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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DOCKETED
USNRC

'99 DEC 27 P5:27

In the Matter of)
)
Niagara Mohawk Power Corporation,)
New York State Electric & Gas)
Corporation,)
And)
AmerGen Energy Company, LLC)
(Nine Mile Point, Units 1 & 2))

Docket Nos. 50-220 & 50-410
License Nos. DPR-63 and NPF-69

NOTIFICATION OF EXERCISE OF RIGHT OF FIRST REFUSAL

Pursuant to the Nuclear Regulatory Commission's ("NRC" or "Commission") Memorandum and Order dated December 22, 1999, CLI-99-30 (the "Order"), Rochester Gas and Electric Corporation ("RG&E") hereby provides notice that on December 21, 1999, RG&E exercised its right of first refusal ("ROFR") to purchase the collective 59% ownership interest of Niagara Mohawk Power Corporation ("NMPC") and New York State Electric and Gas Corporation ("NYSEG") in Nine Mile Point Unit 2 ("NMP 2") and NMPC's 100% ownership interest in Nine Mile Point Unit 1 ("NMP 1"). RG&E exercised its ROFR pursuant to the Basic Agreement, dated September 22, 1975, among the Co-owners of NMP-2. Exhibit B to Petition of Central Hudson Gas & Electric Corporation, Long Island Power Authority, and Rochester Gas and Electric Corporation for Leave to Intervene, and Request for a Hearing, dated October 20, 1999. RG&E intends to have the necessary license transfer application filed with the NRC at the earliest practicable date.

The Order additionally directed that the co-owners of NMP-2, within five working days of the Order, advise the NRC as to the "deadline by which each of them must decide whether to exercise this right of first refusal" (Order at 9.) NMPC, NYSEG and AmerGen Energy Company, LLC ("AmerGen") entered into an Asset

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Purchase Agreement on June 23, 1999, pursuant to which NMPC and NYSEG would sell their respective shares in NMP 2 to AmerGen. On the same date, NMPC and AmerGen entered into an Asset Purchase Agreement covering NMP 1. Although NMPC notified NMP 2's co-owners of the proposed sale shortly after June 23, RG&E was not able to obtain a copy of AmerGen's offer as contained in the Asset Purchase Agreements until July 8, 1999. Accordingly, RG&E's 180-day exercise period for its ROFR was not triggered until RG&E received the actual terms of AmerGen's written offer, and thus, if not exercised, would have remained effective through and including January 4, 2000.

RG&E has timely exercised its right of first refusal pursuant to the Basic Agreement among the Co-owners of NMP-2. This action has mooted the present license transfer proceeding since AmerGen no longer has any right to acquire the NMP facility.

Respectfully submitted,



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DATED: December 23, 1999

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Niagara Mohawk Power Corporation,)
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing NOTIFICATION OF EXERCISE OF RIGHT OF FIRST REFUSAL were served upon the following persons by e-mail in accordance with the requirements of 10 C.F.R. § 2.1313 this 23rd day of December 1999. Pursuant to the Commission's Memorandum and Order (CLI-99-30) persons marked with an asterisk (*) have also been served with a hard copy by U.S. mail:

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