

February 28, 2011

Mr. Wayne Norton, Chief Executive Officer  
and President of Yankee Atomic  
and Connecticut Yankee  
Chief Nuclear Officer of Maine Yankee  
49 Yankee Road  
Rowe, MA 01367

SUBJECT: FIRST REQUEST FOR ADDITIONAL INFORMATION FOR APPLICATION FOR  
NRC CONSENT TO INDIRECT LICENSE TRANSFER/THRESHOLD  
DETERMINATION (TAC NOS. L24496, L24497, L24498)

Dear Mr. Norton:

By letter dated December 6, 2010, Maine Yankee Atomic Power Company, Connecticut Yankee Atomic Power Company, and Yankee Atomic Electric Company notified the U. S. Nuclear Regulatory Commission (NRC) of the pending merger of Northeast Utilities and NSTAR and applied for the NRC's consent for indirect license transfer. The NRC staff has reviewed your application and has determined that additional information is required to complete its detailed review. The request for additional information (RAI) is identified in the enclosure to this letter. We request that you provide the information by March 17, 2011. Please inform us in writing at your earliest convenience, but no later than March 10, 2011, if you are not able to provide the information by the requested date. You should also include a new proposed submittal date and the reasons for the delay to assist us in re-scheduling your review. This information was discussed with your staff in a February 23, 2011, conference call.

Please reference Docket Nos. 72-30, 72-31, and 72-39 and TAC Nos. L24496, L24497, and L24498 in future correspondence related to this licensing action. If you have any questions, please contact me at (301) 492-3325.

Sincerely,

**/RA/**

John Goshen, P.E., Project Manager  
Licensing Branch  
Division of Spent Fuel Storage and Transportation  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos.: 50-029, 50-309, 50-213, 72-30, 72-31, 72-39  
TAC Nos.: L24496, L24497, L24498

Enclosure: First RAI

cc: Northeast Utilities Service List

February 28, 2011

Mr. Wayne Norton, Chief Executive Officer  
and President of Yankee Atomic  
and Connecticut Yankee  
Chief Nuclear Officer of Maine Yankee  
49 Yankee Road  
Rowe, MA 01367

SUBJECT: FIRST REQUEST FOR ADDITIONAL INFORMATION FOR APPLICATION FOR  
NRC CONSENT TO INDIRECT LICENSE TRANSFER/THRESHOLD  
DETERMINATION (TAC NOS. L24496, L24497, L24498)

Dear Mr. Norton:

By letter dated December 6, 2010, Maine Yankee Atomic Power Company, Connecticut Yankee Atomic Power Company, and Yankee Atomic Electric Company notified the U. S. Nuclear Regulatory Commission (NRC) of the pending merger of Northeast Utilities and NSTAR and applied for the NRC's consent for indirect license transfer. The NRC staff has reviewed your application and has determined that additional information is required to complete its detailed review. The request for additional information (RAI) is identified in the enclosure to this letter. We request that you provide the information by March 17, 2011. Please inform us in writing at your earliest convenience, but no later than March 10, 2011, if you are not able to provide the information by the requested date. You should also include a new proposed submittal date and the reasons for the delay to assist us in re-scheduling your review. This information was discussed with your staff in a February 23, 2011, conference call.

Please reference Docket Nos. 72-30, 72-31, and 72-39 and TAC Nos. L24496, L24497, and L24498 in future correspondence related to this licensing action. If you have any questions, please contact me at (301) 492-3325.

Sincerely,  
**/RA/**  
John Goshen, P.E., Project Manager  
Licensing Branch  
Division of Spent Fuel Storage and Transportation  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos.: 50-029, 50-309, 50-213, 72-30, 72-31, 72-39,  
TAC Nos.: L24496, L24497, L24498

Enclosure: First RAI

cc: Northeast Utilities Service List  
cc: Northeast Utilities Service List

Distribution: SFST r/f, A Simmons (NRC), T Fredrichs (NRC), S Uttal (NRC)

File location: G:\SFST\Maine Yankee\Merger\Request for additional information.docx

**ADAMS Accession No.:**

<b>OFC:</b>	SFST	SFST	NRR/DPR/ PFAB	NRR/DPR/ PFAB	OGC		SFST
<b>NAME:</b>	JGoshen	WWheatley	ASimmons	TFredrichs	SUttal		MSampson
<b>DATE:</b>	2/8/11	2/25/11	2/23/11	2/ 23/11	2/23/11		2/28/11

**OFFICIAL RECORD COPY**

cc: Northeast Utilities Service List

Duncan MacKay, Esquire.  
Deputy General Counsel  
Northeast Utilities Service Company  
107 Seldea Street  
Berlin, CT 06037

Joseph Fay, Esquire  
Maine Yankee Atomic Power Company  
321 Old Ferry Road  
Wiscasset, ME 04578-4922

Gerald Garfield  
Day Pitney, LLP  
242 Trumbull Street  
Hartford, CT 06103

Tim Mathews  
Morgan, Lewis & Bockius, LLP  
1111 Pennsylvania Ave., NW  
Washington, D.C. 20004-2541

Neven Rabadjija  
Associate General Counsel  
NSTAR  
800 Boylston Street, 17<sup>th</sup> Floor  
Boston, MA 02199

YANKEE ATOMIC ELECTRIC COMPANY  
CONNECTICUT YANKEE ATOMIC POWER COMPANY  
MAINE YANKEE ATOMIC POWER COMPANY  
DOCKET NOS. 50-029, 50-213, 50-309, 72-30, 72-31, 72-39  
FIRST REQUEST FOR ADDITIONAL INFORMATION  
RELATED TO APPLICATION FOR NRC CONSENT/THRESHOLD DETERMINATION FOR  
INDIRECT LICENSE TRANSFER RELATED TO MERGER  
OF NORTHEAST UTILITIES AND NSTAR

BACKGROUND

The request for a threshold finding concerns the Maine Yankee Atomic Power Plant (MY). The Board of Directors of the licensee for MY consists of members appointed by several owners of MY, including Bangor Hydro-Electric and the Maine Public Service Company, which collectively own 12% of the licensee, and are both subsidiaries of Emera, a Canadian Company. The U.S. Nuclear Regulatory Commission (NRC) staff is concerned that the merger of Northeast Utilities (NU) and NSTAR will dilute the power that both companies have on the board of directors (pre-merger).

In addition to the application provided to the NRC, the staff has reviewed documents related to the proposed merger submitted to the Security and Exchange Commission, the Massachusetts Department of Public Utilities, the Federal Energy Regulatory Commission (FERC) and the Department of Energy. These documents appear to indicate that NU and NSTAR may have foreign involvement, including financial obligations to foreign entities. Loan agreements, contracts, and other understandings with foreign interests are subject to review per NRC's Final Standard Review Plan on Foreign Ownership, Control, or Domination; 64 FR 52355 (September 28, 1999).

Specifically, the NU/NSTAR merger will be impacted by the joint venture with a Canadian company, Hydro Quebec (HQ), to build a transmission line from Canada to New England.

In the FERC application seeking approval for the NU/ NSTAR joint venture with HQ (FERC Docket No. ER11-2377-000), the applicants state that the NU and NSTAR's investments in the project are a major investment for each company. Further the FERC application states that the project bears a higher level of financial risk relative to a typical transmission project because it is a "single-payer" contract, meaning that the success of the contract depends upon the credit and cooperation of one customer – HQ (a foreign entity). In the words of the applicants: "This dependence on one customer is unlike a typical transmission project under the New England regional planning process, where NU and NSTAR would recover their costs from a large class of customers. If HQ and its guarantor were to fail financially, there would not be a single committed customer for the new transmission line."

Enclosure

Per the FERC application, NU and NSTAR signed parent company guarantees for the Canadian partner on October 4, 2010, and thus have a financial responsibility to a foreign entity. Additionally, NU and NSTAR are beneficiaries of a parent guarantee from HQ.

Because this project represents a significant investment for the companies, and multiple financial arrangements with the foreign entity, the financial condition and arrangements of the parent companies may impact the management, operation and financial viability of the NRC facilities.

#### Request for Additional Information

1. Please submit pre and post organization chart for both NU and NSTAR that shows:
  - (a) The relationship between the entities involved in the merger and Maine Yankee and the other members of the Board of Directors of MY.
  - (b) As to Maine Yankee, the relationship between NU, NSTAR, and Emera, the Canadian parent company of Bangor Hydro-Electric and the Maine Public Service Company, co-owners of Maine Yankee.
2. Describe any unanimous consent issues or veto power as to the MY Board of Directors which would potentially include foreign board members, quorum provisions, and other pertinent operational issues which may be subject to foreign control, either indirect or direct, related to NRC licensed activities, nuclear safety and security, access to restricted data, or responsibility for special nuclear material.
3. State the number of Directors on the MY Board appointed by NU and NSTAR before the merger and the number that will be appointed by the merged company after the merger.
4. As to the merged companies, per the requirements of 10 CFR 50.33, please provide the names, addresses and citizenship of all board members and principal officers. Please include the board of directors for all parent and subsidiary companies.
5. If some or all members of the Board of Trustees are non-US citizens or if the appointment of non-US citizens is contemplated in the future, is there a provision in any governance document that requires that decisions relating to the security, safety and reliability of the NRC facilities be made by U.S. citizens? If so, please provide these documents.
6. Will any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of board of directors (or similar governing body) or other management positions of your organization following the merger? If so, please describe.
7. Will any foreign person have the power to control, directly or indirectly, or cause the direction of any decisions related to activities licensed by the NRC of the merged companies, including decisions which would impact the financial status of the NRC licensed facilities.
8. In the FERC application (FERC Docket No. ER11-2377-000), the applicant's state that the large capital expenditures required for the Northern Pass Transmission Line will result in significant negative cash flows during the construction period because the transmission service agreement does not provide for inclusion of construction work in progress in rate

base. Please explain how the merged companies intend to mitigate any potential adverse financial impacts on the nuclear licensees.

Section 103d of the Atomic Energy Act prohibits the NRC from issuing a license to:

“an alien or any corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation or a foreign government.”

Attachment B of the application shows the pre and post merger organizational charts related to the proposed merger. However, the organizational charts do not show the relationship of the entities depicted with the NRC licensees and other owners of the NRC licensees, which may involve foreign ownership, control, or domination.

Guidance regarding foreign ownership, control or domination and associated negation action plans is provided in the NRC’s Final Standard Review Plan on Foreign Ownership, Control, or Domination; 64 FR 52355 (September 28, 1999).

This information is required to evaluate compliance with 10 CFR 50.38 and 10 CFR 50.33.