

March 13, 2000

Mr. Samuel L. Newton
Vice President, Operations
Vermont Yankee Nuclear Power Corporation
185 Old Ferry Road
Brattleboro, VT 05301

SUBJECT: VERMONT YANKEE NUCLEAR POWER STATION, REQUEST FOR
ADDITIONAL INFORMATION REGARDING LICENSE TRANSFER
(TAC NO. MA7875)

Dear Mr. Newton:

On March 9, 2000, we held a telephone conference with members of your staff regarding the proposed license transfer for Vermont Yankee Nuclear Power Station. During the telephone conference we discussed the enclosed request for additional information. The information is needed to complete our review.

Please provide the requested information by March 30, 2000, as agreed to by Mr. Wayne Limberger of your staff on March 9, 2000.

Sincerely,

/RA/

Richard P. Croteau, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-271

Enclosure: As stated

cc w/encl: See next page

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Vermont Yankee License Transfer to AmerGen Vermont
Request for Additional Information

1. Regarding the “Letter Agreement Assuring Financial Obligations of AmerGen Vermont, LLC” (Enclosure 8 of the application), specifically how does AmerGen plan to assure the financial performance of AmerGen Vermont, pursuant to 10 CFR 50.33(f) and guidance in NUREG-1577, Rev. 1? AmerGen is a relatively new company without significant, established levels of cash flow which could be made available to AmerGen Vermont if unusually high levels of funding support were needed. What assurance can AmerGen provide that it will be able to use, if needed for meeting the obligations of AmerGen Vermont, the funding commitment provided by AmerGen’s parents (PECO and BE) of up to \$110 million for situations in which AmerGen’s nuclear power plants require additional funding? Can AmerGen and AmerGen’s parents offer specific and concrete statements of assurance that, if such funding were required by AmerGen Vermont, an amount of up to the \$110 million limit as specified in the letter agreements between AmerGen and its parents would be made available through AmerGen to AmerGen Vermont? Will any other financial assurances be offered by AmerGen’s parents if the \$110 million is insufficient or has been consumed by other AmerGen nuclear plants? Also, what is meant by the phrase “without giving effect to conflict of law principles” at the end of the letter in Enclosure 8, in regard to (a) AmerGen’s financial support of AmerGen Vermont and (b) any conflict of interests between the two entities?
2. Regarding decommissioning funding assurance, pursuant to 10 CFR 50.75 and guidance in NUREG-1577, Rev. 1, since AmerGen Vermont expects to have at least \$280 million at the time of transfer of the Vermont Yankee license from VYNPC to AmerGen Vermont, and since \$328.3 million is estimated to be needed for decommissioning Vermont Yankee, how does AmerGen Vermont expect to assure that additional funding will be made available to AmerGen Vermont to cover decommissioning costs in the event that the facility were to be closed prematurely before much additional funding could be accumulated beyond the initial amount of at least \$280 million? Please explain how AmerGen Vermont would be able to rely adequately on AmerGen and sources of funds available to AmerGen for such purposes, or, alternatively, would AmerGen Vermont be likely to delay decommissioning until the Vermont Yankee trust funds could accumulate sufficient earnings to pay the cost of decommissioning?
3. Regarding the amount of decommissioning funds of at least \$280 million expected to be transferred to the decommissioning trust funds for Vermont Yankee at closing, page 24 of the application states that “AmerGen Vermont will assure that the Fair Market Value of the funds is not less than \$280 million after the trust funds are transferred.” Does this statement mean that the amount of “not less than \$280 million” is net of any expenses and of taxes on the funds that might be associated with the transfer? Please explain this answer in detail.
4. Regarding Enclosure 9A (which includes proprietary projections of AmerGen Vermont’s income statement, balance sheet, and other financial data), one page of such data contained in the Clinton and Oyster Creek applications has not yet been supplied for AmerGen Vermont, which is **projected schedule information**, including such items as Generation (in GWh), Operating and Outage Hours, and Capital Additions. Please

ENCLOSURE

provide this information in the same or a similar format as provided in the Clinton and Oyster Creek applications.

5. Regarding the membership of the Management Committees of AmerGen and AmerGen Vermont (as referred to on pages 8-15 of the application), pursuant to the Final Standard Review Plan on Foreign Ownership, Control, or Domination approved by the Commission on August 31, 1999, please explain how members who serve on both Management Committees might be expected to resolve conflicts of interests between the two entities. For example, would such a member be expected to treat the interests of AmerGen Vermont as primary over those of AmerGen in a conflict situation?

Vermont Yankee Nuclear Power Station

cc:

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