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BVY 14-086

Steven C. McNeal
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December 19, 2014

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Entergy Nuclear Vermont Yankee, LLC
c/o Entergy Nuclear Operations, Inc.
Christopher J. Wamser, Site Vice President
P.O. Box 0250
320 Governor Hunt Road
Vernon, VT 05354

SUBJECT: Notice of Cancellation of Parent Guarantee
Vermont Yankee Nuclear Power Station
Docket No. 50-271
License No. DPR-28

- REFERENCES:**
1. Letter, Entergy to NRC, "Decommissioning Funding Assurance Documentation, Vermont Yankee Nuclear Power Station," dated January 28, 2010 (ML100470701)
 2. Letter, Entergy to NRC, "Notice of Cancellation of Parent Guarantee," BVY 11-036, dated April 29, 2011 (ML111250255)
 3. Letter, NRC to Entergy, "NRC Response to Notice of Cancellation of Parent Guarantee for Vermont Yankee Nuclear Power Station (TAC No. ME6674)," NRY 11-066, dated August 10, 2011 (ML112210193)
 4. Letter, Entergy to NRC, "Notification of Permanent Cessation of Power Operations," BVY 13-079, dated September 23, 2013 (ML13273A204)
 5. Letter, Entergy to NRC, "Update to Decommissioning Funding Status Report," BVY 14-082, dated December 19, 2014
 6. Letter, Entergy to NRC, "Update to Irradiated Fuel Management Program Pursuant to 10 CFR 50.54(bb)," BVY 14-085, dated December 19, 2014
 7. Letter, Entergy to NRC, "Post-Shutdown Decommissioning Activities Report," BVY 14-078, dated December 19, 2014

Dear Sir or Madam:

In Reference 1, Entergy Nuclear Operations, Inc. (ENO) submitted to the U.S. Nuclear Regulatory Commission (NRC) a \$40 million parent company guarantee issued by Entergy Corporation to address a projected decommissioning funding shortfall shown in the decommissioning financial assurance report pursuant to 10 CFR 50.75(f)(1) for the Vermont Yankee Nuclear Power Station (VYNPS).

In Reference 2, Entergy Corporation submitted to the NRC a notice that it intended to cancel the parent company guarantee based on the issuance of the renewed facility operating license for VYNPS that is effective through March 21, 2032. Entergy Corporation stated that it no longer needed to provide a parent company guarantee for VYNPS due to the anticipated earnings of the decommissioning trust funds during the renewal period, which provided a surplus of approximately \$211 million over the NRC's minimum funding amount without consideration of the parent company guarantee.

In Reference 3, the NRC notified ENO that, given external factors that created uncertainty concerning the continued operation of VYNPS beyond March 21, 2012, there was also uncertainty regarding the realization of anticipated decommissioning fund earnings during the renewal period. The NRC determined that ENO would need to provide adequate financial assurance if the parent guarantee were cancelled at that time. The NRC also indicated that when the external factors related to VYNPS' continued operation were resolved, ENO could resubmit the notice of intent to cancel the parent company guarantee for an expedited review by the NRC staff.

In Reference 4, ENO notified the NRC of its intent to permanently cease power operations at VYNPS at the end of the current operating cycle, which is expected to occur later this month. Once ENO has docketed the certifications of permanent cessation of operations and permanent defueling pursuant to 10 CFR 50.82(a)(1), the VYNPS 10 CFR Part 50 license will no longer authorize operation of the reactor or emplacement or retention of fuel into the reactor vessel.

In Reference 5, ENO submitted an update to the Decommissioning Funding Status Report for VYNPS. Reference 5 demonstrates that, based on a decommissioning trust fund balance of \$655.0 million as of October 31, 2014, a site specific decommissioning cost estimate (DCE), and accounting for anticipated fund earnings during the decommissioning period, approximately \$175.9 million is projected to be remaining in the VYNPS decommissioning trust fund after completion of license termination and certain spent fuel management activities.¹

In Reference 7, ENO submitted the VYNPS Post Shutdown Decommissioning Activities Report (PSDAR) and DCE pursuant to 10 CFR 50.82(a)(4)(i). Since the DCE has been submitted, an annual trust fund status report will be submitted pursuant to 10 CFR 50.82(a)(8)(v). 10 CFR 50.82(a)(8)(vi) requires that the status report include additional financial assurance if the fund is projected to fall below the NRC minimum decommissioning funding amount.

Included with the PSDAR is a copy of the settlement agreement entered into between ENO, Entergy Nuclear Vermont Yankee, LLC, and several State of Vermont agencies. The settlement agreement includes a mutually agreed upon course of action to resolve a number of litigation issues relating to the continued operation, decommissioning, spent fuel management and site

¹ As discussed in the Irradiated Fuel Management Program Update (Reference 6), costs related to spent fuel management operations (e.g., operations and maintenance costs for the spent fuel pool and Independent Spent Fuel Storage Installation, totaling approximately \$225 million) will be funded from the decommissioning trust fund, assuming that ENO obtains an exemption that allows the use of trust funds for spent fuel management activities.

restoration of Vermont Yankee. Additionally, on March 28, 2014, the State of Vermont Public Service Board authorized, through an amendment to an existing Certificate of Public Good (CPG), the continued operation of Vermont Yankee until December 31, 2014. The plan to permanently cease power operations in the fourth quarter of 2014, the settlement agreement and CPG for continued operation serve to reasonably address the external factors identified in Reference 3.

Paragraph 13 of the aforementioned parent company guarantee (Reference 1) provides as follows:

The guarantor agrees to remain bound under this guarantee for as long as licensee must comply with the applicable financial assurance requirements of 10 CFR Part 50, for the previously listed facility, except as provided in Paragraph 14 below [pertaining to transfer of control of Entergy Nuclear Vermont Yankee, LLC, not applicable here] and except that the guarantor may cancel this agreement by sending notice by certified mail to the NRC and to the licensee, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and licensee as evidenced by the return receipts. If the licensee fails to provide alternative financial assurance as specified in 10 CFR Part 50, as applicable, and obtain written approval of such assurance within 120 days after the sending of the above notice by the guarantor, the guarantor shall provide such alternative financial assurance.

This letter provides notice, pursuant to Paragraph 13 of the aforementioned parent company guarantee (Reference 1) that Entergy Corporation is cancelling its parent company guarantee previously submitted to the NRC in Reference 1. This cancellation will become effective 120 days after receipt of this notice by the NRC and Entergy Nuclear Vermont Yankee, LLC.

As discussed above, the parent guarantee is being cancelled because the bases for maintaining the guarantee are no longer applicable. ENO was originally required to obtain the parent company guarantee to address a decommissioning funding shortfall (Reference 1); however, the financial assurance requirements for the decommissioning of VYNPS are now met without further reliance on a parent company guarantee. Additionally, there are adequate regulatory controls in place (10 CFR 50.82(a)(8)(vi)) to ensure that additional financial assurance will be provided in the event of a future decommissioning funding shortfall without the existing parent company guarantee. Furthermore, the uncertainty concerning VYNPS' continued operation, which prevented earlier cancellation of the parent company guarantee even after the funding shortfall no longer existed (Reference 3), has been resolved by the decision to permanently cease operations at VYNPS and the related settlement with Vermont. Finally, the PSDAR included a new regulatory commitment by which Entergy Corporation will provide or (if already existing) increase a parent company guarantee to provide a total in parental assurance of up to 10% of the remaining trust fund balance or \$40 million, whichever is less, in the event that additional financial assurance beyond the amounts contained in the remaining trust fund for VYNPS is required pursuant to NRC regulations to complete radiological decommissioning and spent fuel management at VYNPS. For these reasons, the existing parent company guarantee is no longer necessary for additional financial assurance.

As provided for in Reference 3, Entergy Corporation requests expedited review of this cancellation notice.

There are no regulatory commitments made in this letter. If you have any questions on this transmittal, please contact Mr. Philip Couture at 802-451-3193.

Sincerely,



SCM/plc

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