial assurance to ensure that nuclear plant decommissioning and SNF disposal will be ultimately accomplished, which concerns are exacerbated by the default by the federal government in its Standard Contract to dispose SNF. MEC/PIRGIM are presenting in the newly filed MPSC proceedings involving the CECo/Entergy transfer transactions, MPSC case No. U-14992, substantial evidence on these issues, and will be requesting the MPSC to undertake several remedies to preserve decommissioning funds collected from Michigan ratepayers, which are currently regulated in MPSC trusts, and to also establish a similar SNF decommissioning trust relative to the \$148 million (plus interest) that CECo has collected from Michigan ratepayers specifically in SNF fees for pre-April 7, 1983 generation funds that CECo has not paid to the Nuclear Waste Fund and that CECo retains unsecured on its internal books (see attached Affidavit of Ronald C. Callen, and his attached Exhibit 2).

The possible effect of an order or decision in this case is to undercut efforts in Michigan to protect ratepayer funds paid for decommissioning and SNF disposal, to reduce the financial assurance that may result from said efforts, to work at cross-purposes with state jurisdiction over CECo and said trust funds, in contravention of this Commission's stated positions and rules, and to increase the risks assigned to Michigan's ratepayers and Michigan's environment that proper decommissioning and SNF disposal will not be accomplished (despite ratepayers' substantial payments for such programs).

MEC and PIRGIM assert that their requests for protection of ratepayers with respect to the collection of SNF fees and costs, and for additional assurances for the full decommissioning of nuclear plant sites, including SNF storage sites, and for ensured SNF disposal, are consistent with and in furtherance of regulations of the NRC. State jurisdiction and authority over

regulation of costs, rate collections, and trust oversight, related to the decommissioning of nuclear plants, has long been recognized under NRC regulations, including 10 CFR § 50.75 and 10 CFR § 72.30. This remains true under recent amendments of these regulations (Rules and Regulations, Nuclear Regulatory Commission, 10 C.F.R. Parts 50 and 72, RIN 3150-AG52, Decommissioning Trust Provisions, 67 F.R. 78332 *et seq.*, December 24, 2002). The NRC's 2002 rulemaking proceedings indicate that the NRC authorizes and recognizes state regulatory requirements to establish additional assurances and funding mechanisms to provide for ultimate SNF disposal, 67 F.R. 78339-78340; 67 F.R. 78342-78344. MEC and PIRGIM's pursuit of these issues is also consistent with judicial precedent confirming the substantial state interests in economic and environmental impacts related to nuclear power. *Pacific Gas & Electric vs Energy Resources Commission*, 461 U.S. 190 (1983).

B. CONTENTIONS AND SUPPORTING EVIDENCE

MEC and PIRGIM submit the following contentions and supporting evidence regarding the application and requested relief sought in this docket.

First Contention

Applicants have failed to present sufficient evidence of the financial qualifications of the proposed transferees, ENP and ENO, to assume the ownership or operation of, and the responsibilities applicable to, the requested license for the Palisades Nuclear Plant, and for other approvals related to the Palisades and Big Rock ISFSI sites.

Contention

The application and attachments provided to the public and obtained by MEC and PIRGIM, are wholly inadequate and insufficient to demonstrate that the proposed successors to the license to own and operate the Palisades Nuclear Plant, and to assume responsibility over the

ISFISI sites at the Big Rock and Palisades Plant sites, possess the necessary financial qualifications to undertake said ownership, operations, and responsibilities. The applicants have failed to demonstrate that they meet the financial qualifications requirements (10 C.F.R. 50.33(f)(2) and 50.40(b), and that the license transfer will not jeopardize public health and safety objectives of the Atomic Energy Act (10 C.F.R 50.40, 50.80).

The proposed successors to the licenses referenced above are Limited Liability Corporations (“LLC’s”), and/or affiliates or subsidiaries of Entergy or Entergy affiliates. One or both of said entities are newly created entities that have no financial track record, no credit history, and no financial standing or assets to assume the license responsibilities. Moreover, the application is devoid of any unredacted information to support any conclusion that said entities possess adequate financial qualifications. Moreover, the application fails to provide for adequate funding or financial backup by the parent holding company of the various LLC affiliates, namely, Entergy, to ensure that said limited liability companies or affiliates will have sufficient financial standing at any time in the future. Since said entities are to be wholly owned and controlled by the parent company, Entergy, any accumulation of financial assets by the subsidiaries in the future can be readily dissipated by the parent company, by transferring any cash resources to the parent company, so as to ensure that any subsidiary lacks the financial resources in the case of any emergency or other responsibility arising under the license. Further, no information is provided to demonstrate that the operation of the Palisades Plant over time will provide an adequate revenue stream, after costs, to provide additional cash resources or reserves to address all responsibilities under the license.

The lack of any financial or other information provided to the public and prospective intervenors in this case itself establishes adequate grounds for granting all interventions, and to

require the initiation of hearings to require applicants to demonstrate their financial qualifications, if any, to assume the proposed licenses.

The cover letter to Entergy's application states (page 1) that enclosures 1, 3, and 7 is withheld from public disclosure pursuant to 10 C.F.R. 2.390(a)(4) and 10 C.F.R. 9.17(a)(4). The letter (page 2) states that enclosure 3 is a copy of the Operating Agreement between Entergy Nuclear Palisades and ENO, and that enclosure 7 provides the projected financial statement for Entergy Nuclear Palisades, LLC. The affidavits attached to the letter utilize in part the following common language:

1. Entergy Nuclear Palisades, LLC (Entergy Nuclear Palisades) and ENO are providing information in support of the proposed license transfer and conforming amendments (Palisades Docket 50-255). The information being provided in Enclosures 1 (Section II.F (Financial Qualifications)), 3 (proposed Operating Agreement) and 7 (projected financial statement) contain Entergy Nuclear Palisades and ENO's financial projections related to the operation of Palisades, confidential financial and corporate projections related to the operation of Palisades, and the commercial terms of a unique transaction. These documents constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to 10 C.F.R. 9.17(a)(4) and the policy reflected in 10 C.F.R 2.790, because:

The affidavit further indicates that the "information is and has been held in confidence by Energy Nuclear Palisades and ENO" (paragraph 1(i)) and that the "information contains sensitive financial, corporate, and commercial information concerning Energy Nuclear Palisades and ENO's projected revenues and operation expenses as well as confidential financial and organization information concerning affiliated companies" (paragraph 1(ii)) and that "public disclosure of this information would create substantial harm to the competitive position of Entergy Nuclear Palisades and ENO by disclosing Entergy Nuclear Palisades and ENO's internal financial projections, confidential financial and corporate information of affiliated companies,

and the commercial terms of a unique transaction to other parties whose commercial interests may be adverse to those of Entergy Nuclear Palisades and ENO” (paragraph 1(iv)).

MEC/PIRGIM assert that the reasons given for redacting all of the relevant exhibits concerning financial qualifications and financial assurance are not valid, and are substantially outweighed by the public interest factors that merit disclosure of all of this information for purposes of evaluating the financial qualifications and financial assurances applicable to any license transfer. Moreover, the fact that wholly owned affiliates have an agreement among themselves to hold information in confidence should have no weight in determining what is confidential for purposes of this proceeding. Moreover, it is difficult to understand how harm to the competitive position of ENP and ENO could occur when CECo and ENP propose to enter into a 15-year Purchased Power Agreement (“PPA”) between ENP and CECo for the purchase of all of the capacity and energy from the Palisades Nuclear Plant. In this situation, no “competitive position” appears to be involved. Instead, what is important financial information concerning the internal financial projections, and financial viability and availability of cash and financial resources to ensure adequate financial qualifications and financial assurances to justify the transfer of the licenses as requested.

Supporting Evidence

The cover letter to the application indicates that the applicants “. . . request transfer of the Palisades Nuclear Plant “(Palisades”) Facility Operating License DPR-20 from Consumers and NMC to Entergy Nuclear Palisades to possess and own and ENO, to possess, use and operate Palisades (emphasis added). Entergy Nuclear Palisades (“ENP”) will thus be the sole owner of Palisades. The Facility Operating License DPR-20 will be issued to ENP. ENO will act as the

operator of Palisades in the same manner as NMC currently operates Palisades for its current owner and licensee CECo.

Since ENP would be the owner and the DPR-20 license holder, ENP is the entity that must possess adequate financial criteria. While parent company, Entergy Corp., may claim it has \$30 billion in assets, that is irrelevant if they are not available to ENP. 10 C.F.R. 30.34(b) “. . . requires that . . . the ultimately licensed entity has the capability to meet the financial qualification and decommissioning funding aspects of the NRC regulations.” Since the ultimately licensed entity would be ENP, it is ENP that must prove it has the required financial qualification. Additionally, since ENP is not a public utility, it is ENP that must be able to finance any shortfalls in the nuclear decommissioning fund.

Similarly, the transfer of the license for an ISFSI at paragraph 72.50(b)(1) states: “An application for transfer of a license must include as much of the information described in § 72.22 . . . with respect to the . . . financial qualification of the proposed transferee as would be required by that section if the application were for an initial license.” Section 72.22(e) requires “the information must show that the . . . applicant will have the necessary funds available to cover the following: . . . (2) Estimated operating costs over the planned life of the ISFSI; and (e) Estimated decommissioning costs,

Again, since ENP would be the licensee of the Palisades Nuclear Facility and the licensee of both the Palisades ISFSI and the Big Rock ISFSI, it is ENP that must have, or have access to the required financial funds.

The following information is vitally necessary to ascertain the financial qualifications of Entergy Nuclear Palisades (“ENP”): (1) Enclosure of . . . the financial statement for Entergy Nuclear Palisades, LLC. (2) Documentation of the ability (or lack thereof) of ENP to be able to

draw upon the funds of Entergy Corp to meet its financial commitment and to protect the public and the environment; (3) the exhibits and other information redacted from the application; and (4) necessary discovery on said application and filings. None of this information has been provided.

The Commission should take notice that the very purposes of creating subsidiaries, affiliates, and limited liability corporations, is to facilitate an owner's effort and purpose to avoid costs and financial risks related to the subsidiary LLC's activities. As applied here, the clear intention and result is that the subsidiary LLC's, such as ENP, do not possess the necessary financial qualifications to assume the responsibility of a licensee as requested in this docket. A basic question pervades the analysis – Why has Entergy Corp. set up an LLC corporation to be the owner and licensee of Palisades and the ISFSIs? The answer: To limit the parent company's liabilities. Stated differently, if Palisades or the ISFSIs become a financial disaster, Entergy Corp can walk away from that liability. Moreover, Entergy can continually “manage” the LLC's financial resources to keep them “lean” so that resources do not exist to address unforeseen risks, events, and even decommissioning, and to protect the parent owner's resources from being used for said purposes.

The NRC should view with alarm a non-utility that purposely sets up a legal scenario that would deprive the nuclear facility licensee of the funds that might be necessary to protect the public and the environment. The watchdog agency of Congress, the General Accounting Office (“GAO”) has recognized state regulatory agency authority over the regulation of decommissioning funds for nuclear utility subject to their retail rate jurisdiction, and has stated concern that additional protections must be undertaken to ensure the adequacy and preservation of the decommissioning funds in view of the restructuring and deregulation of the electric

industry costs. *Nuclear Regulation: NRC's Assurances of Decommissioning Funding During Utility Restructuring Could Be Improved*, December 2001, (GAO-02-48).

The above paragraphs are further supported by the attached Affidavit of expert Ronald C. Callen, who has participated as an expert witness in several MPSC dockets involving CECOs decommissioning, SNF fees and disposal, and other regulatory issues relating to CECOs and also CECOs's Palisades and Big Rock Plants.

Second Contention

The application, with attachments, fails to demonstrate that adequate financial assurance will be provided by the successor owners and operators of the Palisades Nuclear Plant, and of the Big Rock and Palisades ISFSI sites, to undertake the responsibilities under said licenses, and to ensure the decommissioning of the nuclear plant, the ISFSI sites, and the proper disposal of the spent nuclear fuel (SNF).

Contention

The application presents no sufficient information to demonstrate that the proposed licensee transferees meet the financial assurance requirements (10 C.F.R. 50.33(k)(1) and 50.75) to ensure the ultimate decommissioning of the Palisades Nuclear Plant, the protection of decommissioning funds, the decommissioning of ISFSI sites, and the proper disposal of SNF, or the ability to undertake all other responsibilities of a licensee in the event of emergencies or other events. The applicants thus fail to ensure that the requested license transfer will not jeopardize the public health and safety objectives of the Atomic Energy Act (10 C.F.R. 50.40 and 50.80).

The Commission should require intervention, discovery, hearings, and direct evidence and cross examination, to fully detail remedies necessary to provide adequate financial assurances are provided pursuant to 10 C.F.R. 50.75. The Commission should require maximum financial assurance methods to ensure decommissioning of the plant, the ISFSIs, and to provide

for SNF disposal, such as: (1) prepayment or external sinking fund methods (10 C.F.R. § 50.75 and 10 C.F.R. § 72.30) which provide for deposits in a segregated account, separate from the licensee's assets or control, of sufficient funds to pay decommissioning costs, which may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities, or other payment acceptable to the NRC (§ 72.30(c)(1) and (c)(3); § 50.75(e)(1)(i) and (ii); (2) a surety method such as a surety bond, letter of credit, line of credit, insurance, or other guarantee methods such as a parent company guarantee of funds for decommissioning costs based on a financial test, § 50.30(e)(2); this surety method or insurance must be payable to a trust established for decommissioning costs; an acceptable trustee can include an appropriate state or federal government agency or an entity which has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency, § 50.30(c)(2)(ii), § 50.75(e)(1)(iii); and (3) any other mechanism, or combination of mechanisms determined by the NRC to be equivalent thereto, such as an external sinking fund in combination with a guarantee mechanism, § 50.75(e)(1)(vi).

The erosion of financial assurances caused by the transfer of nuclear plant licenses to limited liability corporations, and corporate affiliates, and the removal of nuclear plant decommissioning and other funds from local state regulatory oversight, increases the need for enhanced financial assurances.

MEC and PIRGIM assert that maximum financial assurances and remedies should be required in this case as a condition to any license transfer. Moreover, said conditions should be applicable to both the successor transferee as well as the transferor of the license. The Commission should specifically require that the transferor, CECo and its parent company, CMS Energy, should file a corporate bond and letter of credit to continue to share in the responsibility

for the spent nuclear fuel (SNF) which CECo has generated since the initiation of the Big Rock Nuclear Plant and also the Palisades Nuclear Plant. This remedial condition should continue in effect until the SNF is appropriately disposed by the federal government pursuant to the Nuclear Waste Policy Act and the Standard Contract. In addition, CECo should be required to deposit in an external interest bearing trust regulated by the MPSC (Michigan Public Service Commission) all of the amounts CECo has collected from ratepayers for SNF fees applicable to nuclear generation occurring before April 7, 1983, but that CECo has never paid to the federal Nuclear Waste Fund and which remains as unsecured amounts on CECo's internal books. If CECo desires to "break clean" from all costs and financial risks of nuclear power, this purpose should also require CECo to disgorge all of the cash and other benefits it holds that were collected from Michigan ratepayers for a defined and specific purpose, namely, the ultimate disposal of SNF. The MPSC could monitor and regulate said funds in an external "SNF disposal and SNF decommissioning trust". This remedy would ensure that these past fee collection funds would be available to pay to the federal government in the event it should ever start receiving and disposing said SNF, or alternatively, would be available to the citizens or ratepayers of the State of Michigan in the event of a permanent default by both the federal government and the utility (and its successors) to undertake disposal of the SNF. The Commission should require the transferor, CECo, and its parent, CMS Energy, to undertake additional financial assurances as are available under its regulations.

The Commission should also similarly condition any license transfers upon the transferee, and its parent company, Entergy, to undertake similar obligations and financial assurances under the above regulations. This should include a corporate bond and letter of credit to be filed with the NRC by the parent company, Entergy (the parent of any of the affiliates or

limited liability corporations which would purport to own or operate the Palisades Nuclear Plant, and or the Palisades or Big Rock ISFSI sites). The Commission should also require the transferees, and their parent company, to undertake additional financial assurances as may be appropriate under the Commission's regulations.

Supporting Evidence

The application, with attachments, do not provide a sufficient basis to assume that adequate financial assurances exist to ensure that the Palisades Nuclear Plant will be properly decommissioned, and that the Palisades and Big Rock ISFSI's and SNF stockpiles will be properly disposed and decommissioned. This lack of adequate financial assurance requires the Commission to provide maximum financial assurances under its regulations to accomplish such tasks. Comprehensive financial assurances should be required of both the transferor (CECo and its parent, CMS Energy) and the transferee (the parent, Entergy, and its affiliates), in the form of decommissioning funds, trusts, the filing of corporate bonds, letters of credit, and similar remedies.

The contentions and recommended conditions set forth in this section are further supported by the attached Affidavit of Ronald C. Callen, an expert on nuclear energy and regulation. Mr. Callen also presents information to document that approximately \$148 million (including interest) is held as an "obligation" on CECo's internal books, without any security or protection, for SNF fees collected from Michigan ratepayers related to pre-1983 generation, which funds should be protected in an MPSC regulated external interest bearing trust fund, directed specifically toward the purpose of ensuring the ultimate disposal of SNF, and the decommissioning of SNF sites.

Third Contention

The Commission should ensure that MPSC regulation over decommissioning funds, and SNF fee obligations, is preserved and reinforced, as an important means to provide adequate long-term financial assurances and promote federal/state regulatory comity.

Contention

The application seeks to transfer licenses to effect an overall transaction whereby the existing decommissioning funds applicable to the Palisades plant will be divided and largely dissipated, along with the transfer of regulatory oversight over said funds away from the MPSC. Moreover, state ratemaking remedies to ensure protection of past amounts collected for SNF fees for SNF disposal will also be greatly weakened or dissipated. In its place will be a far less certain means of protecting a lesser amount of funds for decommissioning and SNF disposal.

MEC/PIRGIM asserts that the dissipation of the above funds, and removal or reduction of MPSC jurisdiction to ensure adequate finances to decommission plant and SNF sites, is unwarranted, unnecessary, and contrary to Michigan's public interest. MEC/PIRGIM urge this Commission to instead uphold a cooperative federal/state regulatory approach that does not allow diminishment of financial assurances, and of regulatory oversight, to ensure the decommissioning of Palisades and the ultimate disposal of SNF, and decommissioning of SNF ISFSI sites at Big Rock and Palisades.

Supporting Evidence

Consumers proposes to transfer \$250 (or more) million of its decommissioning trust funds to ENP. It should be recognized that these are not CECo's assets, but rather, are regulated funds collected from CECo's ratepayers and the earnings thereon. It is essential that ultimate control of these trust funds must be vested in a government agency of the State of Michigan. However, it is proposed that ENP will be a merchant plant not subject to the jurisdiction of the

MPSC, and a plant largely deregulated except for very limited FERC oversight. Therefore, it is essential that the NRC ensures that the decommissioning trust fund remain subject to government control. The NRC has long deferred to state government the jurisdiction of decommissioning trust funds. The hearing in this case should establish the mechanics of continuing state control of the Palisades Decommission Trust Funds, and should reinforce efforts at the state level to establish a separate MPSC regulated external trust (the SNF disposal and SNF site decommissioning trust) to receive and protect the \$148 million (plus interest) that CECo has collected from ratepayers for SNF fees for pre-1983 nuclear generation.

This contention is further supported by the accompanying affidavit of expert Ronald C. Callen.

III. HEARINGS ON THESE CONTENTIONS SHOULD BE CONDUCTED.

MEC and PIRGIM request the Commission to provide for hearings on the contentions raised above, preceded by appropriate discovery. The sparseness and unsupported nature of the application filed in this case, as provided to the public and proposed intervenors, demonstrates the apparent weakness of the applicants with respect to both financial qualifications and financial assurances issues, and the corresponding need for the development of an appropriate record.

The contentions presented also are immensely important to the interests of MEC and PIRGIM, as representatives of ratepayers, local citizens residing near the Big Rock and Palisades sites, and as organizations organized to promote the efficient use of energy, reasonable rates, the protection of Michigan's environment, and the protection of Michigan's public interests with respect to environmental, public health, and related matters.

MEC and PIRGIM further note that an extensive case has been recently commenced by CECo before the MPSC (case No. U-14992), which incorporates numerous issues and requests

for relief, that are pre-requisite to any transfer of the Palisades Plant ownership. The MPSC case will be the subject of intense contested case proceedings conducted under Michigan statutory law, participated in by several different major parties. The MPSC proceeding will provide an opportunity for more information to be obtained that will be relevant to these proceedings. Further, the MPSC proceedings will take several months, and may lead to a rejection of CECo's application, or alternatively, to the imposition of important modifications to CECo's application, which in turn may impact these proceedings. Moreover, CECo and Entergy's application before the Federal Energy Regulatory Commission ("FERC") in docket No. EC06-155-000, has been the subject of a FERC staff letter order requiring a refiling of said application, and a restart of the process in that docket. All of these factors indicate that there is no need for this agency to "rush to judgment" on the instant application, and that adequate time exists to provide for a fair and balanced presentation of evidence in a hearing prior to this Commission reaching a decision on the merits of the application.

IV. INCORPORATION BY REFERENCE, RESERVATION OF RIGHT TO AMEND, AND REQUEST FOR EXTENSION OF TIME.

Petitioners MEC and PIRGIM request or reserve the right to amend their contentions and proffered evidence on the basis that inadequate information has been provided by the applicants on the critical issues that must be addressed in this proceeding. Petitions assert that the applicants should be required to amend and supplement their filing, and to provide Petitioners all redacted information and additional discovery information needed to evaluate and participate in this proceeding. Petitioners thereafter request the right to amend these pleadings accordingly. Petitioners would also request that discovery and hearings be provided, and that the positions of the parties be amended to conform with the proofs submitted.

Petitioners MEC and PIRGIM also incorporate the contentions and evidentiary presentations made by the other petitioners in this case, who filed a petition on December 5, 2006 in this proceedings, namely, the petition and supporting documents submitted by Van Buren County, Covert Township, Covert Public Schools, Van Buren County Intermediate School District, Van Buren County District Library, Lake Michigan College and South Haven Hospital (collectively referred to as “Local Units”).

Petitioners MEC and PIRGIM further join in and incorporate the Local Units’ request for an extension of time in the schedule in these proceedings given the inadequacy and incompleteness of the initiatory application filed in this proceeding. The schedule should be extended to provide for a refile by applicants, the release of critical redacted information, discovery, and hearings, and to provide a reasonable period of time for Petitioners to respond on a fair and adequate basis to the relief requested by the applicants in this case.

V. CONCLUSION AND RELIEF

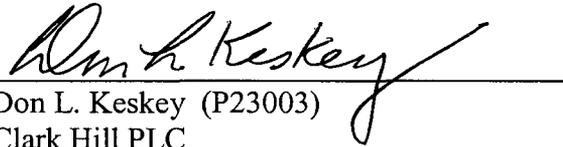
For the reasons stated, the Michigan Environmental Council and the Public Interest Research Group in Michigan respectfully request that they be admitted as full party intervenors in this case docket, and further, that an adjudicatory evidentiary hearing be held to fully examine the contentions raised in this pleading and any subsequent amendments that may supplement these contentions based upon discovery and receipt of further needed information. MEC and PIRGIM also adopt and incorporate by reference the contentions made by the Local Units in this

case, and request an extension of time in the case schedule, a refiling by applicants, and a period of discovery, prior to hearings. MEC/PIRGIM also request the right to amend or supplement this Petition after the requisite information is provided by Applicants. MEC/PIRGIM request such further and consistent relief which is lawful and reasonable.

Respectfully submitted,

MICHIGAN ENVIRONMENTAL COUNCIL,
PUBLIC INTEREST RESEARCH GROUP IN
MICHIGAN

By Their Counsel:

A handwritten signature in black ink, appearing to read "Don L. Keskey", is written over a horizontal line.

Don L. Keskey (P23003)
Clark Hill PLC
212 East Grand River Avenue
Lansing, MI 48906
(517) 318-3014
(517) 318-3099 (Fax)
dkeskey@clarkhill.com

DATED: December 6, 2006

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
ENERGY NUCLEAR OPERATIONS.**

Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

**AFFIDAVIT OF RONALD C. CALLEN
IN SUPPORT OF PETITION OF MICHIGAN ENVIRONMENTAL COUNCIL
AND PUBLIC INTEREST RESEARCH GROUP IN MICHIGAN**

AND

AFFIDAVIT EXHIBITS 1 AND 2

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
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Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

AFFIDAVIT OF RONALD C. CALLEN

NOW COMES Ronald C. Callen, being first duly sworn, and states as follows:

1. My name is Ronald C. Callen. I have been retained by the Michigan Environmental Council (MEC) and PIRGIM, pursuant to a grant issued by the State of Michigan Utility Consumer Participation Board, to participate in many cases before the Michigan Public Service Commission (MSPC), the Michigan courts, and federal agencies, with respect to issues involving nuclear plant decommissioning, the protection and preservation of nuclear plant decommissioning funds, the protection of spent nuclear fuel (SNF) fees collected from ratepayers for the disposal of SNF, and to advocate remedies on behalf of Michigan's residential ratepayers with respect these and related issues. The work on this assignment is conducted in conjunction with the law firm of Clark Hill PLC, Attorney Don L. Keskey, 212 East Grand River Avenue, Lansing, Michigan 48906.

2. I have over forty years experience with respect to nuclear plant operations, and state and federal regulation thereof. I served for fifteen years in the nuclear industry, including

work with The Detroit Edison Company's Enrico Fermi 1 project. I also served for twenty-five years as a member of the staff of the Electric Division of the Michigan Public Service Commission, heavily involved with the regulation of Michigan's electric utilities, including nuclear utilities. I served for two years as founding director of the Nuclear Waste Office of the National Association of Regulatory Utility Commissioners in Washington, D.C. For five years I have served as consultant and expert witness in cases before the MPSC on nuclear plant, decommissioning, and SNF issues. My resume is attached to this affidavit as Exhibit 1.

3. The MEC and PIRGIM are heavily engaged in MPSC cases to advocate a number of remedies to protect Michigan ratepayers and citizens relative to funds that have been collected from ratepayers for nuclear plant decommissioning, and for SNF disposal under the provisions of the Nuclear Waste Policy Act of 1982 and under the Standard Contract signed by nuclear utilities with the U.S. Department of Energy (DOE). In recent years, I have testified in several cases involving Consumers Energy Company (CECo) concerning these issues, including CECo Power Supply Cost Recovery (PSCR) Case U-13917, in CECo's most current nuclear plant decommissioning case for Palisades, MPSC Docket U-14150, and in CECo's latest PSCR case for 2006, U-14701. I have also assisted with and filed an affidavit in a complaint filing at the MPSC, which included five respondent nuclear utilities including CECo. The complaint case, MPSC Case U-13771, was filed to seek a number of financial assurance remedies of the MPSC to better protect ratepayer payments for decommissioning of nuclear plants and of SNF fees collected to ensure the proper disposal of SNF and the decommissioning of SNF storage sites. I have also been retained to assist MEC and PIRGIM with respect to the presentation of a number of remedies in their case filing to be made December 20, 2006 in MPSC Case U-14992, which involves CECo's application for authority from the MPSC to undertake a number of transactions

including the sale of the Palisades plant and entry into a fifteen year Purchase Power Agreement (PPA) between CECo and a subsidiary of Entergy, Entergy Nuclear Palisades (ENP).

4. Based on my long involvement in the licensing and operation of nuclear power plants, and the planning for their decommissioning, and the ongoing review of SNF handling and disposal, I conclude that there is great uncertainty in the advisability and safety assurance of the proposed license transfer, as proposed in the application of Consumers Energy Company (“CECo”) for transfer of the Palisades Nuclear Plant (“Palisades”) operating license, DPR-20, to ENP.

5. Foremost in creating the uncertainty is the redaction of extensive critical financial information concerning issues of importance to MEC/PIRGIM, as demonstrated in my testimony in many contested cases before the Michigan Public Service Commission (“MPSC”). Without adequate financial information, prospects for the safe operation of the plant, and the management of SNF and the Independent Spent Fuel Storage Facility (“ISFSI”), cannot be publicly determined. Nor can MEC/PIRGIM assure its members that the proposed purchaser possesses the necessary financial capability to accomplish the above goals and functions.

6. The incomplete application in this case, and the redacted financial information, raise issues which were central to my testimony in the recent cases before the MPSC, including the following:

a. Depending on external rulings on matters of taxation, CECo proposes to turn over to ENP at closing an amount to cover the cost of decommissioning Palisades at the end of its operating life, more than twenty years from now, assuming approval by the U.S. Nuclear Regulatory Commission (“NRC”). Without review of the financial information, MEC/PIRGIM

cannot assure that decommissioning will be fully and safely accomplished. Furthermore, as advocated before the MPSC, MEC/PIRGIM is concerned with the entire plant and site decommissioning, including SNF disposal and the decommissioning of ISFSI sites.

b. My concern focuses heavily on the handling, storage and disposal of SNF. I have conducted an especially long and intensive investigation of SNF disposal and the federal responsibility, per the Nuclear Waste Policy Act (“NWPA”) of 1982, to undertake the safe disposal of commercial SNF, including SNF at the Palisades and of Big Rock Point plant locations, now housed in an ISFSI at the site of the former Big Rock plant and within plant facilities and an ISFSI at Palisades. It is known that the federal program has repeatedly violated its mandate for disposal, i.e. to open a repository for disposal in 1998. Subsequent proffered dates alleged for opening the facility also have been violated. Indeed, the most recent estimated date – not earlier than 2017, has been revised by the federal manager less than six months after his first estimate. The date has now been revised to 2020.

c. The continuing delays in the SNF disposal program have been a great concern to MEC/PIRGIM for several reasons. First, the delay increases the total expense for SNF disposal; while the NWPA assigns financial responsibility for the SNF disposal program to the nuclear utilities, including CECo, the utilities have in turn have assessed ratepayers, including members of MEC/PIRGIM, for the expense; the final expense for the disposal program is thus indeterminate; yet, the application here includes a redaction of just about all meaningful financial information relevant to a review of the application.

d. Another great concern arising from delays in the disposal program lays in the possibility that the federal government may never provide for SNF disposal. This real

possibility is demonstrated by the fact that the federal government purported to begin SNF disposal programs long before passage of the NWPA in 1982, without success. Actual experience establishes decades of failed effort at accomplishing SNF disposal. The essence of MEC/PIRGIM concern is that federal failure at SNF disposal will likely leave the State of Michigan, by default, with the responsibility for SNF disposal. The lack of financial information in the application sheds no light on the matter, either as to CECo or ENP responsibility or as to their financial capability to undertake or enforce SNF disposal responsibilities.

e. Another concern of MEC/PIRGIM, and included in the many cases before the MPSC, involves the lack of protection of funds collected from ratepayers for the disposal of SNF, both as an ongoing matter, and with respect to collections for SNF disposal for pre-April 1983 nuclear generation. The amount of the SNF fee collections (or “debt”) for the pre-April 1983 period includes continuing assessed interest. Currently, the total amount of this obligation for CECo is \$148.3 million through March 2006 (See Affidavit Exhibit 2, p.2 hereto). CECo has and continues to hold these funds internally, which in the view of MEC/PIRGIM is risky on at least two grounds. First, in the event of a federal disposal failure, these funds would likely cease to be available for whatever resolution of SNF disposal would need to be made. Secondly, there is financial risk that these ratepayer funds will be lost to ratepayers, and that CECo or its successors will simply accede to these funds as an unwarranted windfall. MEC/PIRGIM has urged the MPSC that these funds be put in an external trust account, as has been ordered by the MPSC with respect to another major utility operating in Michigan that has a similar debt. The lack of financial information on this issue hampers the overall financial analysis in this case.

7. ENP is a company that currently possesses no fiscal assets. At the end of life (“EOL”) of the Palisades plant, ENP will then have nothing but negative assets, being the plant

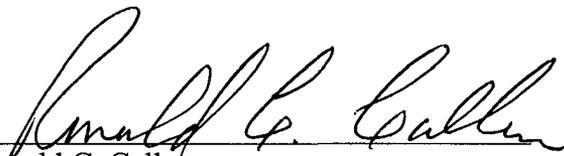
and two ISFSIs. Lack of financial information adds to the long-standing concern of MEC/PIRGIM that such arrangements (i.e. an LLC) encourage an entity like ENP to abandon its EOL responsibilities, resulting in many hundreds of millions of dollars of financial costs and risks upon Michigan ratepayers and citizens.

8. The applicant's filing in this docket is incomplete and deficient, and fails to demonstrate the financial qualifications of the applicants to receive the requested license transfers, and to undertake the responsibilities under the license. The application also fails to demonstrate adequate financial assurances that Palisades will ultimately be decommissioned, that the SNF sites will be decommissioned, and that SNF at both the Big Rock nuclear plant site and accumulating at Palisades will be properly disposed of in exchange for the payment of SNF fees by ratepayers.

9. It is my recommendation that any license transfers approved in this case be made subject to several financial conditions including requirements that both the transferor (CMS Energy and CECo) and transferee (ENP and its parent company, Entergy) provide financial assurance in the form of the filing of corporate bonds, surety bonds, or letters of credit to bolster decommissioning and disposal responsibilities under the license, and to provide for unforeseen events that may occur during the ownership and operation of Palisades. It is my recommendation that the Commission also condition the transfer of the license upon CECo depositing all past SNF fee collections collected from Michigan ratepayers for pre-1983 generation to a separate external interest bearing regulated trust, in the nature of a "SNF disposal and SNF site decommissioning trust" to be regulated by the MPSC. It is my recommendation that the NRC support continued MPSC regulation of all decommissioning funds, and this

proposed "SNF disposal and SNF site decommissioning trust" to maximize the financial assurance for decommissioning and SNF disposal.

10. It is my recommendation that the NRC undertake a complete review of the adequacy of the transferees' financial qualifications, and ensure they are financially qualified, with any necessary conditions for its parent company, Entergy, and including restrictions against Entergy Palisades excessively moving dividends to its parent, i.e., in excess of funds necessary to assure safety for all conditions.



Ronald C. Callen

Subscribed and sworn to before me
this 6th day of December, 2006.



Patricia A. Tooker, Notary Public
State of Michigan County of Eaton
Acting in Ingham County, Michigan
My Commission Expires: April 5, 2011

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
ENERGY NUCLEAR OPERATIONS.**

Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

EXHIBIT 1

TO AFFIDAVIT OF RONALD C. CALLEN

**ON BEHALF OF MICHIGAN ENVIRONMENTAL COUNCIL
AND PUBLIC INTEREST RESEARCH GROUP IN MICHIGAN**

RONALD C. CALLEN

212 E. Grand River
Lansing, MI 48906

Telephone: 517-318-3100
Facsimile: 517-318-3099
E-Mail: callenrc@yahoo.com

Current Activity

Consultant and Expert Witness on nuclear waste disposal, under contract with Clark Hill P.L.C., under a grant from the Michigan Utility Participation Board.

*Assistant Director of Electric Division
Michigan Public Service Commission
Lansing, MI (Retired)
1986-1990, 1992-1998*

Served Michigan Attorney General as legal team technical expert; team represented 35 states in two cases before U.S. Court of Appeals and appeal to U.S. Supreme Court to redress federal inaction on nuclear waste disposal and misuse of ratepayer funds.

Chief advisor and federal representative for Michigan Public Service Commission (MPSC) on nuclear waste disposal. Maintained advocacy as ratepayer representative in four-year effort to encourage and direct Congressional passage of corrective legislation. Investigated national spent nuclear fuel discharge, inventory, transportation and federal storage capability in pursuit of national federal policy. Tracked ratepayer funding of federal program and served as national advocate for redirection of funds for legally mandated purposes. Founding member, state representative and Congressional contact in 22-state Nuclear Waste Strategy Coalition. Principal investigator of problems with management of nuclear waste disposal by U.S. Department of Energy; co-author of definitive recommendation for redress. Investigator and advocate for adequate decommissioning fund reserve for nuclear power plants including impact of delay in nuclear waste disposal.

Upon retirement, 1998, received commendations from Governor, Attorney General, Michigan Public Service Commission, National Association of Regulatory Utility Commissioners (NARUC) and Nuclear Waste Strategy Coalition.

Managed staff activities on nuclear licensing procedures and federal review including waste disposal and decommissioning; entered contested casework on behalf of Michigan ratepayers. Developed and enhanced state-federal regulatory interaction and advanced NARUC-NRC program of issues pursuit. Investigated nuclear plant operation and licensing, financially impactful events, changes and anomalies; consulted with Commission and placed issues into regulatory procedures seeking resolution by Commission. Instituted interaction between Commission and U.S. Nuclear Regulatory

Commission (NRC) leading to plant assessments and sharing activity on licensee performance. Acted as State expert with U.S. Nuclear Regulatory Commission on interactive issues of regulation.

Led NARUC review of the national nuclear waste disposal program, organized its critical review, assisted in establishment of the NARUC Nuclear Waste Disposal Subcommittee, organized the Staff Subcommittee acting as its Chairman for five years, and as expert advisor to NARUC Subcommittee on Nuclear Waste Disposal and Committee on Electricity. Organized NARUC reviews, Congressional appearances and those with U.S. Department of Energy (DOE) and NRC and acted as liaison with NRC Staff on nuclear waste disposal and nuclear power plant economic and nuclear safety regulation. Created and issued for ten years analysis of state-by-state payments to Nuclear Waste Fund, developed Congressional testimony, prepared and delivered reports in federal progress and problems at all Subcommittee meetings.

Participant, Wyc River Dialogue on Nuclear Waste, Aspen Institute and Advisory Board on formation of the Dialogue.

Developed procedures, rationale and legislation to require state approval of power plant siting. Developed procedures for integrated resource planning (IRP), assessed processes of other states and brought recommendations to Commission for approval. Helped institute first Michigan IRP procedures and led the environmental review portion and contributed to overall review and decisions on Staff response.

Acted as Commission expert on air pollution control including interaction with Michigan Air Pollution Control Commission and staff. Directed and developed MPSC position on federal legislation and conveyed it to the U.S. Congress. Advocated for a state-wide global warming economic impact study with U.S. Environmental Protection Agency (EPA); led establishment of its data-gathering, initial goals and state-wide review process by state government, major utilities and U.S. automobile manufacturers.

Led development of formal procedures for state-wide gas and oil pipeline environmental review, published those results, managed over 200 cases, acted as expert witness in contested cases before the Commission, represented Commission and Department with state environmental review board and led its Inter-Governmental Environmental Review Board.

***Director Nuclear Waste Program Assessment Office
National Association of Regulatory Utility Commissioners
Washington, D.C.
1990-1992***

Conceived, established and directed NARUC's first single purpose office to interact with the U.S. Department of Energy, the Congress of the United States, the federal program review agencies and the utility and nuclear industry on progress of the national nuclear waste disposal program. Represented the Subcommittee and NARUC on boards and review groups, assessed Congressional impact opportunities, acted as expert investigator of state and federal actions that use ratepayer funds for federal nuclear waste disposal. Monitored contact with all significant agencies and most state commissions. Brought to the NARUC Subcommittee and the Committee on Electricity options and

recommendations for pursuit of redress and improvement of national program. Acted as agent, assessor and developer of federal policy recommendations for pursuit with the U.S. Congress through appearance and legislative initiative.

Performed all administrative functions including office setup, operation and handling of funds. Wrote periodic newsletter and produced a periodic record of state-by-state payments to the federal expenditures from the Nuclear Waste Fund. Appeared on behalf of the NARUC at workshops, waste program review boards of the Department of Energy and formally, before the Nuclear Waste Technical Review Board on behalf of the NARUC. Represented NARUC at staff meetings with DOE, NRC, U.S. Technical Review Board, U.S. Office of Technology Assessment and U.S. General Accounting Office. Acted as expert at workshops and as invited speaker at industry and utility conferences.

***Director, Scientific Research and Development
Director, Scientific & Environmental Studies
Operational Development Division
Michigan Public Service Commission
Lansing, Michigan
1973-1986***

Organized and directed unit to resolve major issues for Commission involving scientific and technical investigations and inter-agency coordination. Issues included nuclear power use, regulation and waste disposal, public acceptance, decommissioning and electric power plant certification. Special focus on federal nuclear power plant operations high level nuclear waste program and state response, and energy-economic balancing of final decisions. Managed electric utility air and water pollution control requirements, cost, and energy impact analysis, and natural gas and oil pipeline certification.

***Project Director
Enrico Fermi I Fast Breeder Reactor
Atomic Power Development Associates
Detroit, Michigan
1965-1973***

Program and Licensing Director for oxide core power demonstration project; senior scientific investigator of fuel-melting incident; and developer of means to prevent and detect any recurrence; reactor power test physicist; license coordinator for early phase of plant decommissioning.

***Senior Physicist
Connecticut Advanced Nuclear Engine Laboratory
Pratt & Whitney Aircraft Company
Middletown, Connecticut
1957-1963***

Experiments Director and Analytical Physicist for space nuclear power reactor experimental physics studies; licensed nuclear critical experiments operator, director of power and flux radioactivation physics tests.

Activities and Memberships

State of Michigan Representative and original member of the Nuclear Waste Strategy Coalition; NARUC Nuclear Waste Subcommittee Staff; liaison to Michigan Department of Natural Resources on Environmental Risk; Group Leader for MITRE Workshop on Nuclear Power, NARUC Representative to DOE Workshops on Strategic Issues, Mission Plan Revision and Contingency Planning; Group Leader, workshop on nuclear waste disposal, U.S. Nuclear Regulatory Commission. Liaison with all state commissions on nuclear waste disposal, informal advisor to Chair, Minnesota Department of Public Service.

Author: *Congress' Nuclear Waste Contract with America – Where Do We Go From Here?*. The Electricity Journal, June 1995.

Co-author: *Redesigning the U.S. High Level Nuclear Waste Disposal Program for Effective Management*, Nuclear Waste Strategy Coalition, August, 1994.

Papers: Co-author, 1992 International Conference on Nuclear Waste Disposal; frequent testimony for the U.S. Congress; U.S. Nuclear Regulatory Commission Introductory Conference on Nuclear Waste Disposal: Introductory Speaker for the Michigan Public Service Commission forum on Nuclear Waste Disposal: author, *Summary of the Forum*, 1993.

Lecturer, NARUC Regulatory Studies Institute.

Appearances: U.S. DOE; U.S. Nuclear Waste Technical Review Board; Independent Panel for Review of DOE Nuclear Waste Program Management; Office of the U.S. Nuclear Waste Negotiator, Radioactive Waste Review Board, National Academy of Sciences; Western Interstate Energy Board; National Conference on Nuclear Waste Transportation and the Public Role; American Nuclear Society Conference on Decommissioning and Disposal; National Conference of State Legislatures; Vermont Governor's Nuclear Advisory Board; NRC State Liaison Program; Workshop to Review the DOE Program by Affected Units of Nevada Government; and Decision Maker's Summit on Radioactive Waste Disposal, the Radioactive Exchange.

Co-founder, Michigan Representative, Member of Executive Committee, State Working Group on High Level Nuclear Waste, National Governors Association.

Member, Governor's Advisory Committee on High Level Nuclear Waste Disposal and Governor's Task Forces on High Level and Low Level Nuclear Waste.

Liaison for MPSC to the Michigan Air Pollution Control Commission and Department of Commerce; Representative to the Michigan Environmental Review Board.

Task Force Chairman, Governor's Special Commission on Energy.

Chairman, Michigan Intergovernmental Environmental Review Committee.

Member, Michigan Utilities Reform Task Force.

Consultant, on-loan on state utility regulation, U.S. Nuclear Regulatory Commission, 1978.

Board Member, Nuclear Emergency Planning Hearing, Michigan Public Service Commission, 1975.

Adjunct Associate Professor, Michigan State University, 1980.

Workshop Leader, Advisory Conference for State Officials on Nuclear Waste, U.S. Nuclear Regulatory Commission. Advisory Commission, Citizens for Science Program, National Science Foundation; Energy Technology Committee, Michigan Energy Resources and Research Association. Originator, Michigan Acid Rain Forum; Member, Michigan Coastal Zone Energy Impact Advisory Committee; Member, American Association for Advancement of Science; Michigan Association of Environmental Professions.

Education

Graduate, Regulatory Studies Program, Michigan State University, 1979.

Courses in personnel management, interpersonal relations, computer programming.

M.A. Physics. Thesis – Inelastic Neutron Scattering in P-31, Wesleyan University, Middletown, Connecticut.

B.A. cum laude, major in mathematics, Wabash College, Crawfordsville, Indiana.

Personal

Commissioner and Chairman, Lansing Municipal Board of Water and Light; Chairperson, Lansing West Side Air Quality Committee; Chairman, City of Lansing Tree Preservation Committee; Mayor's Committee on Energy Conservation; Lansing Mayor's Transition Committee; Chairman, Education Committee, Lansing Coalition for Community Concerns; Board of Directors, World War II Veterans Memorial Hospital, Meriden, Connecticut; Board of Trustees, Emmanuel Lutheran Church, Meriden, Connecticut and Grace Lutheran Church, Lansing, Michigan; Mid-Michigan Unity Coalition.

Special interest in public science interface on issues of energy, nuclear waste and environment; quality and equal education, racial relations and minority opportunities.

Married, three adult children.

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
ENERGY NUCLEAR OPERATIONS.**

Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

EXHIBIT 2

TO AFFIDAVIT OF RONALD C. CALLEN

**ON BEHALF OF MICHIGAN ENVIRONMENTAL COUNCIL
AND PUBLIC INTEREST RESEARCH GROUP IN MICHIGAN**

**NUCLEAR WASTE FUND
RATEPAYER PAYMENTS BY STATE
THROUGH 3-31-06 (MILLIONS OF DOLLARS)**

STATE	PAYMENTS 1 mill/kwh, One Time+int	RETURN ON INVESTMENTS as of 9/30/05	TOTAL (PAY+RETURN)	DEBT*	FUND ASSETS** (TOTAL + DEBT)
AL	457.3	283.7	741.0	0	741.0
AR	280.4	173.9	454.3	157.5	611.8
AZ	211.2	131.0	342.2	0	342.2
CA	848.4	526.3	1374.7	0	1374.7
CO	0.2	0.1	0.3	0	0.3
CT	243.2	150.9	394.1	322.4	716.5
DE	37.7	23.4	61.1	0	61.1
FL	717.6	445.2	1162.8	0	1162.8
GA	548.6	340.3	888.9	0	888.9
IA	205.5	127.5	333.0	40.7	373.7
IL	1475.2	915.1	2390.3	874.7	3265.0
IN	200.0	124.1	324.1	206.9	531.0
KS	107.9	66.9	174.8	0	174.8
KY	120.2	74.6	194.8	0	194.8
LA	254.5	157.9	412.4	0	412.4
MA	291.0	180.5	471.5	146.9	618.4
MD	326.5	202.5	529.0	0	529.0
ME	46.7	29.0	75.7	105.1	180.8
MI	243.8	151.2	395.0	178.2	573.2
MN	274.7	170.4	445.1	0	445.1
MO	203.0	125.9	328.9	5.1	334.0
MS	135.0	83.7	218.7	0	218.7
NC	1265.1	784.8	2049.9	0	2049.9
ND	15.1	9.4	24.5	0	24.5
NE	161.3	100.1	261.4	0	261.4
NH	63.5	39.4	102.9	21.5	124.4
NJ	583.4	361.9	945.3	177	1122.3
NM	61.4	38.1	99.5	0	99.5
NY	667.5	414.1	1081.6	454.7	1536.3
OH	365.0	226.4	591.4	29.4	620.8
OR	75.1	46.6	121.7	0	121.7
PA	1095.7	679.7	1775.4	59.8	1835.2
RI	4.5	2.8	7.3	5.5	12.8
SC	566.6	351.5	918.1	0	918.1
SD	5.1	3.2	8.3	0	8.3
TN	431.0	267.4	698.4	0	698.4
TX	596.5	370.0	966.5	0	966.5
VA	584.8	362.8	947.6	0	947.6
VT	82.7	51.3	134.0	127.4	261.4
WA	134.4	83.4	217.8	0	217.8
WI	366.8	227.5	594.3	0	594.3
SUBTOTAL	14354.1	8904.5	23258.6	2912.8	26171.4
FEDERAL	19.8	12.3	32.1	0	32.1
INDUSTRY	16.8	10.4	27.2	0	27.2
TOTAL	14390.7	8927.2	23317.9	2912.8	26230.7

* Funds owed for fuel burned before 1983 but not yet paid by utilities (as allowed by DOE contract)

** before withdrawals for expenditures by DOE

Prepared by Ron Howe, Michigan Public Service Commission, 517-241-6021, howe@michigan.gov

Consolidated Accounting and Investment System
 Nuclear Waste Fund
 Quarterly Statement of Payments
 (NE44374) Consumers Power Company
 Fiscal Quarter: 04/01/2006 thru 06/30/2006

	Big Rock Point (1201)	Palisades (1204)	Contract Total
Net KWH Payments thru Prior Quarter:	5,260,393.10	90,017,513.02	95,277,906.12
KWH Payments to DOE this Quarter:			
KWH Fees	0.00	1,492,304.00	1,492,304.00
Adjustments	0.00	0.00	0.00
Less KWH Fee Credits/Refunds this Quarter:			
KWH Fee Credits	0.00	0.00	0.00
KWH Fee Refunds	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00
Net KWH Payments to Date	5,260,393.10	91,509,817.02	96,770,210.12
KWH Interest Credits/Refunds thru Prior Quarter:	145,791.60	1,019,472.18	1,165,263.78
KWH Interest Credits/Refunds this Quarter:			
KWH Interest Credits	0.00	0.00	0.00
KWH Interest Refunds	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00
KWH Interest Credits/Refunds to Date	145,791.60	1,019,472.18	1,165,263.78
KWH Penalties Assessed thru Prior Quarter:	21,897.74	1,254.87	23,152.61
KWH Penalties Assessed this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total KWH Penalties Assessed	21,897.74	1,254.87	23,152.61
KWH Penalties Paid thru Prior Quarter:	21,897.74	1,254.87	23,152.61
KWH Penalties Paid this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total KWH Penalties Paid to Date	21,897.74	1,254.87	23,152.61
BALANCE of KWH Penalties DUE	0.00	0.00	0.00

Consolidated Accounting and Investment System
Nuclear Waste Fund
Quarterly Statement of Payments
(NE44374) Consumers Power Company (continued)
Fiscal Quarter: 04/01/2006 thru 06/30/2006

	Big Rock Point (1201)	Palisades (1204)	Contract Total
SNF Penalties Assessed thru Prior Quarter:	0.00	0.00	0.00
SNF Penalties Assessed this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Penalties Assessed	0.00	0.00	0.00
SNF Penalties Paid thru Prior Quarter:	0.00	0.00	0.00
SNF Penalties Paid this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Penalties Paid to Date	0.00	0.00	0.00
BALANCE of SNF Penalties DUE	0.00	0.00	0.00
SNF Principal Due thru Prior Quarter:	4,339,857.88	39,946,550.44	44,286,408.32
SNF Principal Due this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Principal Due	4,339,857.88	39,946,550.44	44,286,408.32
SNF Interest Accrued thru Prior Quarter:	10,028,851.49	92,311,320.06	102,340,171.55
SNF Interest Accrued this Quarter	167,072.16	1,537,828.38	1,704,900.54
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Interest Accrued	10,195,923.65	93,849,148.44	104,045,072.09
Total SNF Principal & Interest Due	14,535,781.53	133,795,698.88	148,331,480.41
SNF Principal Paid thru Prior Quarter:	0.00	0.00	0.00
SNF Principal Paid this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Principal Paid to Date	0.00	0.00	0.00
SNF Interest Paid thru Prior Quarter:	0.00	0.00	0.00
SNF Interest Paid this Quarter	0.00	0.00	0.00
Adjustments this Quarter	0.00	0.00	0.00
Total SNF Interest Paid to Date	0.00	0.00	0.00
Total SNF Principal & Interest Paid to Date	0.00	0.00	0.00
BALANCE of SNF Principal & Interest Due	14,535,781.53	133,795,698.88	148,331,480.41

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENERGY NUCLEAR PALISADES, LLC AND
ENERGY NUCLEAR OPERATIONS.**

Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

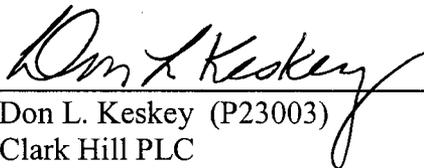
APPEARANCE

DON L. KESKEY, of the law firm of CLARK HILL PLC, represents that he is a member in good standing of the State Bar of Michigan, and hereby enters his Appearance for and on behalf of:

1. Michigan Environmental Council, 119 Pere Marquette Drive, Suite 2A, Lansing, Michigan 48906.
2. Public Interest Research Group in Michigan, 103 E. Liberty, Suite 202, Ann Arbor, MI 48104.

MICHIGAN ENVIRONMENTAL COUNCIL,
PUBLIC INTEREST RESEARCH GROUP IN
MICHIGAN

By Their Counsel:



Don L. Keskey (P23003)
Clark Hill PLC

212 East Grand River Avenue
Lansing, MI 48906
(517) 318-3014
(517) 318-3099 (Fax)
dkeskey@clarkhill.com

DATED: December 6, 2006

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

**CONSUMERS ENERGY COMPANY, NUCLEAR
MANAGEMENT COMPANY, LLC and
ENTERGY NUCLEAR PALISADES, LLC AND
ENTERGY NUCLEAR OPERATIONS.**

Docket No. 50-255

(Palisades Nuclear Plant, License No. DPR-20)

PROOF OF SERVICE

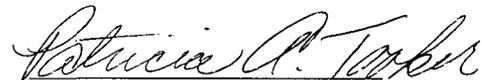
STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Patricia A. Tooker, being duly sworn, deposes and says that she is an employee of Clark Hill PLC, and that on December 6, 2006, she served a copy of the Petition for Leave to Intervene of the Michigan Environmental Council and Public Interest Research Group in Michigan and Request for Hearing, Request for Extension of Time, and Request for Discovery and Affidavit of Ronald C. Callen, and Affidavit Exhibits, upon:

SEE ATTACHED SERVICE LIST

Service was accomplished by depositing same in a regular United States Postal Service mail depository, enclosed in envelopes bearing first-class postage, fully prepaid and properly

addressed and via electronic mail.


Patricia A. Tooker

Subscribed and sworn to before me
this 6th day of December, 2006.



Tema L. Crowell, Notary Public
State of Michigan County of Gratiot
Acting in Ingham County, Michigan
My Commission Expires: November 16, 2012

SERVICE LIST
DOCKET NO. 50-255

Secretary of the Commission
Attn: Rulemakings and Adjudications Staff
U.S. Nuclear Regulatory Commission
Washington DC 20555-0001
E-Mail: HEARINGDOCKET@NRC.GOV

Douglas E. Levanway
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General Counsel
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Washington DC 20555-0001
E-Mail: OGCLT@NRC.gov

CLARK HILL

PLC

ATTORNEYS AT LAW

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Don L. Keskey
Phone: (517) 318-3014
E-Mail: dkeskey@clarkhill.com

December 6, 2006

Secretary of the Commission
ATTN: Rulemakings and Adjudications Staff
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001
E-Mail: HEARINGDOCKET@NRC.GOV

Re: In the Matter of Consumers Energy Company, Nuclear Management Company,
LLC, and Entergy Nuclear Palisades, LLC and Entergy Nuclear Operations
(Palisades Nuclear Plant, License No. DPR-20)
Docket No. 50-255

Dear Sir/Madam::

Attached is the email filing of the following:

1. December 6, 2006 cover letter
2. Appearance.
3. Petition for Leave to Intervene of the Michigan Environmental Council and Public Interest Research Group in Michigan and Request for Hearing, Request for Extension of Time, and Request for Discovery, Affidavit of Ronald C. Callen and Exhibits 1 and 2 of Ronald C. Callen.
4. Proof of Service.

Secretary of the Commission
December 6, 2006
Page 2

CLARK HILL PLC

Please confirm by return email that you have received these documents for electronic filing.

Very truly yours,

CLARK HILL PLC



Patricia A. Tooker
Secretary to Don L. Keskey
Email: ptooker@clarkhill.com
Phone: (517) 318-3025

DLK:pat
Enclosures

CLARK HILL

PLC

ATTORNEYS AT LAW

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Lansing, Michigan 48906
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Phone: (517) 318-3014
E-Mail: dkeskey@clarkhill.com

December 6, 2006

Secretary
ATTN: Rulemakings and Adjudications Staff
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Re: In the Matter of Consumers Energy Company, Nuclear Management Company, LLC, and Entergy Nuclear Palisades, LLC and Entergy Nuclear Operations (Palisades Nuclear Plant, License No. DPR-20)
Docket No. 50-255

Dear Sir/Madam::

Enclosed please find an original and two copies of the following:

1. Appearance.
2. Petition for Leave to Intervene of the Michigan Environmental Council and Public Interest Research Group in Michigan and Request for Hearing, Request for Extension of Time, and Request for Discovery, Affidavit of Ronald C. Callen and Exhibits 1 and 2 of Ronald C. Callen.
3. Proof of Service.

Please direct any questions you may have to the undersigned. Thank you for your assistance.

Very truly yours,

CLARK HILL PLC



Don L. Keskey

DLK:pat
Enclosures