

March 24, 2015

Chairman Stephen G. Burns
Commissioner Kristine L. Svinicki
Commissioner William C. Ostendorff
Commissioner Jeff Baran

In the matter of
DTE ELECTRIC CO.
(Fermi Nuclear Power Plant, Unit 3)
Docket No. 52-033

Dear Chairman and Commissioners,

This letter is to update the Commission regarding the status of the staff's draft amendment to the Fermi Site Indemnity Agreement and the finding in Section 1.E of the draft combined license (COL) (Ex. NRC000002) that the applicable financial protection provisions of 10 C.F.R. Part 140 have been satisfied. On February 27, 2015, DTE Electric Co. submitted a letter of intent and draft endorsement, dated February 19, 2015, from American Nuclear Insurers (ANI) documenting ANI's commitment to endorse a site insurance policy that includes the Fermi 3 site concurrent with the NRC's issuance of a COL to DTE and amendment of the Fermi Site Indemnity Agreement No. B-20 to include the location of the proposed Fermi 3 nuclear reactor (ADAMS Accession No. ML15062A051) (letter of intent).

Referencing the included draft endorsement, this letter of intent states that, concurrent with the issuance of the COL and amendment of the indemnity agreement, the insurance policy currently covering the existing units at the Fermi site will be amended to include the location of the proposed Fermi 3, have a limit of liability of \$375 million, and provide primary financial protection for Fermi 3 as required under Section 170 of the Atomic Energy Act of 1954 (commonly referred to as the Price-Anderson Act) and 10 C.F.R 140.11(a)(4). The staff has confirmed that the site boundaries in ANI's draft endorsement match the site boundaries the staff plans to include in the amended Fermi Site Indemnity Agreement. In addition, as the Fermi 3 COL would include a license pursuant to 10 C.F.R. Part 70, ANI's letter of intent to insure Fermi 3 under DTE's existing insurance policy satisfies the requirement in 10 C.F.R. 140.13 that the Commission receive proof of financial protection in the amount of \$1 million before issuing a Part 70 license. If the Commission approves issuance of the Fermi 3 COL, the NRC staff plans to coordinate with DTE and ANI so that the effective date of the amended executed policy is concurrent with issuance of the license and amendment of the indemnity agreement.

The process that the staff, DTE, and ANI are following with respect to financial protection is consistent with NRC practice in other reactor licensing contexts, such as license transfer. For the Vogtle and Summer COLs, ANI executed policy endorsements for the new sites several months before COL issuance because those sites were being prepared for immediate construction, and these preparation activities had potential insurance ramifications for the existing units. Because there are no similarly imminent site preparation or construction activities planned at the Fermi 3 site, ANI will make the insurance policy endorsement for Fermi 3 effective concurrent with issuance of the license and amendment of the indemnity agreement. In sum, the staff confirmed that the site boundaries in the draft endorsement match those in the staff's draft amended indemnity agreement, and the letter of intent confirms the financial

protection finding in Section 1.E of the draft license, should the Commission approve issuance of the Fermi 3 COL.

Respectfully submitted,

/Signed (electronically) by/
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Dated at Jersey City, New Jersey
this 24th Day of March 2015