

**OFFICE OF THE SECRETARY
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RICHARD M. KACICH
PRESIDENT

October 22, 2003

The Honorable Nils J. Diaz, Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Chairman Diaz:

It was a pleasure meeting with you on October 7, 2003. We appreciate that you took the time to discuss our decommissioning activities at the Yankee Nuclear Power Station.

As a follow-up to our conversation, you asked us to provide the potential savings in insurance premiums if our pending exemption request to lower our offsite liability coverage from \$100 million to \$25 million was approved. We currently pay just under \$150,000 per year for this coverage. A reduction to \$25 million will realize a premium savings of approximately 50% or \$75,000 per year. We currently anticipate the spent fuel will be stored on-site for the next 20 years, until DOE removes the fuel to a federal storage facility. This time frame equates to a \$1.5 million dollar savings in today's dollars assuming no increase in premiums. When we factor in increases in insurance premiums, a conservative estimate is that we would save over \$3 million in premiums over the next 20 years. As you can see, this is a significant savings for a spent fuel storage facility that has no offsite consequences under any reasonably credible accident scenario.


During our briefing, we mentioned that we expect to spend \$20 million for future radioactive waste disposal costs (shipping and burial) to complete decommissioning. You asked what we had spent to date, and the answer is about that same order of magnitude, which would bring the anticipated total project costs to about \$40 million.

We appreciate the NRC Staff efforts on our pending insurance exemption and our integrated approach to offsite emergency response. We look forward to working with the Staff to demonstrate that the NRC can review and approve a License Termination Plan within 12 months, such that we can successfully complete the decommissioning and license termination process on terms consistent with our current plans. In this regard, it was reassuring to hear you say during the morning public session that the NRC is responsive to licensee decommissioning plans. We of course recognize our obligation for timely, thorough, and compliant performance in all aspects of our licensed responsibilities.

The Honorable Nils J. Diaz
October 22, 2003
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Again, thank you for allowing us to brief you and your staff on our decommissioning activities at the Yankee station. We appreciate your time and interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard M. Kacich". The signature is fluid and cursive, with the first name "Richard" being more prominent.

Richard M. Kacich
President