



Entergy Operations, Inc.
Entergy Nuclear Operations, Inc.
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Michael R. Kansler
President, Chief Executive Officer
& Chief Nuclear Officer

10 CFR 50.80

ENOC-09-00025

August 18, 2009

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Subject: Update Regarding Status and Request for
Threshold Determination Under 10 CFR 50.80

Entergy Nuclear Operations, Inc.
Pilgrim Nuclear Power Station
Docket No. 50-293
Indian Point Nuclear Generating Unit Nos. 1, 2 & 3
Docket Nos. 50-003, 50-247, 50-286 & 72-51
James A. FitzPatrick Nuclear Power Plant
Docket Nos. 50-333 & 72-12
Vermont Yankee Nuclear Power Station
Docket Nos. 50-271 & 72-59
Palisades Nuclear Plant
Docket No. 50-255 & 72-7
Big Rock Point
Docket Nos. 50-155 & 72-43

Dear Sir or Madam:

By letter dated July 30, 2007, and as supplemented on October 31, 2007, December 5, 2007, January 24, 2008, March 17, 2008, April 22, 2008, and May 2, 2008, Entergy Nuclear Operations, Inc., also referred to previously as ENOI, LLC (either company herein, ENO), acting on behalf of itself and Entergy Nuclear Generation Company, Entergy Nuclear FitzPatrick, LLC, Entergy Nuclear Vermont Yankee, LLC, Entergy Nuclear Indian Point 2, LLC, Entergy Nuclear Indian Point 3, LLC, and Entergy Nuclear Palisades, LLC (together, Applicants), requested that the Nuclear Regulatory Commission (NRC) consent to the transfer of control of the above-captioned licenses pursuant to Section 184 of the Atomic Energy Act, as amended (the Act), and

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10 CFR 50.80, in connection with a proposed corporate restructuring and establishment of Enexus Energy Corporation (Enexus). NRC approved the license transfers in seven Orders dated July 28, 2008. By Order dated July 24, 2009, NRC extended the time for completing the proposed transactions until January 28, 2010.

In addition, by letters dated September 22, 2008 (Big Rock and Palisades) and September 30, 2008 (FitzPatrick, Indian Point, Pilgrim, Vermont Yankee), ENO requested administrative amendments to the above-captioned licenses in order to make conforming changes consistent with the approved transfers, including the new name to replace ENO, "EquaGen Nuclear LLC," as well as the new names of the Entergy Applicants, which will take on the name "Enexus" instead of "Entergy." Consistent with the July 24, 2009 Order, ENO requests that these license amendments be issued and made effective when the planned restructuring and spin-off transactions are completed.

Status

Proceedings are ongoing before the New York State Public Service Commission (PSC) and State of Vermont Public Service Board (PSB), and the Applicants are confident that the approvals of the New York PSC and Vermont PSB will be obtained. Petitioners are continuing to make progress in obtaining these approvals, and ENO will keep the NRC informed regarding the status of these efforts.

In New York, petitioners filed a motion on July 13, 2009 in which they proposed to submit an amended petition that would include several enhancements to the proposed transactions designed to address various concerns that had been raised, and urged the adoption of a schedule that would permit a final Commission Order to be issued by the New York PSC at its regularly scheduled meeting in November 2009. The enhancements include: (1) reduction of initial long term bonds from \$4.5 billion to \$3.5 billion; (2) increase of initial unrestricted cash balances at Enexus from \$250 million to \$750 million; and (3) arrange for a split-off of 19.9% of the shares of Enexus that would not be distributed to shareholders initially, but rather would be held in trust for a period of time. We believe that these enhancements have no adverse effect on the financial projections previously submitted, but rather have positive effects. By Order dated July 29, 2009, the Administrative Law Judges of the New York PSC authorized the submittal of an amended petition, indicating an inclination to adopt a process with procedural milestones following the filing of an amended petition. The amended petition, which provided additional detail on enhancements including those outlined above, was filed on August 11, 2009.

As indicated in our May 15, 2009 submittal to NRC, the record in the Vermont PSB proceeding to review the proposed reorganization was closed following evidentiary hearings conducted before the PSB on July 29 and 30, 2008, and briefing has been completed. The only remaining party that requires resolution in the proceeding is the Vermont Department of Public Service (DPS).

Request For Threshold Determination

The Applicants now anticipate that there will be certain proposed changes and additional plans relating to the proposed transactions, and they believe that none of these changes involve a direct or indirect transfer of control of licenses beyond the license transfers already approved in the Order issued July 28, 2008, as extended pursuant to the Order dated July 24, 2009. As such, the Applicants request that the NRC staff make a threshold determination that the proposed additional actions do not involve any license transfer that is not already approved.

As noted above, Enexus has made plans for certain enhancements to the proposed transactions that are designed to reduce debt, increase liquidity, and generally enhance its financial qualifications in order to address certain concerns that had been raised in the regulatory proceedings. An important feature of the new proposal with respect to the "spin-off" of Enexus is to provide for what is commonly referred to in tax free reorganizations as a "split-off" of 19.9% of the shares of Enexus. One day after the spin-off, the remaining 19.9% of Enexus shares will be transferred by Entergy to a trust. The trust will hold the shares for the benefit of Entergy and its shareholders. The shares retained by the trust are expected to be offered for exchange for Entergy shares of common stock within a period of up to 18 months after the spin-off. Enexus shares that are not exchanged will be distributed to Entergy shareholders prior to the expiration of the 18 month period described above. The Applicants believe that this new feature will not involve any "control" of Enexus by Entergy, because the provisions for the trust will require that the Enexus shares held in the trust must be voted by the trustee at all times in the same manner, on a *pro rata* basis, as the manner of voting for the other Enexus shares held by the public outside the trust. For example, if 75% of the publicly held shares vote "yes" on a matter, and 25% vote "no," then 75% of the shares in the trust would be voted by the trustee "yes," and 25% of the shares in the trust would be voted "no." In this way, the shares held in the trust by Entergy would not be controlled by Entergy, and Entergy would have no ability to exercise control over Enexus. Rather, Enexus will remain a widely held, publicly traded company, that would not be "controlled" by Entergy or any other company.

In addition, the Applicants plan that there will be certain additional interim transactions and a change in ownership structure involving the licensee for Pilgrim, Entergy Nuclear Generation Company, which is identified in the July 28, 2008 Order and accompanying safety evaluation under the then-planned name, "Enexus Nuclear Generation Company," a company organized under the laws of the Commonwealth of Massachusetts. As previously indicated in the license amendment request dated September 30, 2008, it is now planned that this company will be "Enexus Nuclear Pilgrim, LLC," a limited liability company organized under the laws of the Commonwealth of Massachusetts. In order to obtain certain non-operational benefits, it is currently planned that there will be a series of interim transactions involving several different companies within the Entergy corporate family, which will result in the Pilgrim license being held on the day of transfer, as planned, by Enexus Nuclear Generation Company, which will be a Massachusetts company formed in connection with the interim transactions, consistent with the July 28, 2008 Order. The information

relating to this corporate entity will be the same as previously described in the July 27, 2007 Application, as supplemented. Immediately thereafter, on the day of closing, an appropriate filing will be made with the Secretary of State, and this company will convert into a Massachusetts limited liability company, with the name "Enexus Nuclear Pilgrim, LLC." Finally, this entity (both before and after the conversion) will be owned directly by Enexus Energy Corporation. Enexus Nuclear Holding Company #1 will not be an intermediary parent holding company, as previously planned. A simplified organization reflecting the currently planned post-transfer structure is provided as Enclosure 1.

Applicants believe that these changes regarding Enexus Nuclear Pilgrim, LLC do not involve any transfer of a license that is not otherwise approved in the July 28, 2008 Order, as extended by Order dated July 24, 2009, because the Order already contemplates that the transaction will result in transfers of control resulting in Enexus Nuclear Generation Company, a Massachusetts company, being the licensed owner of Pilgrim and owned by Enexus Energy Corporation. The subsequent conversion to a limited liability company does not involve any separate license transfer, because it occurs by operation of law with the same legal entity being the licensee both before and after the conversion. Moreover, the planned name of the licensee "Enexus Nuclear Pilgrim, LLC" is consistent with the currently pending license amendment. Finally, the elimination of Enexus Nuclear Holding Company #1 does not involve any transfer for control, because control by this intermediary holding company is simply eliminated, and the ultimate control exercised by Enexus Energy Corporation remains unchanged.

As indicated in the December 5, 2007 supplement to the application requesting approval of the proposed license transfers, further efforts have been made to eliminate intermediary holding companies to the extent that this is consistent with efforts to obtain favorable tax treatment. Thus, it is now planned that the following three intermediary holding companies can be eliminated and removed from the chain of ownership: (1) Enexus Nuclear Holding Company #1; (2) Enexus Nuclear Holding Company #3, LLC; and (3) Enexus Nuclear Vermont Investment Company, LLC. In addition, Entergy Equagen, Inc., the entity owning 50% of Equagen LLC (the immediate parent company for Equagen Nuclear, LLC), now plans to make a filing with the Secretary of State of Delaware to effect a conversion of itself from being a Delaware corporation to become a Delaware limited liability company, named "Entergy Equagen Holdings, LLC." Similarly, the intermediary holding company currently named "Entergy Nuclear Holding Company," and identified in the post reorganization structure as "Enexus Nuclear Holding Company," also intends to make the same filing and convert to become "Enexus Nuclear Holding Company, LLC," a Delaware limited liability company. Finally, the Enexus subsidiary previously identified as Enexus Equagen, LLC, which will own 50% of Equagen LLC, will be named Enexus Equagen Holdings, LLC. For ease of reference, these changes are depicted with strikeouts and inserts in Enclosure 2.

Applicants do not believe that these changes involve any new or different transfer of control, because elimination of a company in the chain of control does not involve any license transfer, and because each company that undergoes a conversion to become a limited liability company remains the same legal entity with a new name.

For the reasons stated above, the Applicants do not believe that the additional plans described in this letter involve any further transfer of control requiring approval beyond the transfers of control approved July 28, 2008, as extended by Order dated July 24, 2009. Therefore, Applicants request that the NRC staff review this information and issue a threshold determination by October 19, 2009 that no additional 10 CFR 50.80 license transfer approval is required.

There are no new regulatory commitments in this letter. If you have any questions, please contact Mr. Bryan Ford at 601-368-5766.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 18th day of August 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Ford". The signature is fluid and cursive, with a large, sweeping flourish at the end.

MRK/LAE/lae

Enclosure 1 – Simplified Organization Chart – Post Reorganization
Enclosure 2 – Simplified Organization Chart – Post Reorganization (With Strikeouts & Inserts)

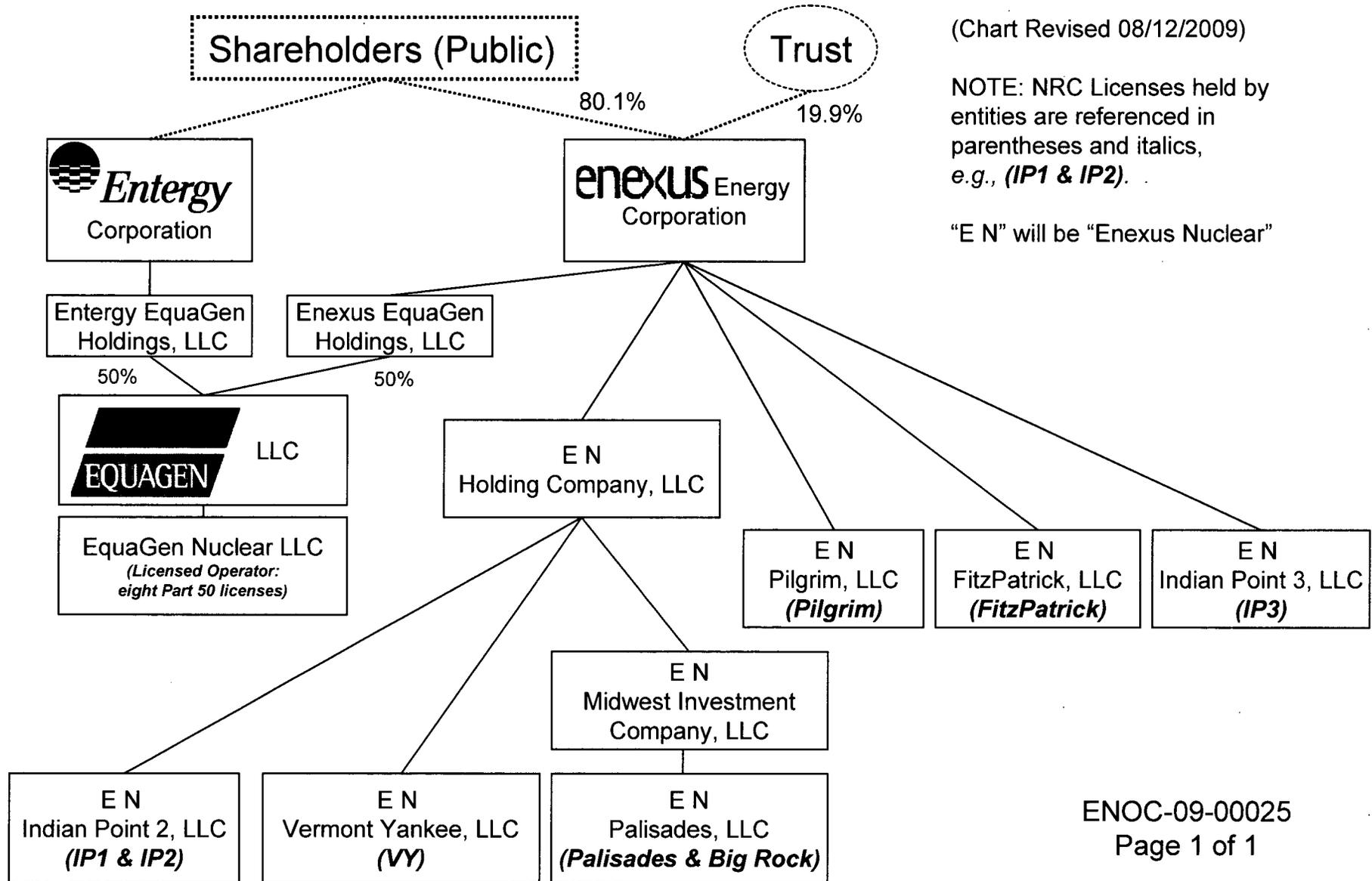
c:

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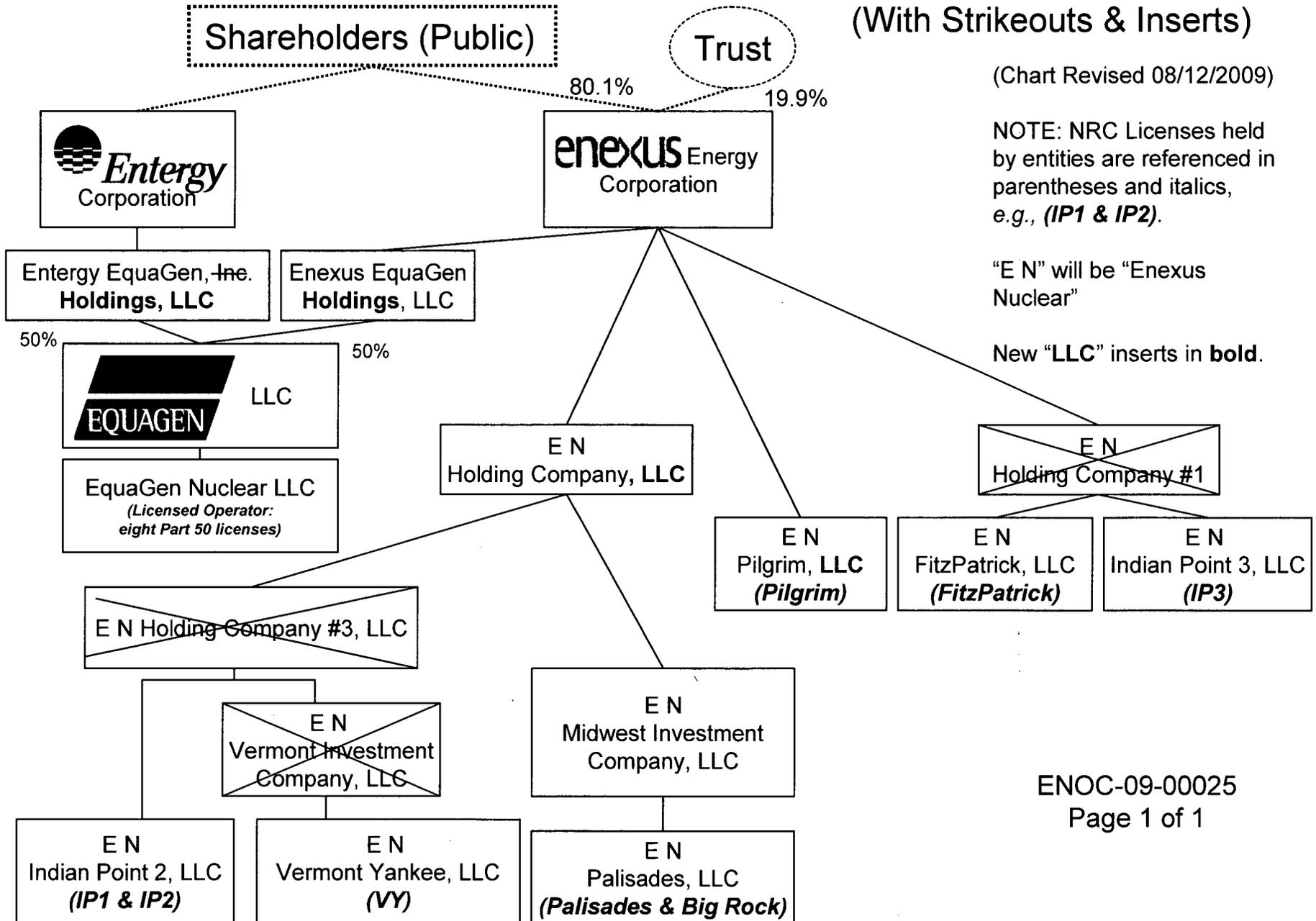
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Enclosure 1: SIMPLIFIED ORGANIZATION CHART – POST REORGANIZATION



Enclosure 2: SIMPLIFIED ORGANIZATION CHART – POST REORGANIZATION (With Strikeouts & Inserts)



(Chart Revised 08/12/2009)

NOTE: NRC Licenses held by entities are referenced in parentheses and italics, e.g., *(IP1 & IP2)*.

"E N" will be "Enexus Nuclear"

New "LLC" inserts in **bold**.