

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION
BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)	
)	
SUSQUEHANNA NUCLEAR, LLC)	Docket Nos. 50-387, 50-388, 72-28-LT-2
)	
(Susquehanna Steam Electric Station,)	
Units 1 and 2))	

CERTIFICATE OF SERVICE

Pursuant to 10 C.F.R. § 2.305, I hereby certify that copies of the foregoing "Letter of Appeal Regarding November 21, 2016 Order, Submitted by Sabatini Monatesti," dated December 1, 2016, have been filed through the Electronic Information Exchange, the NRC's E-Filing System, in the above-captioned proceeding, this 1st day of December, 2016.

12/1/2016

X Sabatini J. Monatesti

Sabatini J. Monatesti
President, ES Enterprises Inc.
Signed by: stmary123_ccd

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Dated at Berwick, PA
This 1st day of December 2016

Attachment 1: Distribution List
Attachment 2: Table of Figures
Attachment 3: Letter of Appeal

ATTACHMENT 1

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ATTACHMENT 2
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ATTACHMENT 3

I received ASLB No. 16-949-01-LT-BD012, LBP-16-12, November 21, 2016. In that Order, per ASLB Conclusion, Pursuant to 10 C.F.R. §2.311, a litigant wishing to appeal this decision to the Commission must do so within 25 day after service of this Memorandum and Order.¹ William J. Froehlich, Chairman, G. Paul Bollwerk, III and Dr. Gary S. Arnold signed this Memorandum. To my dismay, I received Press Enterprise publication, December 1, 2016 that the NRC approved the “indirect transfer” of the operating licenses for Susquehanna Steam Electric Station, Units 1 and 2, from Talen Energy Corp. to the portfolio companies of Riverstone Holdings, as part of Riverstone’s proposed acquisition of Talen, press release No. 16-070. The press release notes: “The proposed indirect transfer of control is not expected to change Susquehanna Nuclear’s role as the plant operator, its principle officers, managers or staff of the day-to-day management and operation of the units. No changes will be made to the units or their licensing bases as a result of the transfer. ..The NRC concluded that Riverstone is qualified to hold the ownership interests in the facility previously held by Talen, and that Susquehanna Nuclear remains qualified to operate the plant.”

I understand that other regulatory approvals may be required before the transaction is completed. I look forward to your review of the attached appeal and anticipate that the NRC will consider the material enclosed as my response to NRC action.

The November 21, 2016 ASLB letter denies my request for SUNSI. The Board believes that I did not indicate how the SUNSI information would aid my challenge, i.e., the financial status of Riverstone and Talen Energy to operate SSES Unit 1 and 2 effectively and efficiently over the 20-year licensing period. The Board noted that the headings of the Projected Income Statement and Calculation of Six-Month Cost, include Assumptions, Revenues and Expenses, such as, fuel expenses, decommissioning accretion expenses, direct (operations and maintenance), taxes (non income), depreciation and other expenses were sufficient.

The ASLB noted that I should be able to use public versions of the information. The ASLB believes that I did not provide the basis for a proffered contention or refute statements made in the license Transfer Application. The ASLB believes that the Riverstone Holdings and Talen Energy five-year projection outlining cost and profitability was sufficient to assess business sustainability and survivability.

I made my original NRC request for a hearing and for additional information October 11, 2016 via FAX, and since that time, I presented my analysis as I have completed it. My concerns regarding Talen Energy and NRC oversight predate recent filing. I raised a business ethics concern with Talen Energy and the NRC, sharing that information with Representative Bartletta early on in my review, the correspondence respectively April 4, 2016 TALN-16-04-0004; May 18, 2016 NRC Environment Projects Branch; June 28, 2016 NRC response to Representative Barletta.

¹ See id. At68.466

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I contend that the 5-year business model presented by Talen Energy and Riverstone Holdings LLC is naïve, i.e., regarding Riverstone Holdings LLC takeover and subsequent 20-year license transfer of SSES Unit 1 and 2. Further, that the ramifications associated with said takeover, as demonstrated by my models indicate a possible lack of business judgment regarding Riverstone Holdings ability to mitigate significant concurrent business risk over the 20-year licensing period.

The issues I raised since April 4, 2016 continue to show my concern, demonstrate why I should have standing; and why the public versions of the information requested would not be sufficient to provide a sound basis for business judgment.

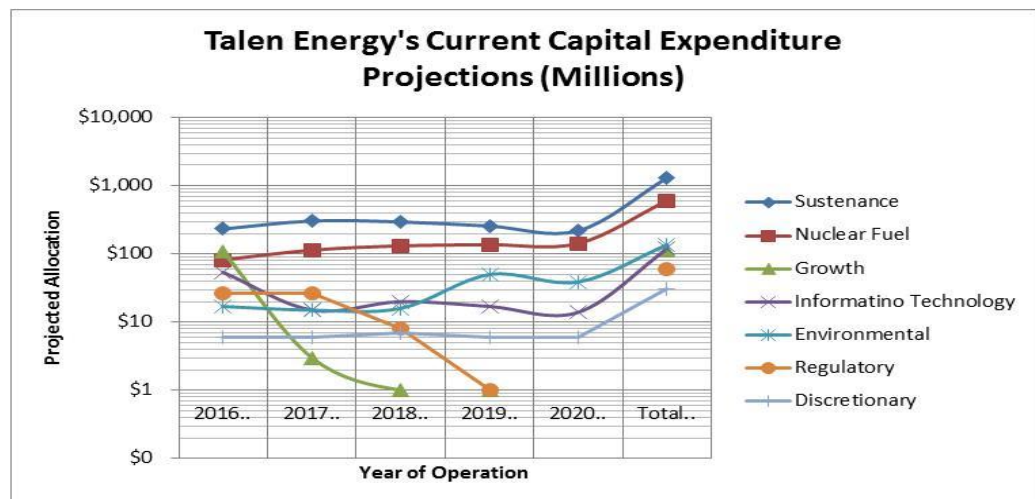
- April 19, 2016 & May 25, 2016 – Salem Steam Generation issues and concerns:
 - How to move 54,686 citizens from the Plume Exposure Pathway Zone limited by Route 11 access, given prevailing winds? It is impossible to move, assuming 5 persons to a vehicle, 10,000 vehicles out of the area in 15 minutes (this convoy is about 20 miles long, at 60 miles per hour the first vehicle out requires 10 minutes to reach 10 miles).
 - How to move 1,765,761 citizens from the Ingestion Pathway Zone limited by Route 11 access, given prevailing winds? Given the complexity of above, this is even more impossible.
 - Potential to house 3,000 metric tons of waste at SSES Unit 1 and 2 sites, given NRC, U.S. Department of Energy, Office of Civilian Radioactive Waste Management, Washington, D.C., 20585, Nuclear Waste Policy Act, March 2004, page 42, limits storage to 1,900 metric tons. Given that the area emergency service personnel are aging and unable to sustain their operations today, it would appear that the area does not have enough police or fire personnel to ensure the health and safety of the community given a failure. Susquehanna has an emergency response network consisting of 27 municipalities. A plant operations manager has 15 minutes to classify any event and to notify emergency agencies of the actions that need to be taken to ensure the health and safety of the citizen.
 - If Riverstone Holdings LLC does not qualify as a tax-free distribution under Sections 535 and 368 of the Internal Revenue code of 1986, as amended (the “Code”), including as a result of subsequent acquisitions of stock Riverside Holdings/Talen Energy could incur an \$879 million write off severely affecting the bottom line of this enterprise.
 - Berwick, PA is vulnerable to a 15,000-megawatt failure, i.e., SSES Unit 1 and 2 have been in operation 30 plus years averaging about three failures per year, a revenue loss estimated to be between \$750K and \$1,000K per event. These failures may include health and safety (estimate 44%); electrical power distribution (estimate 22%); component-instrument (estimate 22%) and impact to generation capability (estimate 12%). These outages are expensive, not just in dollar terms but in the impact to the citizen in terms of the cost for electricity as well as the impact to their health and safety whenever one of these events translates into a cascade failure, e.g., Three Mile Island, Fukushima or Chernobyl. These outages are just a few of the 36 areas of

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concurrent risk that need further review and analysis; I estimate the impact to the bottom line to be about \$700 million per year.

- June 28, 2016 – Victor M. McCree, NRC Executive Director For Operations:
 - Regarding permitting of additional storage, The NRC was present at the April 19, 2016 Salem Township hearing. The agency was not formally consulted by the Township prior to the meeting and has not taken a position on the specific circumstances of this case...The NRC has not been a party to this permitting action...Note, regulations continue to be an issue contributing to concurrent risk.
- October 11, 2016 – My FAX request for hearing and additional information:
 - Based on past safety performance, I find the NRC position, regarding increase in onsite storage, unacceptable. I believe there are health and safety issues outstanding. Recent news releases and plant outages are consistent with past problems note at the facility, e.g., separated steam found in N-plant ductwork, small cracks on metal blades on low-pressure turbine (ongoing problem). It appears that, e.g., repair of Exelon's 2012 event, an identified design flaw, the NRC has not addressed this problem; reference Robert Walton, March 3, 2016. Additional investment required to continue to operate and maintain this facility over the next 20 years. Figure 1 below, shows a lack of long range forecasting, a significant issue contributing to concurrent risk.

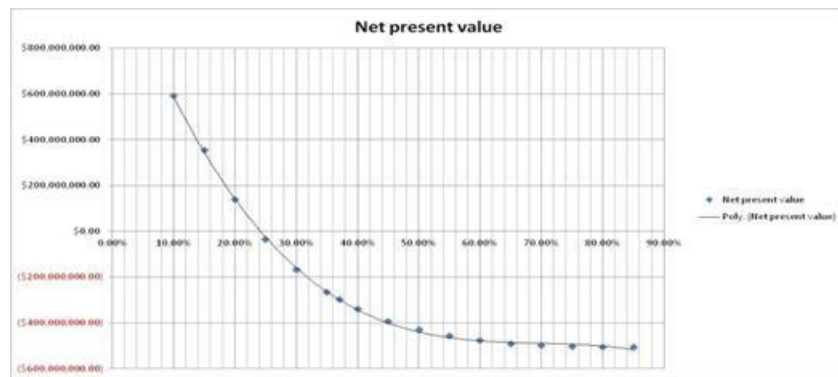
Figure 1: Proposed Investment (Two curves go to zero)



- Given Talen Energy 2015 loss of \$341 million and continue downturn in energy prices, with global energy investment in 2015 amounted to United States dollar (USD) 1.8 trillion, down 8% (in real terms) from 2014 mainly due to a sharp fall in upstream oil and gas investment, <https://www.iea.org/Textbase/npsum/WE12016SUM.pdf>. The business case is suspect if it does not have a 20-year horizon. Figure 2 below presents a 20-year NPV demonstrating that it will be difficult for Riverstone Holdings to invest in SSES Unit 1 or 2 upgrades, another significant concurrent business risk.

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Figure 2: NPV 20-Year Horizon (Hurdle Rate 15%)



- Given a hurdle rate of 15%, I believe the estimated rate of return predicted by my financial model is insufficient to maintain a viable Riverstone Holdings operation of Talen Energy facilities.
- NRC requires digital identification certificate to initiate exchange of information via Internet. This issue unresolved until October 25, 2016. My current computer and its operating system were not compatible with NRC Electronic Information Exchange (EIE). I continued to share information via email from my home equipment during this period with receipt by NRC. This EIE impasse required me to acquire a new computer system. Information requested throughout this period:
 - ROI and impact deal will have on unit price
 - Anticipated hurdle rate, and costing/pricing assumptions
 - Impact continued erosion of price per unit would have on Talen Energy competitiveness
 - Cost for continued maintenance and provision of site
 - Impact deal has on current and future workforce
 - Investment required to meet future need for onsite storage
 - Commitment to ethical business practices
 - Evaluation of health and safety concerns
 - Evaluation of seismic activity and its impact on current and future construction (3,000 metric tons of storage)
 - Integrated deal provisions for study of future vulnerabilities, threats and risks.
- October 24, 2016 – Outline additional issues with proposed license transfer that need clarification using SUNSI information, because they contribute to concurrent business risk:
 - Per morning call, Scott Kraus, and per documents filed with the Security and Exchange Commission, Riverstone said its post-merger “operational strategy” for Talen includes:
 - A focus on increasing cash flow (no longer a public utility, so one must assume, Riverstone will increase cost per kilowatt unit, driving up delivery cost to consumer, without constraint or oversight by public utility commission;

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- Reducing “plant-level costs” (does this include the reduction of security, maintenance and capital improvements, if so how will these actions affect health and safety);
- Reducing “Corporate Overhead” (usually requires reduced administration and job positions, as well as shut down of non-operational facilities, e.g., park area next to Susquehanna River, and underperforming operations);
- Reducing Non-critical activities (does this include training facilities, software and hardware upgrades, forcing a strategy of remain in place and becoming obsolete);
- Evaluation of the sale of “certain non-core assets” including liquidity and reduced debt (outstanding debt is significant, Talen secured term loan of \$250 million, plus an outstanding unsecured debt of \$3.3 million)
- Riverstone noted that they will cut operating expenditures by \$100 million per year, reduce capital expenditures by another \$50 million and in so doing erase the \$340 million shortfall reported by Talen Energy. Talen reported total operating expenses of \$1.5 Billion for the first six months of 2016. This cost along with a \$700 million concurrent risk impact could force bankruptcy with significant impact to the area.
- Note to NRC hearingdocket@nrc.gov :
 - At no time along the license transfer path, to my knowledge, has a public hearing occurred within the 10 mile Plume Exposure Zone, nor within the 50 mile Ingestion pathway Zone to review any of my concerns, i.e., Notification per NRC, U.S. Department of Energy, Office of Civilian Radioactive Waste Management, Washington, D.C., 20585, Nuclear Waste Policy Act, March 2004.
 - The revenue stream for nuclear is under severe strain, energy prices are going down, maintenance costs are increasing, health and safety issues continue to plague many facilities (10 out of 100 facilities are out of service regularly further increasing the cost per unit of a generated kilowatt hour (note Susquehanna outage performance).
 - Decommissioning cost, though regulated by NRC, appears to be challenged by many. I estimated \$13 million to \$19 million per facility, we have two within 2 miles of my home, NRC manages 100 units, and to decommission these 100 units including SSES Unit 1 and 2 over the next 20 years, using inflation rate of 3%, my estimate \$2,630,259,079.62. I do not know if these numbers are included in the Riverstone Holding 5 year projection or if they take into consideration inflation over the next 20 years.
- Establishment of Atomic Safety and Licensing Board, October 26, 2016:
 - All of my content uploaded to EIE October 24, 2016
- My response to E. Roy Hawken, Chief Administrative Judge, ASLBP No. 16-949-01-LT-BD01:

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- I respectfully request that action on the pending transfer of license to Riverstone Holdings LLC, indirect transfer for Susquehanna Nuclear, LLC be tabled pending detailed review of the issues and concerns raised by others and me.
- There appears to be a conflict between the Riverstone Holdings LLC, Securities and Exchange Commission filing, “Expect no physical changes to operation,” and Federal Register Vol. 81, No 192 Tuesday, October 4, 2016 Notices 68463, paragraph 11 introduction, “No physical changes to SSES or operational changes are being proposed in the applications.” This disclosure is inconsistent with previous information obtained through public sources.
- Increase cash flow, current Talen Energy facilities only 47% utilized a concurrent risk issue that affects profit and loss.
- Reduce plant level costs by \$150 million affecting ability to meet risk mitigation strategy as outlined in Talen Energy 10K report.
- Anticipate a significant staff reduction, savings of \$300 million, again affecting ability to meet risk mitigation strategy as outlined in Talen Energy 10K report.
- Reduce liquidity and debt (current outstanding Talen Energy debt, a secured term loan of \$250million and \$3.3 billion of total unsecured debt of which \$831 million is Pennsylvania Economic Development Financing Authority investment, again affecting ability to meet risk mitigation strategy as outlined in Talen Energy 10K report, i.e., ability to obtain needed capital to invest in new technology.
- Reduce Capital Expenditures implying that Riverstone Holdings LLC plans to retire their assets, possibly decommissioning those assets, again an additional impact on concurrent risk and impacting ability to meet risk mitigation strategy as outlined in Talen Energy 10K report.
- In the trust category, both organizations faced litigation and possible ethics violations in their past, note recent “claw back,” Top Executives at Riverstone Holding Face Prospect of Returning More Than \$300 million, again affecting ability to meet risk mitigation strategy as outlined in Talen Energy 10K report.
- There are significant risks with this license transfer and the takeover of Talen Energy by Riverstone Holding, the risks are extensive, and Talen Energy outlined 36 in their 10K report. Are they compliant with Sarbanes Oxley Act?
- November 1, 2016 – Pillsbury Winthrop Shaw Pittman contact Mr. Walsh
 - I respectfully asked that they review their concerns with ASLB, which they did. Mr. Walsh referenced dates and actions that I believe were incorrect and required clarification.
 - Shared the following concerns:
 - I am very concerned that this transaction is fraught with unmitigated risk. Three out of the 36 risks listed by Talen Energy could cause irreparable harm to the community: (1) continued down turn of energy prices, (2) loss of favorable

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tax status, and (3) continue underutilization of generation capacity. Figure 3 shows one example of a down turn in Day Ahead Elec. Prices. Figure 4 shows one example of a down turn in Capacity Prices.

Figure 3: Day Ahead Elec. Prices Show Downturn

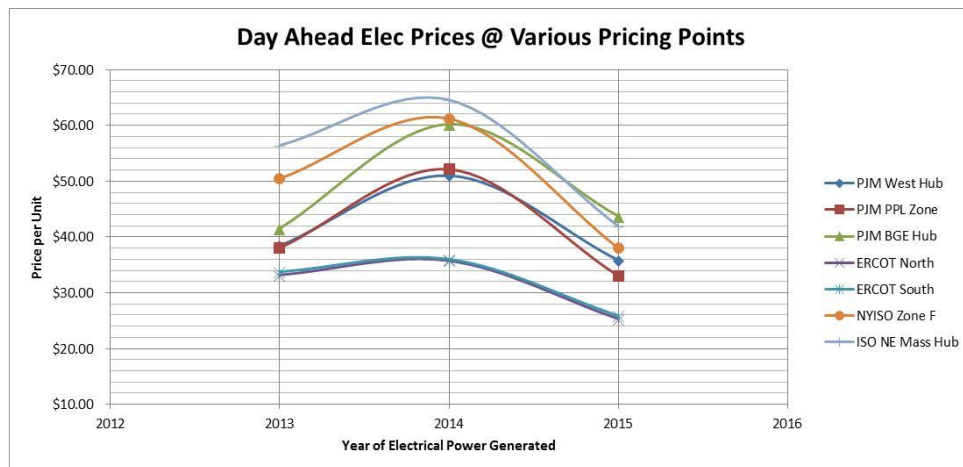
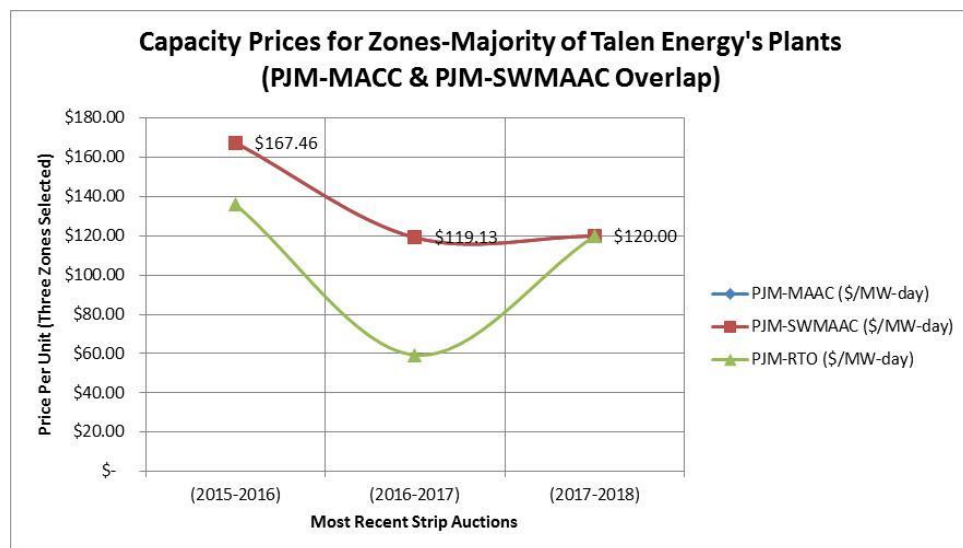


Figure 4: Capacity Prices Example



- November 3, 2016 – Submission of Vulnerability Threat Matrix for assessment of Concurrent risk:
 - The attached Vulnerability-Threat Assessment confirms my suspicion that significant risks exist, that vulnerability and threat are real and measurable, and these risks, to date I believe, Riverstone Holdings LLD may not have addressed in the license transfer process. If so, the sustainability and survivability of Susquehanna and other Talen

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energy facilities would be in doubt. The impact on the citizen and the employee significant, and continued success of power generation would be questionable.

- I believe it would be impractical, given the estimated concurrent risk impact of \$700 million, for Riverstone Holdings LLC, to successfully address their expectation of increasing cash flow, reducing cost and overhead, elimination of non-critical activities, sell off non-core assets, reducing liquidity and debt, and reducing capital expenditures. They claim to do this in the five years as noted by them in their proposal to the NRC. Further, it is difficult for me to use 6 months of business data related to operations for a 20-year horizon. This amount of data is insufficient to ascertain the viability of this deal and the efficacy of a license transfer. Figure 3 shows the impact of concurrent threats, and Figure 2 shows the anticipated cost per threat. I based these projections on data obtained from Talen Energy Risk Assessment, 10K Report, 2015.

Figure 5: Impact of Concurrent Threats

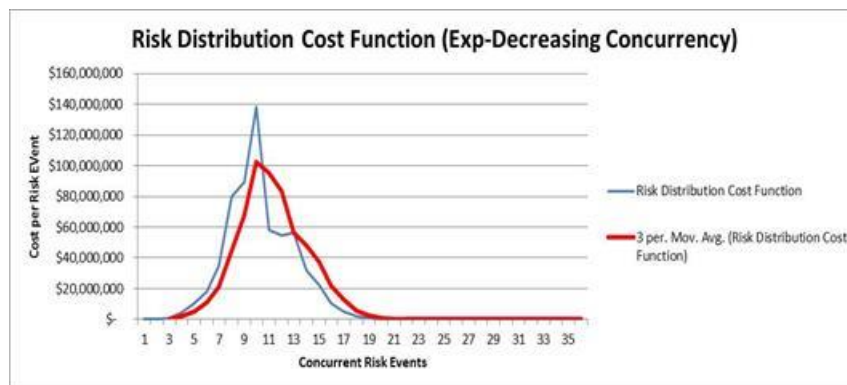
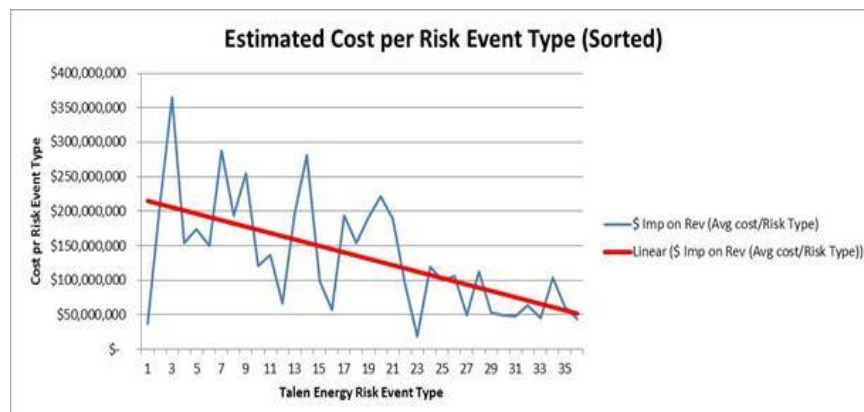


Figure 6: Anticipated Cost per Threat



Concurrent Talen Energy Risk Examples (Talen 2015, 10K Report):

- Susquehanna Nuclear has a portfolio of supply contracts, with varying expiration dates, for nuclear fuel materials and services. These contracts supply sufficient fuel to permit Unit 1 to operate into the first quarter of 2020 and Unit 2 to operate into the first quarter of 2019.

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- Susquehanna Nuclear has an onsite spent fuel storage facility employing dry “cask fuel storage technology.” Together with the spent fuel pools, Susquehanna has the capacity to accommodate spent fuel, i.e., expected to be discharged, through 2017. This spent fuel storage facility is currently in the process of being expanded to accommodate additional spent fuel storage. Assuming appropriate approvals are obtained, additional expansion will take place in the future such that, together, the spent fuel pools and the expanded dry fuel storage facility will accommodate all of the spent nuclear fuel, i.e., expected to be discharged, through 2044, the current licensed life of the plant.
- Talen Energy has long-term coal supply agreements through 2018 for plants located in PJM and for the Colstrip plant through 2019. The contracts in place are expected to provide 62% of 2016 requirements.
- Talen Energy has entered into limestone contracts with suppliers that will provide limestone for the plants located in PJM through 2016 and for the Colstrip plant through 2030 and are expected to provide 100% of 2016 requirements.
- Since the early 1990s, there has been increased competition in U.S. energy markets because of federal and state competitive market initiatives. As such, the markets in which Talen Energy participates are highly competitive.
- Talen Energy believes it needs \$2.4 billion of projected capital expenditure requirements for 2016 through 2020 to stay viable. Included in the projections are \$137 million of expenditures to comply with environmental requirements, which reflect Talen Energy's best estimate of capital expenditures that may be required within the next five years.
- It may be necessary for Talen Energy to modify, curtail, replace or cease operation of certain facilities or performance of certain operations to comply with statutes, regulations and other requirements imposed by regulatory bodies, courts or environmental groups.
- EPA's recently released "CSAPR Update Rule" proposal which recommends more stringent ozone season nitrogen oxide budgets for 23 states, including several where Talen Energy owns affected generation. Additional capital and/or operating and maintenance expenses could be imposed on Talen Energy plants in Maryland, New Jersey, New York, Pennsylvania and Texas as a result of this action. Legal challenges to CSAPR are ongoing in federal and state court.
- Talen Energy cannot currently predict whether any costs necessary to comply with the EPA's MATS Rule or similar regulations will have a material adverse effect on Talen Energy's financial condition or results of operations.
- During 2015, an increase of \$41 million was recorded to existing AROs. Further changes to AROs may be required as estimates are refined and compliance with the rule continues.
- The compliance period for the new requirements is from November 2018 through the end of 2023, based on the date that the permit is renewed and the applicable deadline negotiated with the agencies for that facility. At this point, Talen Energy is unable to estimate a range of reasonably possible compliance costs.
- Talen Generation had accrued a discounted liability of \$19 million to cover the costs of pumping and treating groundwater at this mine site for 50 years. Talen Energy discounted this liability based on a risk free rate of 8.41% at the time of the mine closure. Expected

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undiscounted payments are estimated to be \$1 million for each of the years 2016, 2017, 2019, and 2020, \$3 million in 2018, and \$92 million for work after 2020.

- Under the Federal Power Act, the FERC may assess civil penalties of up to \$1 million per day, per violation, for certain violations. Talen Energy monitors its subsidiaries' compliance with the Reliability Standards and continues to self-report potential violations of certain applicable reliability requirements and submit accompanying mitigation plans, as required. The resolution of a number of potential violations is pending.
- Talen may incur costs to terminate supply contracts for coal in excess of our generating requirements. For example, to mitigate the risk of oversupply, we incurred charges of \$41 million during 2015 to reduce our contracted coal deliveries.
- As of December 31, 2015 Talen had \$4,811 million in total indebtedness. Their indebtedness could have important consequences to Riverstone Holdings/Talen Energy future financial condition.
- As new technologies are developed and become available, the quantity and pattern of electricity usage (the "demand") by customers could decline, with a corresponding decline in revenues derived by generators. These alternative energy sources could result in a decline to the dispatch and capacity factors of our plants. As a result of all of these factors, the value of our generation facilities could be significantly reduced. These events may affect our ability to conduct our businesses efficiently and lead to increased costs, expenses or losses.
- At December 31, 2015, Talen Energy and its subsidiaries had 4,981 full time employees, 2,579 of which were represented by labor unions. In addition, pursuant to collective bargaining agreements, we are contractually committed to provide specified levels of health care and pension benefits to certain current employees and retirees. We provide a similar level of benefits to our management employees. These benefits give rise to significant expenses. Due to general inflation with respect to such costs, the aging demographics of our workforce and other factors, we have experienced significant health care cost inflation in recent years. We expect our health care costs, including prescription drug coverage, to continue to increase despite measures that we have taken and expect to take to require employees and retirees to bear a higher portion of the costs of their health care benefits. Certain events, such as an aging workforce, mismatch of skill set or complement to future needs, or unavailability of contract resources may lead to operating challenges and increased costs.
- The operation of our generation plants, including the Susquehanna nuclear plant, and our energy marketing and trading businesses are reliant on computer systems and networks and, therefore, subject to the risk that such systems could be the target of disruptive actions, by terrorists, vandals or others.
- If, notwithstanding the receipt of such opinion, the IRS were to determine the spinoff to be taxable, PPL would recognize a tax liability that could be substantial. We would be jointly and severally liable for such tax liability under applicable Treasury Regulations as a former member of the PPL consolidated federal income tax group.

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- We may not fully realize all of the growth opportunities, cost savings and other synergies that we expect, either within the anticipated time frame for integration or at all. For example, we may be unable to eliminate all duplicative costs.
- We now are subject to reporting and other obligations under the Exchange Act and are responsible for ensuring that all aspects of our business comply with Section 404 of the Sarbanes Oxley Act, under which we must maintain effective disclosure controls and procedures and internal control over financial reporting.
- In conjunction with the termination of a remarketing dealer's right to remarket certain senior unsecured notes, Talen Energy recorded a pretax charge of \$134 million.
- To mitigate the risk of oversupply of coal due to reduced dispatching of coal fired generation facilities, primarily as a result of the continued decline in natural gas prices. Talen Energy incurred pretax charges of \$41 million in the third quarter of 2015 to reduce its contracted coal deliveries in 2015 through 2018.
- In November 2015, Talen Energy obtained 2,344 MW (summer rating) of generating capacity with the completion of the acquisition of all of the membership interests of MACH Gen for cash consideration of approximately \$600 million. In addition, \$578 million of a MACH Gen subsidiary's debt remained outstanding after the acquisition.
- The Susquehanna nuclear plant continues to make modifications to address the causes of turbine blade cracking first identified in 2011. Unit 1 completed its planned refueling and turbine inspection outage in June 2014 and installed newly designed shorter last stage blades on one of the low-pressure turbines. The same short blade modifications were installed on two of the three turbines on Unit 2 during the spring 2015-scheduled refueling outage. Talen plans to perform all remaining turbine blade modifications during planned refueling and maintenance outages.

Conclusion:

Denial of access to SUNSI data prohibits the citizen from completing due diligence regarding the viability of Riverstone Holdings LLC ability to mitigate risk. The data contends that Riverstone Holdings LLC mitigation strategy is suspect, thus without through investigation, I believe their inability to manage and mitigate concurrent risk destroys their ability to effectively manage the SSES license over a 20 year life span.

I believe the NRC ASLB should grant my request to review the SUNSI information to discern if it demonstrates that a mitigation strategy exists, that the business plan is substantive; and that it covers the business financial requirements over the 20-year life span of the license transfer.

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Sincerely;

12/1/2016

X Sabatini J. Monatesti

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