

June 15, 2012

Mr. Dale A. Rocheleau
Senior Vice President, General Counsel
& Corporate Secretary
Central Vermont Public Service Corporation
77 Grove St.
Rutland, VT 05701

SUBJECT: REQUEST FOR THRESHOLD DETERMINATION UNDER 10 CFR 50.80 -
THE PROPOSED MERGER BETWEEN CVPS AND GAZ MÉTRO INVOLVING
MINORITY COMMON STOCK OWNERSHIP IN MAINE YANKEE ATOMIC
COMPANY, CONNECTICUT YANKEE ATOMIC COMPANY, AND YANKEE
ATOMIC ELECTRIC COMPANY (TAC NO. ME7127)

Dear Mr. Rocheleau:

By application dated September 9, 2011 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML11256A051), Central Vermont Public Service Corporation (CVPS) and Gaz Métro Limited Partnership (Gaz Métro) notified the U.S. Nuclear Regulatory Commission (NRC) of a proposed merger between the two companies that would result in a transfer of interests involving NRC licensed facilities. The Application requested that the NRC staff make a threshold determination that the proposed transfer of CVPS' interests in Maine Yankee Atomic Power Company (Maine Yankee), Connecticut Yankee Atomic Power Company (Connecticut Yankee), and Yankee Atomic Electric Company (Yankee Atomic) (collectively, the "Yankee Companies") to Gaz Métro would not constitute a direct or indirect transfer of the licenses that would require NRC approval pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) CFR 50.80, "Transfer of licenses."

The NRC staff completed its review of the facts and information as set forth in the application, and concludes that the proposed merger between CVPS and Gaz Métro will not constitute a direct or indirect transfer of control of the Maine Yankee, Connecticut Yankee or Yankee Atomic licenses. Therefore, neither Maine Yankee, Connecticut Yankee, nor Yankee Atomic require the NRC's approval under Section 184 of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.80, with respect to the licenses currently held by them in connection with the proposed merger between CVPS and Gaz Metro.

Enclosure 3

D. Rocheleau

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Please contact James Kim at 310-415-4125 if you have any questions.

Sincerely,

/RA/

Louise Lund, Acting Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-423

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
REQUEST FOR THRESHOLD DETERMINATION OF THE PROPOSED MERGER BETWEEN
CVPS AND GAZ MÉTRO INVOLVING MINORITY COMMON STOCK OWNERSHIP IN
MAINE YANKEE ATOMIC COMPANY, CONNECTICUT YANKEE ATOMIC COMPANY, AND
YANKEE ATOMIC ELECTRIC COMPANY
DOCKET NOS. 50-309, 72-30; 50-213, 72-39; 50-029; 72-31

1.0 INTRODUCTION

By application dated September 9, 2011 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML11256A051), Central Vermont Public Service Corporation (CVPS) and Gaz Métro Limited Partnership (Gaz Métro) notified the U.S. Nuclear Regulatory Commission (NRC) of a proposed merger between the two companies that would result in a transfer of interests involving NRC licensed facilities. The application requested that the NRC make a threshold determination whether a proposed transfer of CVPS' interests in Maine Yankee Atomic Power Company (Maine Yankee), Connecticut Yankee Atomic Power Company (Connecticut Yankee), and Yankee Atomic Electric Company (Yankee Atomic) (collectively, the "Yankee Companies) to Gaz Métro would constitute a direct or indirect transfer of the licenses that would require NRC approval pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) CFR 50.80, "Transfer of licenses."

2.0 BACKGROUND

By application dated September 9, 2011 (ML11256A051), as supplemented by letters dated November 4, 2011 (ML11311A148), April 6, 2012 (ML12100A017), and May 4, 2012 (ML12128A433), (collectively, "the application"), Central Vermont Public Service Corporation (CVPS) and Gaz Métro Limited Partnership (Gaz Métro) requested that the U.S. Nuclear Regulatory Commission (NRC) consent, pursuant to 10 CFR 50.80, to the indirect transfer of control of CVPS' 1.7303% interest in the license for Millstone Power Station, Unit 3 (MPS 3), resulting from the acquisition of CVPS by Gaz Métro.

According to the application, CVPS also owns, through equity investment, 2% of the outstanding common stock of Maine Yankee Atomic Power Company, 2% of the outstanding common stock of Connecticut Yankee Atomic Power Company, and 3.5% of the outstanding common stock of Yankee Atomic Electric Company (collectively, the "Yankee Companies"). CVPS and Gaz Métro requested that the NRC staff make a threshold determination that the above requested license transfer transaction does not involve the direct or indirect transfer of control of the NRC licenses held by the Yankee Companies pursuant to 10 CFR 50.80.

CVPS is a Vermont corporation and the largest electric utility in Vermont. CVPS engages in the purchase, production, transmission, distribution and sale of electricity.

Gaz Métro is a Canadian energy company.

3.0 EVALUATION

The NRC staff reviewed the application submitted by CVPS and Gaz Métro in order to make a threshold determination on whether the proposed merger between CVPS and Gaz Métro would involve a direct or indirect control of the NRC licenses held by the Yankee Companies that would require approval pursuant to 10 CFR 50.80. The regulation at 10 CFR 50.80 states:

No license for a production or utilization facility (including, but not limited to, permits under this part and part 52 of this chapter, and licenses under parts 50 and 52 of this chapter), or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer or control of the license to any person, unless the Commission gives its consent in writing.

According to the application, CVPS' interest in the Yankee Companies is as a shareholder only. Each Yankee Company holds a Part 50 license and a general Part 72 license for an Independent Spent Fuel Storage Installation (ISFSI) and is the sole licensee for its facility. CVPS has no operational authority for the Yankee Companies' licensed ISFSIs. In addition, CVPS is not a party to any voting agreement or arrangement with any of the owners or licensees of the Yankee Companies that could give it voting rights that are greater than those associated with its minority shareholder interests in the companies. It does not have other financial interests that would allow it to participate in the management and operation of the licensee. Accordingly, the result of the proposed merger between CVPS and Gaz Métro, and the associated interests in the Yankee Companies, does not result in a transfer of control with respect to the Yankee Companies and the Yankee Company licenses.

Regarding foreign ownership, control, or domination, Section 103d of the Atomic Energy Act of 1954, as amended provides in part:

No license may be issued to an alien or any corporation or other entity if the Commission know or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation or a foreign government. In any event, no license may be issued to any person within the United States if, in the opinion of the Commission, the issuance of a license to such a person would be inimical to the common defense and security or to the health and safety of the public.

The NRC's regulation 10 CFR 50.38 contains language to implement this statutory prohibition.

As stated, the result of the proposed merger between CVPS and Gaz Métro, and the associated interests in the Yankee Companies, does not result in a transfer of control with respect to the Yankee Companies and the Yankee Company licenses, and does not provide CVPS or Gaz Metro with any responsibility over spent fuel, access to restricted data, or right of participation, whether or not exercised, in the management and operation of the licensees. Additionally, as a result of the afore-mentioned indirect license transfer for Millstone 3 (ML121300466), CVPS is implementing a Negation Action Plan (NAP) to ensure that any foreign ownership, control, or domination of Millstone 3 and the Yankee Companies is negated. NRC staff reviewed and

approved this NAP as part of the safety evaluation for the indirect license transfer. Furthermore, in an unrelated licensing action, a NAP has been implemented for each of the Yankee Companies via confirmatory orders issued by the NRC (ML12124A372, ML12124A373, ML12124A374), which negate foreign ownership, control, or domination of the Yankee Companies.

4.0 CONCLUSION

The NRC staff conducted a threshold review of the facts and information as set forth in the application, and has considered how the proposed merger between CVPS and Gaz Métro will be implemented as described in the application. The NRC staff concludes that the proposed merger will not result in a transfer of control with respect to the Yankee Companies, and, thus, CVPS and Gaz Métro do not require the NRC's approval under Section 184 of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.80 with respect to the afore-mentioned licenses. In addition, based on the application, the NRC concludes that the foreign ownership, control, or domination of the Yankee Company licensees has been negated by existing Negation Action Plans.

Principal Contributor: Shawn Harwell

Date: June 15, 2012