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BVY 14-087

December 19, 2014

Mr. William M. Dean, Director
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555

SUBJECT: Request for Consent to Cancel Lines of Credit
Vermont Yankee Nuclear Power Station
Docket No. 50-271
License No. DPR-28

REFERENCES:

1. Letter, NRC to Entergy, "Order Approving Transfer of License for Vermont Yankee Nuclear Power Station from Vermont Yankee Nuclear Power Corporation to Entergy Nuclear Vermont Yankee, LLC, and Entergy Nuclear Operations, Inc., and Approving Conforming Amendment (TAC No. MB3154)," NVY 02-041, dated May 17, 2002 (ML020390198)

2. Letter, Entergy to NRC, "Update to Decommissioning Funding Status Report," BVY 14-082, dated December 19, 2014

3. Letter, Entergy to NRC, "Update to Irradiated Fuel Management Program Pursuant to 10 CFR 50.54(bb)," BVY 14-085, dated December 19, 2014

4. Letter, Entergy to NRC, "Post-Shutdown Decommissioning Activities Report," BVY 14-078, dated December 19, 2014

Dear Sir:

In Reference 1, the U.S. Nuclear Regulatory Commission (NRC) approved the transfer of the operating license for Vermont Yankee Nuclear Power Station (VYNPS) from Vermont Yankee Nuclear Power Corporation to Entergy Nuclear Vermont Yankee, LLC (ENVY) and Entergy Nuclear Operations, Inc. (ENO). Condition (4) of the NRC's license transfer order required ENVY and ENO to maintain two lines of credit that they had represented in the license transfer application would be available to ENVY and ENO (through ENVY) to augment the revenue from projected power sales to ensure the safe operation of VYNPS: (1) a line of credit of $35 million from an affiliate company, Entergy Global Investments, Inc. (EGI) for the purpose of providing working capital and, if necessary, funds for the operation and maintenance of Vermont Yankee, and (2) a line of credit of $35 million from another affiliate, Entergy International Holdings Ltd. LLC (EIHL), to provide additional financial resources if needed for the safe operation and maintenance of VYNPS, including the costs of nuclear property damage insurance and any retrospective premium pursuant to 10 CFR 140.21.

This condition was continued in the VYNPS renewed facility operating license issued on March 21, 2011 as License Condition 3.J:

> Entergy Nuclear Vermont Yankee, LLC and Entergy Nuclear Operations, Inc. shall take no action to cause Entergy Global Investments, Inc., or Entergy International Holdings Ltd. LLC, or their parent companies to void, cancel, or modify the lines of credit to provide funding for Vermont Yankee as represented in the application without prior written consent of the Director of the Office of Nuclear Reactor Regulation.

Significantly, this license condition was imposed to address the financial qualifications of ENVY and ENO to own and operate VYNPS, respectively, as required by 10 CFR 50.33(f). It was not imposed to address decommissioning funding assurance as required by 10 CFR 50.33(k).

In Reference 2, ENO submitted an update to the Decommissioning Funding Status Report for VYNPS. Reference 2 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 4, ENO submitted the VYNPS Post Shutdown Decommissioning Activities Report (PSDAR) and site specific decommissioning cost estimate (DCE) pursuant to 10 CFR 50.82(a)(4)(i).

Once ENO dockets the certifications of permanent cessation of power operations and permanent removal of fuel from the reactor vessel 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 and there will be no further operation and maintenance activities associated with an operating nuclear power reactor. Accordingly, the need to maintain the EGI and EIHL credit lines to provide additional funding sources to support operation of VYNPS will no longer exist. ENVY plans to rely upon its decommissioning trust fund to pay for the costs associated with activities necessary to support the planned decommissioning of VYNPS. As shown above and in Reference 2, as of October 31, 2014, the VYNPS decommissioning trust fund is expected to have approximately $175.9 million remaining after completion of license termination and operational spent fuel management activities that will be funded from the trust fund – demonstrating adequate financial assurance. Moreover, since the DCE has been submitted (Reference 4), 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. This requirement provides additional assurance that sufficient funds will be in place to complete the decommissioning of VYNPS. 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

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[1] As discussed in the Irradiated Fuel Management Program Update (Reference 3), 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.

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, this letter requests written consent of the Director of the Office of Nuclear Reactor Regulation to cancel the EGI and EIHL lines of credit in their entirety, pursuant to License Condition 3.J. ENO requests that written consent be provided within 90 days of the docketing of the certifications of permanent cessation of power operations and permanent removal of fuel from the reactor vessel pursuant to 10 CFR 50.82(a)(1).

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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