

March 25, 2008

Vice President, Operations
Entergy Nuclear Operations, Inc.
Vermont Yankee Nuclear Power Station
P.O. Box 250
Governor Hunt Road
Vernon, VT 05354

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION TO SUPPORT THE REVIEW OF
THE VERMONT YANKEE NUCLEAR POWER STATION PRELIMINARY COST
ESTIMATE PURSUANT TO 10 CFR 50.75(f)(3) (TAC NO. MD8051)

Dear Sir or Madam:

By letter dated February 6, 2008, Entergy Nuclear Operations, Inc. (the licensee) submitted the Vermont Yankee Nuclear Power Station decommissioning cost estimate report pursuant to 10 CFR 50.75(f)(3) 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 DECOMMISSIONING COST ESTIMATE

Background:

Title 10 of the *Code of Federal Regulations* (10 CFR) 50.75(f)(3) requires that a licensee "...shall at or about 5 years prior to the projected end of operations submit a preliminary decommissioning cost estimate [herein referred to as the preliminary cost estimate] which includes an up-to-date assessment of the major factors that could affect the cost to decommission."

If necessary, as required by 10 CFR 50.75(f)(5), the preliminary cost estimate shall also include plans for adjusting levels of funds to demonstrate a reasonable level of assurance that funds will be available to cover the cost of decommissioning.

RAI No. 1:

Entergy's submittal (BVY 08-010) for Vermont Yankee (VY) entitled, "Report Pursuant to 10 CFR 50.75(f)(3)" dated February 6, 2008, included a cost estimate for various decommissioning options. Table 3.1, Table 3.3, Table 3.5, and Table 3.7 identified the cost and annual expenditures for each of the selected alternatives. Entergy needs to provide an assessment of the trust fund amount as of December 31, 2007, to determine if sufficient funds would be available to fund the designated scenario.

RAI No. 2:

While the submittal identified the expenses associated with decommissioning scenarios, it did not include the plan, required by 50.75(f)(5), to adjust funding levels to demonstrate a reasonable level of financial assurance, if necessary.

NRC regulations allow a licensee to take a 2% real rate of return earnings credit on trust balances unless a higher rate is authorized by a regulated licensee's public utility commission. VY is not rate regulated, so the staff applied a 2% real rate of return on the trust fund balance (\$416.5 million as of December 31, 2006) based on the regulation and deducted the expenses identified in submittal. The NRC staff's result for the scenario analyzed was that sufficient funds were not available to decommission VY. The review was based on one of the scenarios that used a current license expiration date of 2012. How does the licensee intend to adjust funding levels, if required?

Enclosure

RAI No. 3:

The submittal identified the estimated costs associated with the selected decommissioning scenarios in 2006 dollars. Recent media reports concerning construction costs indicates a significant increase in material and labor costs over general inflation. In light of such reports, what escalation factor will be used by Entergy to escalate the decommissioning costs to 2008 dollars? For the staff to complete their evaluation, the decommissioning cost, in 2008 dollars, is necessary for staff to determine if sufficient funds are available for the designated scenarios.

RAI No. 4:

Since the VY's projected end of operation is less than 5 years based on its license expiration date, the licensee is required by 10 CFR 50.75(f)(2) to submit annually their decommissioning funding report rather than biennially. Provide the amount in the trust fund as of December 31, 2007, as well as the revised formula amount because the staff will need to factor this information into the staff's analysis.

Vermont Yankee Nuclear Power Station

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