



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

Docket No. 50-029

March 11, 1994

Mr. H. T. Tracy
Vice President, Treasurer
and Chief Financial Officer
Yankee Atomic Electric Company
580 Main Street
Bolton, Massachusetts 01740-1398

Dear Mr. Tracy:

SUBJECT: DECOMMISSIONING FUNDS FOR SECOND PHASE OF COMPONENT REMOVAL
(TAC NO. M88465)

By letter dated December 30, 1993, Yankee Atomic Electric Company (YAEC) requested that they be permitted to use funds in the decommissioning trust fund before receipt of NRC approval of the Yankee Nuclear Power Station Decommissioning Plan (D-Plan). These funds are for a second phase of component removal and would be used for the following specific projects:

1. Continuation of site characterization radiological surveys,
2. Removal and disposal of potentially contaminated asbestos,
3. Removal and disposal of portions of contaminated and potentially contaminated systems both inside and outside of the Vapor Container (containment) and
4. Removal and disposal of the four Main Coolant Pumps.

The staff has reviewed the YAEC request against the following criteria which have been proposed, as well, in a draft policy statement, see 59 FR 5216 dated February 3, 1994.

1. The withdrawals are for expenses for legitimate decommissioning activities as defined in 10 CFR 50.2 that would necessarily occur under most reasonable decommissioning scenarios. Section 10 CFR 50.2 defines "decommission" as meaning "to remove (as a facility) safely from service and reduce residual radioactivity to a level that permits release of the property for unrestricted use and termination of license."

Staff Evaluation: The YAEC December 30 letter stated that this project constitutes legitimate decommissioning activity expenses as defined in 10 CFR 50.2. The NRC staff, based on a review of the proposed project, concludes that the components and asbestos being removed in this project and the additional site characterization survey, constitute legitimate decommissioning activities; therefore, the licensee complies with this first criterion.

9403170245 940311
PDR ADOCK 05000029
P PDR

150050

NRC FILE CENTER COPY

DF03/10

2. The expenditures would not reduce the value of the decommissioning trust below an amount necessary to place and maintain the licensee's reactor in a safe storage (SAFSTOR) condition if unforeseen conditions or expenses arise.

Staff Evaluation: YAEC stated that the expenditures for this project would not reduce the value of the trust fund below an amount necessary to place the reactor in a safe storage condition if unforeseen conditions or expenses arise. The Yankee estimated cost of the project is about \$7 million, or less than 7 percent of the \$102 million currently in the trust fund. The fund is scheduled to receive an additional contribution of \$26.5 million by the end of 1994, before Yankee plans to complete this second phase of component removal. Should the reactor have to be placed in a safe storage condition the licensee estimates a resultant cost of less than \$1 million. Based on the staff review of the current and future value of the fund, we conclude that it will remain sufficient to place the reactor in a safe storage condition, if needed, and therefore YAEC complies with this second criterion.

3. The withdrawals would not inhibit the ability of the licensee to complete funding of any shortfalls in the decommissioning trust needed to ensure availability of funds to ultimately release the site for unrestricted use.

Staff Evaluation: In the December 30 letter, the licensee stated that the withdrawals would not inhibit the ability of the licensee to complete funding of any shortfall in the decommissioning trust. YAEC demonstrated this by stating that completion of these activities, at the present time, would result in an overall saving of \$1 to 2 million in decommissioning costs; thus enhancing the fund. Rate regulation of YAEC is provided by the Federal Energy Regulatory Commission (FERC). FERC has approved power contracts with the stockholder owners of YAEC that ensure sufficiency of the fund to complete the decommissioning of the plant. These funds are deposited in an irrevocable trust at a commercial bank and can only be used for decommissioning. Based on the FERC approved contracts and the potential cost savings accruing by performing the project at the present time, the staff concludes that this second phase component removal project will not inhibit the licensee from completing decommissioning of the plant due to a shortage of funds; therefore, YAEC complies with this third criterion.

4. Before the NRC approves a decommissioning plan, licensees can be allowed to undertake any decommissioning activity (as the term "decommission" is defined in 10 CFR 50.2) that does not: (a) foreclose the release of the site for possible unrestricted use, (b) significantly increase decommissioning costs, (c) cause any significant environmental impact not previously reviewed, or (d) violate the terms of the licensee's existing license (e.g., OL, POL, or OL with confirmatory shutdown order) or 10 CFR 50.59 as applied to the existing license.

Staff Evaluation: YAEC has complied with criterion 4(b) as indicated by the preceding staff evaluations. By letter dated January 31, 1994, Yankee provided a discussion of their compliance with the remaining criteria: 4(a), 4(c) and 4(d). In summary, Yankee stated in regard to 4(a) that the proposed activities are legitimate decommissioning activities that allow for a reduction in residual radioactivity levels, thereby contributing to the eventual release of the site for unrestricted use. The staff assessment is that these activities would advance release of the site for possible unrestricted use; thus, the licensee complies with criterion 4(a). The licensee in the January 31, 1994 letter, in regard to criterion 4(c), ensures that these activities will be bounded by NUREG-0586, "Final Generic Environmental Impact Statement on Decommissioning" (GEIS). In addition, the licensee referred to a Yankee April 23, 1993 letter that discussed the environmental impacts of the first phase of component removal and which provided details of the YAEC plans on how the guidance of criterion 4(c) would be applied. The staff found the methodology of the April 23, 1993 letter to be acceptable in this area. The staff concludes that this assurance to be bounded by the GEIS and the previously acceptable methodology of the April 23 letter demonstrates compliance with criterion 4(c). In regard to criterion 4(d) YAEC states in the January 31, 1994 letter that Yankee will not conduct any activity which violates the conditions of its possession only license or the requirements of 10 CFR 50.59. The staff plans an audit inspection of the YAEC 10 CFR 50.59 safety evaluations used to demonstrate this compliance. Please inform the Yankee Rowe NRR Project Manager when these safety evaluations are completed so that the staff may schedule an audit inspection at the plant prior to the component removal activities.

The staff concludes that the licensee is consistent with criteria 1, 2, 3, 4(a), 4(b) and 4(c) of the draft policy statement and will be able to maintain the decommissioning funds at an adequate level throughout the component removal program discussed in the first paragraph of this letter. As noted above, the staff will inspect for compliance with criterion 4(d) prior to removal activities. Based on these considerations, the staff does not object to the proposed use of decommissioning funds for these stated activities.

Sincerely,

Seymour H. Weiss, Director
 Non-Power Reactors and Decommissioning
 Project Directorate
 Division of Operating Reactor Support
 Office of Nuclear Reactor Regulation

Enclosures:
 As stated

cc w/enclosures:
 See next page

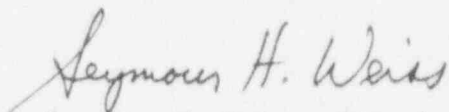
DISTRIBUTION: [TRACY.MBF] (Fairtile-lb)

Docket File	DORS r/f	ACRS (10)	RCooper	J. Parrott
NRC PDRs	BGrimes	MFairtile	J. Greeves	W. Russell
ONDD r/f	SWeiss	OGC	J. Austin	L. Reyes
RWood	EHylton	WMcDowell	L. Bell	
*See previous concurrence				
ONDD:LA*	ONDD:PM*	ONDD:SC	ILPB*	OGC*
EHylton	MFairtile:lb	RDudley	RWood	LChandler
3/10/94	3/10/94	3/11/94	02/16/94	03/09/94
				ONDD:D SWeiss 3/11/94

Staff Evaluation: YAEC has complied with criterion 4(b) as indicated by the preceding staff evaluations. By letter dated January 31, 1994, Yankee provided a discussion of their compliance with the remaining criteria: 4(a), 4(c) and 4(d). In summary, Yankee stated in regard to 4(a) that the proposed activities are legitimate decommissioning activities that allow for a reduction in residual radioactivity levels, thereby contributing to the eventual release of the site for unrestricted use. The staff assessment is that these activities would advance release of the site for possible unrestricted use; thus, the licensee complies with criterion 4(a). The licensee in the January 31, 1994 letter, in regard to criterion 4(c), states that these activities will be bounded by NUREG-0586, "Final Generic Environmental Impact Statement on Decommissioning" (GEIS). In addition, the licensee referred to a Yankee April 23, 1993 letter that discussed the environmental impacts of the first phase of component removal and which provided details of the YAEC plans on how the guidance of criterion 4(c) would be applied. The staff found the methodology of the April 23, 1993 letter to be acceptable in this area. The staff concludes that this assurance to be bounded by the GEIS and the previously acceptable methodology of the April 23 letter demonstrates compliance with criterion 4(c). In regard to criterion 4(d) YAEC states in the January 31, 1994 letter that Yankee will not conduct any activity which violates the conditions of its possession only license or the requirements of 10 CFR 50.59. The staff plans an audit inspection of the YAEC 10 CFR 50.59 safety evaluations used to demonstrate this compliance. Please inform the Yankee Rowe NRR Project Manager when these safety evaluations are completed so that the staff may schedule an audit inspection at the plant prior to the component removal activities.

The staff concludes that the licensee is consistent with criteria 1, 2, 3, 4(a), 4(b) and 4(c) of the draft policy statement and will be able to maintain the decommissioning funds at an adequate level throughout the component removal program discussed in the first paragraph of this letter. As noted above, the staff will inspect for compliance with criterion 4(d) prior to removal activities. Based on these considerations, the staff does not object to the proposed use of decommissioning funds for these stated activities.

Sincerely,



Seymour H. Weiss, Director
Non-Power Reactors and Decommissioning
Project Directorate
Division of Operating Reactor Support
Office of Nuclear Reactor Regulation

Enclosures:
As stated

cc w/enclosures:
See next page

Ms. Jane M. Grant

Yankee Rowe
Docket No. 50-029

cc:

Dr. Andrew C. Kadak, President
and Chief Executive Officer
Yankee Atomic Electric Company
580 Main Street
Bolton, Massachusetts 01740-1398

Thomas Dignan, Esq.
Ropes and Gray
One International Place
Boston, Massachusetts 02110-2624

Mr. N. N. St. Laurent
Plant Superintendent
Yankee Atomic Electric Company
Star Route
Rowe, Massachusetts 01367

Regional Administrator, Region I
U.S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, Pennsylvania 19406

Robert M. Hallisey, Director
Radiation Control Program
Massachusetts Department of Public
Health
305 South Street
Boston, Massachusetts 02130

Commissioner Richard P. Sedano
Vermont Department of Public Service
120 State Street, 3rd Floor
Montpelier, Vermont 05602

Mr. Jay K. Thayer
Vice President and Manager
of Operations
Yankee Atomic Electric Company
580 Main Street
Bolton, Massachusetts 01740-1398

Mr. David Rodham, Director
ATTN: Mr. James B. Muckerheide
Massachusetts Civil Defense Agency
400 Worcester Road
P. O. Box 1496
Framingham, Massachusetts 01701-03173

Chairman, Franklin County
Commission
425 Main Street
Greenfield, Massachusetts 03101

Executive Director
New England Conference of Public
Utility Commissioners
45 Memorial Circle
Augusta, Maine 04330

Citizens Awareness Network
P. O. Box 83
Shelburne Falls, Massachusetts 01370

Resident Inspector
Vermont Yankee Nuclear Power Station
U.S. Nuclear Regulatory Commission
P. O. Box 176
Vernon, Vermont 05354

Karl Abraham, Region I
U.S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, Pennsylvania 19406