



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

March 20, 2013

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

SUBJECT: VERMONT YANKEE NUCLEAR POWER STATION - REQUEST FOR  
ADDITIONAL INFORMATION REGARDING 10 CFR 50.33 FINANCIAL  
QUALIFICATION REVIEW (TAC NO. MF0947)

Dear Sir or Madam:

As posted on the U.S. Securities and Exchange Commission (SEC) Electronic Data Gathering, Analysis, and Retrieval system, Entergy Nuclear Operations, Inc. filed its quarterly 10-Q report dated November 6, 2012. The document is also captured in the Agencywide Documents and Access Management System at Accession no. ML13072A156. Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.33(f)(5) states that the Commission may request an established entity or newly-formed entity to submit additional or more detailed information respecting its financial arrangements and status of funds if the Commission considers this information appropriate. This may include information regarding a licensee's ability to continue the conduct of the activities authorized by the license and to decommission the facility.

The Nuclear Regulatory Commission staff is reviewing the information provided in your quarterly 10-Q SEC filing and has determined that more detailed information is needed to support its financial qualification review. Enclosed is the NRC staff's request for additional information (RAI). The RAI was discussed with your staff on February 14, 2013, and it was agreed that your response would be provided within 45 days of the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Guzman", with a long horizontal flourish extending to the right.

Richard V. Guzman, Senior 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: Distribution via Listserv

REQUEST FOR ADDITIONAL INFORMATION FOR  
NRC STAFF EVALUATION OF LICENSEE'S FINANCIAL QUALIFICATION  
IN ACCORDANCE WITH 10 CFR 50.33  
ENTERGY NUCLEAR OPERATIONS, INC.  
VERMONT YANKEE NUCLEAR POWER STATION  
DOCKET NO. 50-271

The request for additional information (RAI) is related to the financial qualifications requirements of 10 CFR 50.33 for the facility.

**Regulatory Basis**

Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.33(f) states:

Except for an electric utility applicant for a license to operate a utilization facility of the type described in § 50.21(b) or § 50.22, information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought.

Vermont Yankee Nuclear Power Station (Vermont Yankee) does not meet the definition of an electric utility per 10 CFR 50.2.

Per the guidance in NUREG-1577, Revision 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance" (Agencywide Documents Access and Management System (ADAMS) Accession no. ML013330264), the NRC does not systematically review its power reactor licensees once it has issued an operating license, other than for transfers discussed in Section III.1.e. However, section 50.33(f)(5) states:

The Commission may request an established entity or newly-formed entity to submit additional or more detailed information respecting its financial arrangements and status of funds if the Commission considers this information to be appropriate. This may include information regarding a licensee's ability to continue the conduct of the activities authorized by the license and to decommission the facility.

The NRC has used this provision only in limited situations and normally will not require licensees, including those that are not "electric utilities," to report on their financial qualifications at specified intervals. However, reviewers have and will continue to conduct general follow-up reviews of all licensees by screening trade and financial press reports, and other sources of information. Reviewers will use this information to determine whether to recommend any additional NRC action, including requests for additional information and the assignment of additional inspection resources to monitor the adequacy of plant safety performance.

Enclosure

### **Vermont Yankee Impairment**

Vermont Yankee's quarterly 10-Q filing to the U.S. Securities and Exchange Commission (SEC) on November 6, 2012, which was posted on the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system (and captured in the ADAMS at Accession no. ML13072A156) stated the following:

#### **Impairment**

Because of the uncertainty regarding the continued operation of Vermont Yankee, Entergy has tested the recoverability of the plant and related assets each quarter since the first quarter 2010. The determination of recoverability is based on the probability-weighted undiscounted net cash flows expected to be generated by the plant and related assets. Projected net cash flows primarily depend on the status of the pending legal and state regulatory matters, as well as projections of future revenues and expenses over the remaining life of the plant. Prior to the first quarter 2012, the probability-weighted undiscounted net cash flows exceeded the carrying value of the Vermont Yankee plant and related assets. The decline, however, in the overall energy market and the projected forward prices of power as of March 31, 2012, which are significant inputs in the determination of net cash flows, resulted in the probability-weighted undiscounted future cash flows being less than the asset group's carrying value. Entergy performed a fair value analysis based on the income approach, a discounted cash flow method, to determine the amount of impairment. The estimated fair value of the plant and related assets at March 31, 2012 was \$162.0 million, while the carrying value was \$517.5 million. Therefore, the assets were written down to their fair value and an impairment charge of \$355.5 million (\$223.5 million after-tax) was recognized.

Because an impairment is an indication that there has been a change in the cashflow and/or revenues generated by Vermont Yankee as determined by the company through periodic assessments, the NRC staff requires further information to insure that the licensee is meeting NRC requirements for financial qualifications.

#### **RAI-1**

Please provide updated proformas for the operations and maintenance and cashflow for Vermont Yankee for the period of 2013-2018.

March 20, 2013

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Vermont Yankee Nuclear Power Station  
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Sincerely,

*/ra/*

Richard V. Guzman, Senior Project Manager  
Plant Licensing Branch I-1  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

Docket No. 50-271

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ADAMS Accession No.: ML13077A206

\*Concurrence via e-mail

NRR-088

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