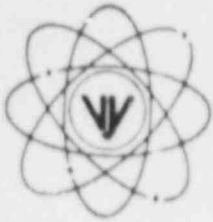


VERMONT YANKEE NUCLEAR POWER CORPORATION



RD 5, Box 169, Ferry Road, Brattleboro, VT 05301

REPLY TO
ENGINEERING OFFICE

1671 WORCESTER ROAD
FRAMINGHAM, MASSACHUSETTS 01701
TELEPHONE 617-872-8100

September 23, 1988
FVY 88-80

United States Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Reference: (a) License No. DPR-28 (Docket No. 50-271)
(b) Letter, VYNPC to USNRC, FVY 88-78, dated September 16, 1988

Subject: Correction of Typographical Error in Vermont Yankee's
Application for Exemption from Certain Requirements of
10CFR§50.54(w)

Dear Sir:

By letter, dated September 16, 1988 [Reference (b)], Vermont Yankee Nuclear Power Corporation submitted the subject request for exemption from certain requirements of 10CFR§50.54(w). The exemption request was provided as Attachment A to that letter.

The purpose of this letter is to correct a typographical error in Paragraph 3 on Page 1 of Attachment A to Vermont Yankee's September 16, 1988 submittal. Accordingly, please replace Page 1 of Attachment A to Reference (b) with the enclosed revised page.

Should you have any questions, or require further information regarding this matter, please contact this office.

Very truly yours,

VERMONT YANKEE NUCLEAR POWER CORPORATION

R. W. Capstick
R. W. Capstick
Licensing Engineer

RWC/25.815

Attachment

cc: USNRC
Region I

USNRC
Resident Inspector - VYNPC

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Pursuant to 10CFR§50.12, Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), holder of Facility Operating License No. DPR-28, hereby applies for exemption from certain requirements of 10CFR§50.54(w) (the "Property Insurance Rule"), as described below.

In support of this application, Vermont Yankee states as follows:

1. As the operating licensee for the Vermont Yankee Power Station, Vermont Yankee is subject to the Commission's Rules and Regulations, including the Property Insurance Rule, and is an "interested person" under 10CFR§50.12 entitled to apply to the Commission for the limited exemption described below.
2. The Property Insurance Rule, as promulgated in final rulemaking by the Commission on July 31, 1987, requires licensees to maintain on-site property damage insurance in the amount of either "\$1.06 billion or whatever amount of insurance is generally available from private sources, whichever is less." Paragraphs (w)(3) and (w)(4) of the Property Insurance Rule also require, respectively, that the proceeds of such insurance "be used first to ensure that the licensed reactor is in a safe and stable condition" (the "decontamination priority") and that the "proceeds subject to the decontamination priority... be payable to a separate trust" (the "trust provision"). Further, Paragraph (w)(5) of the Property Insurance Rule mandates that provisions implementing the foregoing requirements be incorporated in the applicable insurance policies by October 4, 1988 and apply "uniformly" to all onsite property damage insurance policies for nuclear power plants.
3. Despite the diligent efforts of the nuclear insurers and the nuclear industry, Vermont Yankee is not aware of any available insurance which meets all of the requirements of the Property Insurance Rule. Vermont Yankee has obtained property damage insurance in the aggregate amount of \$1.525 billion, which exceeds the coverage mandated by the Rule. However, its basic policies issued in American Nuclear Insurers ("ANI") and Mutual Atomic Energy Liability Underwriters ("MAELU") in the current amount of \$500 million and excess insurance in the amount of \$250 million contain neither the decontamination priority nor the trust provision; while ANI and MAELU may amend their policies to incorporate the former, Vermont Yankee is not aware that they are contemplating the latter; and neither is likely to be implemented by October 4, 1988. Vermont Yankee's secondary policy, issued by Nuclear Electric Insurance Limited in the amount of \$775 million does contain the decontamination priority and a provision for payments to an independent trust; however, industry efforts to create such a trust have been fruitless to date.