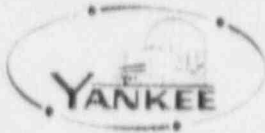


YANKEE ATOMIC ELECTRIC COMPANY

Telephone (508) 779-6711



580 Main Street, Bolton, Massachusetts 01740-1398

H.T. TRACY, JR.
VICE PRESIDENT, TREASURER AND
CHIEF FINANCIAL OFFICER

January 11, 1991
ACCT-91-36

U.S. NUCLEAR REGULATORY COMMISSION

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RECEIVED

Mr. James M. Taylor
Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Fiscal Year 1991, Application For Partial
Exemption From 10 C.F.R. Part 171 Annual Fee,
Yankee Atomic Electric Company, Docket No. 50-29
License No. DPR-3

Dear Mr. Stello:

Pursuant to 10 C.F.R. § 171.11, Yankee Atomic Electric Company ("Yankee") requests a partial exemption for fiscal year 1991 from the annual fee imposed under 10 C.F.R. § 171.15.¹ The Commission granted Yankee's requests for partial exemption from the Part 171 annual fees for fiscal years 1987, 1988, 1989 and 1990, in each instance reducing Yankee's fee to 19 percent of the unadjusted annual fee. (See Attachments 2, 3, 4 and 5.) Each of the matters that Yankee identified in support of the previous applications are applicable today, and thus justify an exemption for Yankee from the FY 1991 annual fee.

Without a partial exemption, Yankee's annual fee likely will fall in the \$2 to \$3 million range for FY 1991.² As explained in

- 1/ This application for a partial exemption from the FY 1991 Part 171 fee incorporates by reference Yankee's application for FY 1987. (See Attachment 1.)
- 2/ While the NRC has yet to publish a revised fee schedule for the new fiscal year, Yankee assumes that its FY 1991 annual fee will more than double last year's fee, reflecting congressional legislation requiring the NRC to recover 100 percent of its budget this year from industry through fees, compared with last year's 45 percent fee recovery level. Yankee's FY 1990 fee, prior to the NRC's grant of a partial exemption, was \$1,021,000. See 55 Fed. Reg. 7610, 7611 col. 3 (March 2, 1990).

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Yankee's previous exemption applications, payment of the entire annual fee would have an impact on Yankee's cost of producing energy that is substantially more severe than the impact experienced by most other nuclear utilities. Yankee's cost to produce electric power would increase by nearly 1 mill per kilowatt hour (KWH), an increase approximately six times greater than the increase for a typical large, current vintage plant. Yankee's current cost of energy production is already considerably higher than the costs sustained by many New England power plants.

As noted in our previous exemption applications, the Yankee plant is the oldest and one of the smallest commercial nuclear power reactors in the United States. Yankee's operating license and its power contracts expire in approximately nine years. Furthermore, the high level of performance at Yankee greatly reduces public exposure to potential hazards. This is underscored by the Final SALP Report, which assessed the operation of the Yankee Nuclear Power Station from April 1988 through July 1989.⁴ The Report reaffirmed Yankee's "strong orientation towards nuclear safety," concluding that active involvement by plant management has resulted in an "excellent operational record and good operation performance." Final SALP Report at 2. In addition, Yankee's small size and remote location reduces even further the potential hazard to the public. Consequently, many of the generic costs underlying the Part 171 annual fee simply are not relevant to the Yankee plant.

For the foregoing reasons, Yankee requests a partial exemption from the FY 1991 Part 171 annual fee. Consistent with the exemptions granted for the previous four fiscal years, the Company requests that the FY 1991 annual fee for the Yankee plant be limited to 19 percent of the otherwise applicable fee.

Please contact me if you have any questions or need any additional information. Four extra copies of this application

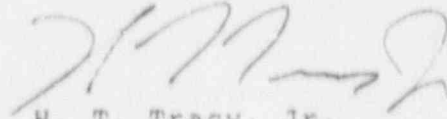
3/ In 1988, the Commission approved an extension of the facility operating license for the Yankee Nuclear Power Station from November 1997 to July 2000.

4/ The SALP Program is intended to provide the NRC a "rational basis" for allocating its limited sources. Final SALP Report at 1.

Mr. James M. Taylor
January 11, 1991
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and the accompanying attachments are enclosed for the Commission's use. We ask that the one additional copy enclosed be stamped received by the Commission and returned to our messenger.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'H. T. Tracy, Jr.', written in a cursive style.

H. T. Tracy, Jr.
Treasurer