



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

April 26, 2017

Ms. Mary Lampert  
Director, Pilgrim Watch  
148 Washington Street  
Duxbury, MA 02332

Dear Ms. Lampert:

By e-mail dated October 27, 2016,<sup>1</sup> to the U.S. Nuclear Regulatory Commission (NRC), you requested answers to questions regarding the Pilgrim Nuclear Power Station's (Pilgrim's) onsite independent spent fuel storage cask liability and guarantees. You also raised questions regarding the liability agreements between Entergy Nuclear Generation Company (the licensee) and Holtec International (the vendor). By letter dated January 17, 2017,<sup>2</sup> the NRC responded to your October 27, 2016, e-mail. By e-mail dated January 22, 2017<sup>3</sup>, you requested the NRC to provide greater specificity related to your earlier October 27, 2016, e-mail. I am responding to your e-mail dated January 22, 2017, to the NRC regarding Pilgrim.

Compliance with NRC Regulations

The NRC's requirements for independent spent fuel storage installations are primarily found in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 72, "Licensing Requirements for the Independent Storage of Spent Nuclear Fuel, High-Level Radioactive Waste, and Reactor-Related Greater than Class C Waste," and are designed to ensure protection of public health and safety and the environment. Entergy Nuclear Generation Company holds a 10 CFR Part 50 reactor license and a general license for the onsite independent spent fuel storage installation in accordance with 10 CFR Part 72, Subpart K, "General License for Storage of Spent Fuel at Power Reactor Sites."

Reactor Station Site Property Insurance

Under 10 CFR Part 50, power reactor licensees are required to have onsite property insurance. Specifically, 10 CFR 50.54(w) requires NRC licensees to have and maintain onsite property insurance in the amount of \$1.06 billion during operations. This insurance is to be used to stabilize the reactor and decontaminate the reactor and the reactor station site in the event of a nuclear incident.

Reactor Station Site Liability Insurance

In addition to the requirement for each power reactor licensee to maintain insurance for onsite decontamination activities, offsite liability insurance is mandated by the Price-Anderson Act ("the Act"). The Act is implemented by the NRC's offsite liability insurance requirements and can be found in 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements."

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<sup>1</sup> Agencywide Documents Access and Management System (ADAMS) Accession No. ML17011A136

<sup>2</sup> ADAMS Accession No. ML17011A277

<sup>3</sup> ADAMS Accession No. ML17030A020

Under the Act and the NRC's implementing regulations, offsite liability is currently limited to approximately \$13 billion for any potential incident. In the event of a nuclear incident involving damages in excess of this amount, Congress reserves the right to take whatever action is deemed necessary to protect the public.

In this regard, the Act covers liability claims associated with offsite contamination. The scope of the Act's coverage includes nuclear incidents in the course of the operation of power reactors and transportation of nuclear fuel to and from a covered facility.

The Act ensures that those who may be injured by a potential nuclear incident are assured of the availability of funds to pay their claims. The Act channels the obligation to pay compensation for any potential damages to the licensee. Thus, a claimant need not sue all of the parties or firms that contribute in some manner to the construction (including design), operation, and/or maintenance of covered licensees, but can bring his or her claim to the reactor licensee. Additionally, this means that the same protection available to Pilgrim extends through indemnification to any person who may be legally liable, regardless of the identity of the person liable or his or her relationship to the licensed activity.

#### Agreements Between the Licensee and the Vendor

In this context, the NRC does not have regulations that obligate the licensee or the vendor to disclose any potential private agreements they may have with each other, and therefore, the NRC does not have access to any such agreements, nor is access to such private agreements necessary to provide financial protection, or otherwise protect public health and safety. Instead, the NRC relies on compliance with all applicable regulations to ensure public health and safety, including compliance with its onsite and offsite insurance regulations found in 10 CFR Part 50 and Part 140, respectively, to provide financial protection.

#### Spent Fuel Cask Certificate of Compliance (CoC) Guarantees

The NRC regulations that govern approval of a CoC do not require the applicant for a CoC to provide proof of insurance because approval of a CoC does not authorize possession of radioactive material. As to the process regarding approval of initial and renewal CoCs, after receiving an application under 10 CFR Part 72, by demonstrating compliance with the necessary regulations, a CoC may be issued by the NRC for a period not to exceed 40 years (10 CFR 72.238). Pursuant to 10 CFR 72.240, if the renewal application for a CoC is submitted not less than 30 days before the expiration date of the CoC, the existing CoC will not expire until the application for renewal has been determined by the NRC. If the spent fuel cask vendor does not apply for a CoC renewal, according to 10 CFR 72.240(a), any licensee using a spent fuel storage cask, a representative of such licensee, or another certificate holder, may apply for the renewal of the CoC for a period not to exceed 40 years.

M. Lampert

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I appreciate your correspondence on this matter. Please direct any future correspondence to the Pilgrim Project Manager, John G. Lamb. Mr. Lamb's telephone number is 301-415-3100, and his e-mail address is [john.lamb@nrc.gov](mailto:john.lamb@nrc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "MaryJane Ross-Lee". The signature is written in a cursive style with a large, sweeping initial "M".

MaryJane Ross-Lee, Acting Director  
Division of Operating Reactor Licensing  
Office of Nuclear Reactor Regulation

cc: Distribution via Listserv

SUBJECT: PILGRIM WATCH'S RESPONSE TO STEPHEN KOENICK'S JANUARY 7, 2017, REPLY TO ITS OCTOBER 27, 2016, E-MAIL REGARDING LIABILITY AND HOLTEC GUARANTEES AT PILGRIM NUCLEAR POWER STATION DATED APRIL 26, 2017

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**ADAMS Accession No.: ML17065A109**

\*by e-mail

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