

March 12, 2008

Mr. Michael A. Balduzzi
Sr. Vice President & COO
Regional Operations, NE
Entergy Nuclear Operations, Inc.
440 Hamilton Avenue
White Plains, NY 10601

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION TO SUPPORT THE REVIEW OF
THE VERMONT YANKEE NUCLEAR POWER STATION SPENT FUEL
MANAGEMENT PLAN PURSUANT TO 10 CFR 50.54(bb) (TAC NO. MD8035)

Dear Mr. Balduzzi:

By letter dated March 21, 2007, Entergy Nuclear Operations, Inc. (the licensee) submitted the Vermont Yankee Nuclear Power Station spent fuel management plan for review.

The Nuclear Regulatory Commission staff has been reviewing the submittal and has determined that additional information is needed to complete its review. The specific questions are found in the enclosed request for additional information (RAI). A response to this RAI is requested to be provided within 30 days.

Sincerely,

/ra/

James Kim, Project Manager
Plant Licensing Branch I-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-271

Enclosure:
As stated

cc w/encl: See next page

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REQUEST FOR ADDITIONAL INFORMATION BY THE OFFICE OF
NUCLEAR REACTOR REGULATION
TO SUPPORT THE REVIEW OF THE
VERMONT YANKEE NUCLEAR POWER STATION SPENT FUEL MANAGEMENT PLAN

RAI No. 1:

Table 2 entitled, "Estimated Spent Fuel Management Costs" listed expenditures for the period from 2012 - 2017 at an estimated cost of \$157 million in 2006 dollars. Describe in detail, the \$157.0 million in expenditures for the period from 2012- 2017. Since Table 2 identified these costs as spent fuel management costs, how are these costs to be funded recognizing the decommissioning trust fund is required by NRC regulation, 10 CFR 50.75, for radiological decommissioning and not for spent fuel management costs or other non-radiological costs?

RAI No. 2

While the submittal identified the expenses associated with spent fuel storage, it did not include in the plan a mechanism for funding for the spent fuel costs. Section 5.2 entitled, "Financial Assurance" listed the balance in the decommissioning trust fund as of December 31, 2006, as \$416.5 million.

For planning purposes, NRC regulations allow a licensee to take a 2% real rate of return credit on investments unless a higher rate is authorized by a regulated licensee's public utility commission. Vermont Yankee (VY) is not rate regulated, so the NRC staff applied a 2% real rate of return on the trust fund balance (\$416.5 million) based on the regulation and deducted the expenses identified in Table 3, "Estimated Combined License Termination and Spent Fuel Management Costs." The results were that sufficient funds were not available to decommission VY. If the Table 2, "Estimated Spent Fuel Management Costs" were not included in the staff's analysis, sufficient funds are projected to be available to decommission VY based on the formula amount.

VY makes the statement that even taking out spent fuel expenses, sufficient funds would be available for decommissioning VY based on an after tax rate of return of 5.59% with an inflation rate of 3% or a rate of return of 6.62% with an inflation rate of 4%. In addition to assuming a real rate of return of greater than 2%, does this analysis take into account the \$157.0 million spent from 2012 -2017, and the annual costs of approximately \$6.2 million for the period 2018-2043. What are the bases for greater than 2% real rate of return, assumed by VY, notwithstanding the limit of a 2% real rate set by the applicable regulation?

Enclosure

Vermont Yankee Nuclear Power Station

cc:

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Vermont Yankee Nuclear Power Station

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