

**Northeast
Utilities System**

January 13, 2000

U.S. Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555

Subject: Notification/Application pursuant to 10 CFR § 50.80 regarding
Operating License Nos. DPR-5 for Indian Point-1 (Docket No.50-3),
DPR-26 for Indian Point-2 (Docket No.50-247), DPR-21 for
Millstone-1 (Docket No. 50-245), DPR-65 for Millstone-2 (Docket
No. 50-336), NPF-46 for Millstone-3 (Docket No.50-423), and
NPF-86 for Seabrook (Docket No. 50-443)

Dear Sirs:

This letter is to advise and notify the Commission of the proposed merger of Consolidated Edison, Inc. ("CEI") and Northeast Utilities ("NU") pursuant to the terms and conditions of a merger agreement dated October 13, 1999. The companies intending to merge are the parent corporations of the Operating License holders for the Indian Point 1 and 2, Millstone 1, 2 and 3, and Seabrook nuclear power plants. To the extent required by Section 184 of the Atomic Energy Act, as amended, and 10 CFR. §50.80, Consolidated Edison Company of New York, Inc, Northeast Nuclear Energy Company, and North Atlantic Energy Service Corporation, the licensed operators of the above-referenced nuclear power plants, jointly request the Commission's consent to any indirect transfer of control of the operating licenses for such plants that the Commission may deem associated with the merger transactions. The consummation of the merger is dependent upon the receipt of various federal and state regulatory approvals. Assuming all required regulatory and shareholder approvals are obtained in a timely fashion, the parties anticipate consummating the merger in mid-2000.

Through its subsidiaries and affiliates CEI provides service to over three million electric customers and over one million gas customers in New York City and Westchester, Rockland and Orange Counties in New York, and adjacent sections of New Jersey and Pennsylvania. For the year ending December 31, 1998, CEI had approximately \$7 billion in consolidated operating revenues.

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Northeast Utilities is a public utility holding company for a number of companies comprising the Northeast Utilities system. Through its subsidiaries and affiliates, NU provides electric service to over 1.7 million customers in Connecticut, New Hampshire and Massachusetts. In June 1999 NU entered into an agreement to acquire Yankee Energy System, Inc. ("YES"). This merger is expected to become effective as early as the first quarter of 2000. YES, through a wholly-owned subsidiary, is the largest natural gas distributor in Connecticut. For the year ending December 31, 1998, NU had approximately \$3.8 billion in consolidated operating revenues.

The October 13, 1999 CEI/NU merger agreement provides for the combination of CEI and NU to occur through two simultaneous mergers: the merger of CEI into New CEI, a Delaware corporation, and the merger of an indirect wholly-owned subsidiary of New CEI with NU. Upon the completion of all of the related merger transactions New CEI will own all of the assets of CEI, and NU will be a wholly-owned subsidiary of New CEI. The utility subsidiaries of CEI and NU, including the Operating License holders of the affected nuclear units, will retain their individual names and identities and continue to serve their respective service territories.

The combined company, New CEI, will be the nation's largest electric distribution utility with over 5 million electric customers, as well as 1.4 million gas customers, serving large areas of the northeastern United States with a population of more than 13 million. The combined company will have revenues on a pro forma basis of approximately \$11 billion and total assets of almost \$28 billion.

It should be noted that: (1) after the consummation of the merger transactions the corporate parents of each of the licensed operators of the affected nuclear units will remain the same, and such licensees will continue to exercise direct control over licensed activities at their nuclear facilities; (2) Consolidated Edison Company of New York, Inc. and subsidiaries of NU will continue to hold their respective NRC licenses to own their respective interests in and operate the Indian Point 1 and 2, Millstone 1, 2 and 3, and Seabrook nuclear plants; (3) no change in the management or operation of any of the affected nuclear units will result from the merger; (4) Consolidated Edison Company of New York, Inc. and the subsidiaries of NU that own interests in the plants will each continue to be an "electric utility" as provided in 10 CFR § 50.2, in that each will continue to be subject to regulation by cognizant state public utility commissions and the Federal Energy Regulatory Commission ("FERC") after the merger; (5) neither New CEI nor NU will be owned, controlled or dominated by any non-U.S. citizen, foreign corporation or foreign government; and (6) all of the members elected to the New CEI Board of Directors will be U.S. citizens.


Finally, NRC antitrust review of the merger transaction does not appear to be necessary or appropriate consistent with the Commission's June 18, 1999 decision in

Kansas Gas and Electric Company (Wolf Creek Generating Station). A review of market and economic issues related to the merger will be conducted by sister federal agencies under the Hart-Scott-Rodino Antitrust Improvements Act (Department of Justice) and the Federal Power Act (FERC).

To the extent that the NRC believes the CEI/NU merger entails an indirect transfer of control of the respective NRC license interests of Consolidated Edison Company of New York, Inc. or the referenced subsidiaries of Northeast Utilities, consent to any such transfers is requested. The enclosed Notification/Application sets forth further information as provided in 10 CFR §§ 50.80 and 30.34(b). A copy of the referenced merger agreement is appended to the Notification/Application. A copy of the merger Joint Proxy Statement will also be filed with the Commission as soon as it is available.

As we note, the parties contemplate that the merger will be effected, subject to regulatory and shareholder approvals, in mid-2000. In the event the NRC has any questions or requires additional information, please contact either the undersigned or Mr. Richard M. Kacich, NU Director of Business Services, at your earliest convenience. Mr. Kacich can be contacted by telephone at 860.440.2076, or by E-mail at kacicrm@gwsmtponu.com. We will be pleased to cooperate fully in facilitating the consideration of our request and in supplying any further information that the NRC may require. Service upon the applicants of comments, hearing requests, intervention petitions or other pleadings, if applicable, should be made to Brent L. Brandenburg, Esq., Consolidated Edison Co. of New York, Inc., 4 Irving Place – 1830, New York, NY 10003, and William J. Quinlan, Esq., Northeast Utilities, 107 Selden Street, Berlin, CT 06037. Mr. Brandenburg's phone number is 212.460.4333; his E-mail address is brandenburg@coned.com; Mr. Quinlan's phone number is 860.665.3761; his E-mail address is quinlwnu.com.

Very truly yours,



John F. Groth

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* Excluding merger agreement