

Lent, Susan

From: Wang, Alan
Sent: Wednesday, February 27, 2013 3:56 PM
To: mark@mtsokolow-attorney.com
Cc: Lent, Susan; Burkhardt, Janet; Gallagher, Carol
Subject: Transfer of Grand Gulf Early Site Permit

Mr. Mark Sokolow
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Dear Mr. Sokolow:

As a government agency, the U.S. Nuclear Regulatory Commission (NRC) is committed to being a "transparent, participatory and collaborative" agency as proposed in President Obama's Memorandum on Transparency and Open Government. The notices of proposed actions published in the *Federal Register* are an important part of this process. The notices of proposed actions provide summaries of actions being considered by the agency in order to provide the public a venue to comment or request a hearing regarding the action. In addition, the notices of proposed actions provide references for a licensee's application, specifically in this case, Entergy Operations, Inc.'s application dated September 27, 2012 (publicly available in the NRC's Agencywide Documents Access and Management System (ADAMS) at Accession No. ML12275A013).

By letter dated October 15, 2012 (ADAMS Accession No. ML12292A283), Entergy provided additional information in support of the application pertaining to the status of decommissioning funds for the affected sites.

By letter dated November 5, 2012 (ADAMS Accession No. ML12311A134), the NRC staff issued an acceptance letter noting that the application with the October 15, 2012, supplemental information regarding the decommissioning funds provided sufficient information for the NRC to start the review. On January 23, 2013 (ADAMS Accession Nos. ML13030A263 and ML13023A328), the NRC staff issued a request for additional information (RAI). By letter dated January 29, 2013 (ADAMS Accession No. ML13030A204), the licensee provided its RAI response. All these documents are publicly available online in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html> and at the NRC's Public Document Room (PDR) located at Room O1-F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852. To begin the search, select "ADAMS Public Documents" and then select "Begin Web-based ADAMS Search." For problems with ADAMS, please contact the NRC's PDR reference staff at 1-800-397-4209, 301-415-4737, or by e-mail to pdr.resource@nrc.gov.

Most of the information you seek is in the application dated September 27, 2012, as described below. However, the determination of the financial and technical qualifications are part of the NRC's staff's approval process, which has not been completed. The conclusions for the review of the financial and technical qualifications will be provided in the safety evaluation, which will be made publicly available.

1. *Your notice doesn't indicate who the principals of System Energy Resource, LLC are.*

The Officers and Directors of System Energy Resources, LLC (and "Inc.") are identified in Attachment 3 (Page 7 of 7) of the application dated September 27, 2012. These individuals are:

NAME: System Energy Resources, Inc. (to become System Energy Resources, LLC)

STATE OF INCORPORATION: Arkansas

BUSINESS ADDRESS: 1340 Echelon Parkway, Jackson, MS 39213

DIRECTORS:

Herron, John T. (Chairman)
Denault, Leo P.
McNeal, Steven C.

EXECUTIVE PERSONNEL:

Herron, John T. - President and Chief Executive Officer
Brown, Marcus V. - Senior Vice President and General Counsel
Curry, Wanda C. - Vice President, Chief Financial Officer - Nuclear Operations
McNeal, Steven C. - Vice President and Treasurer
Falstad, Daniel T. - Secretary
Blaylock, Amy A. - Assistant Secretary
Valladares, Mary Ann - Assistant Treasurer
Williford, Frank - Assistant Treasurer
Galbraith, Patricia A. - Tax Officer
Roberts, Rory L. - Tax Officer
Wichers, Paul J., Jr. - Tax Officer

2. *Why is this transfer necessary?*

The application states that the license transfer approval and conforming amendments are necessary to support a proposed transaction whereby all of the transmission assets of Entergy Corporation in the States of Arkansas, Louisiana, Mississippi, Missouri, and Texas will become owned by ITC Holdings Corporation (ITC) and operated by MISO (Midwest Independent Transmission System Operator, Inc.)” The applicant states that the proposed transfers will allow the separation of the Entergy transmission system to be owned and operated independently from Entergy Corporation. However, the application does note that SERI does not have transmission assets, so there are no proposed changes to the capitalization of System Energy Resources, LLC.

Because of ongoing changes to the economic and regulatory environment in which licensees operate, licensees are encountering situations characterized by deregulation, restructuring, and organizational change. Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.80, “Transfer of licenses,” stipulates that NRC approval is required for the transfer of control of the ownership and/or operating authority responsibilities within the facility operating license. Therefore, while the NRC does determine that the transfers are in compliance with 10 CFR 50.80, we do not evaluate the licensee’s business model for proposing the change. The financial basis for which the licensee is reorganizing is not in the purview of the NRC staff. As part of the review, the NRC staff will determine that: (1) the proposed transferee is financially and technically qualified to be the holder of the license; and (2) the transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant hereto.

3. *Will System Energy Resources Inc. (SERI) retain liability for any and all actions or omissions that took place while they owned the facility?*

The application states that System Energy Resources, LLC is the successor to (same company as) SERI. Thus, it will continue to have liability for any and all actions or omissions from before the transfer.

4. *Is System Energy Resource, LLC being adequately capitalized?*

The application states that each of the new licensees are assuming all obligations as a licensee and will have the same capitalization as currently exists, except changes relating to the transfer of transmission assets. This will be confirmed by the NRC staff in its safety evaluation.

At this point, the NRC staff believes that sufficient information regarding this application has been provided to the public and, therefore, sees no reason for delaying the review. If you have any other questions regarding our review or the approval process, please let me know and I will try to address them. I can be reached at (301) 415-1445 or alan.wang@nrc.gov.