

May 15, 2000

Mr. M. L. Marchi
Site Vice President-Kewaunee Plant
Wisconsin Public Service Corporation
P.O. Box 19002
Green Bay, WI 54307-9002

SUBJECT: ORDER APPROVING THE TRANSFER OF OPERATING AUTHORITY UNDER THE FACILITY OPERATING LICENSE FOR KEWAUNEE NUCLEAR POWER PLANT FROM WISCONSIN PUBLIC SERVICE CORPORATION, WISCONSIN POWER AND LIGHT COMPANY, AND MADISON GAS AND ELECTRIC COMPANY TO NUCLEAR MANAGEMENT COMPANY, LLC (TAC NO. MA7277)

Dear Mr. Marchi:

The staff has completed its review of your application dated November 24, 1999, as supplemented December 7, 1999, and February 8, 2000. The application requested approval of the transfer of operating authority under Facility Operating License No. DPR-43, held by Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company for the Kewaunee Nuclear Power Plant, to Nuclear Management Company, LLC, and approval of a conforming amendment, pursuant to 10 CFR 50.80 and 10 CFR 50.90. The enclosed Order approves the proposed transfer, subject to the conditions described therein. The Order also approves a conforming license amendment, which will be issued and made effective at the time the transfer is completed.

This Order is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-305

Enclosures: 1. Order
2. Conforming Amendment
3. Safety Evaluation

cc w/encs: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 15, 2000

Mr. M. L. Marchi
Site Vice President-Kewaunee Plant
Wisconsin Public Service Corporation
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cc w/encls: See next page

Kewaunee Nuclear Power Plant

cc:

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**James D. Loock, Chief Engineer
Public Service Commission
of Wisconsin
610 N. Whitney Way
Madison, WI 53707-7854**

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	Docket No. 50-305
)	
WISCONSIN PUBLIC SERVICE CORPORATION,)	License No. DPR-43
WISCONSIN POWER AND LIGHT COMPANY, AND)	
MADISON GAS AND ELECTRIC COMPANY)	
)	
(Kewaunee Nuclear Power Plant, Unit No. 1))	

ORDER APPROVING TRANSFER OF OPERATING AUTHORITY
AND CONFORMING AMENDMENT

I.

Wisconsin Public Service Corporation (WPSC), Wisconsin Power and Light Company (WP&L), and Madison Gas and Electric Company (MGE) (the licensees), are the holders of Facility Operating License No. DPR-43, which authorizes operation of Kewaunee Nuclear Power Plant, Unit No. 1 (Kewaunee or the facility). The facility is located at the licensees' site in Kewaunee County, Wisconsin. The license authorizes the licensees to possess, use, and operate Kewaunee.

II.

By application dated November 24, 1999, as supplemented December 7, 1999, and February 8, 2000, the Commission was informed that WPSC, on behalf of itself and WP&L and MGE, entered into operating service agreements with Nuclear Management Company, LLC (NMC). The initial application and the supplements are hereinafter referred to as "the application" unless otherwise indicated. Under the proposed transaction, NMC will be designated as the exclusive licensee authorized to use and operate Kewaunee in accordance

with the terms and conditions of the license. The transaction involves no change in plant ownership. WPSC requested approval of the proposed transfer of operating authority under the Kewaunee facility operating license to NMC. The application also requested a conforming amendment to reflect the transfer. The proposed amendment would add NMC to the license as the licensee authorized to use and operate Kewaunee, and make changes to the license to reflect that the current licensees no longer have operating authority.

According to the application for approval filed by WPSC, NMC would become the licensee authorized to use and operate Kewaunee following approval of the proposed license transfer. NMC will assume exclusive responsibility for the operation and maintenance of Kewaunee. Ownership of Kewaunee will not be affected by the proposed transfer of operating authority. WPSC, WP&L, and MGE will retain their current ownership interest. NMC will not own any portion of Kewaunee. Likewise, the licensees' entitlement to capacity and energy from Kewaunee will not be affected by the transfer of operating authority. No physical changes to the Kewaunee facility were proposed in the application.

Approval of the transfer of operating authority under the facility operating license and conforming license amendment was requested by WPSC pursuant to 10 CFR 50.80 and 50.90. Notice of the application for approval and an opportunity for a hearing was published in the *Federal Register* on February 4, 2000 (65 FR 5706). No hearing requests or written comments were received.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application by WPSC, and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that NMC is qualified to hold the

operating authority under the license and that the transfer of the operating authority under the license to NMC is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter 1; the facility will operate in conformity with the application, the provisions of the Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendment will not be inimical to the common defense and security or the health and safety of the public; and the issuance of the proposed amendment will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied. The foregoing findings are supported by a Safety Evaluation dated May 15, 2000.

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. §§ 2201(b), 2201(i), and 2234, and 10 CFR 50.80, IT IS HEREBY ORDERED that the transfer of operating authority under the license as described herein to NMC is approved, subject to the following conditions:

- (1) After receipt of all required regulatory approvals of the transfer of operating authority to NMC, WPSC and NMC shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt within 5 business days and of the date of the closing of the transfer no later than 7 business days before the date of closing. If the transfer is not completed by April 1, 2001, this Order shall

become null and void, provided, however, upon written application and for good cause shown, such date may in writing be extended.

- (2) NMC shall, prior to completion of the transfer of operating authority of Kewaunee, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), a license amendment that makes changes, as indicated in Enclosure 2 to the cover letter forwarding this Order, to conform the license to reflect the subject transfer of operating authority is approved. The amendment shall be issued and made effective at the time the proposed transfer is completed.

This Order is effective upon issuance.

For further details with respect to this action, see the initial application dated November 24, 1999, and supplements dated December 7, 1999, and February 8, 2000, and the safety evaluation dated May 15, 2000, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and accessible electronically through the ADAMS Public Electronic Reading Room link at the NRC Web site (<http://www.nrc.gov>).

Dated at Rockville, Maryland, this 15th day of May 2000.

FOR THE NUCLEAR REGULATORY COMMISSION



Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

WISCONSIN PUBLIC SERVICE CORPORATION

WISCONSIN POWER AND LIGHT COMPANY

MADISON GAS AND ELECTRIC COMPANY

DOCKET NO. 50-305

KEWAUNEE NUCLEAR POWER PLANT

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No.
License No. DPR-43

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company (the licensees) dated November 24, 1999, as supplemented December 7, 1999, and February 8, 2000, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the license is amended as indicated in the attachment to this license amendment.

3. This license amendment is effective as of the date of its issuance, and is to be implemented within 45 days of the date of issuance.

FOR THE NUCLEAR REGULATORY
COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance:

ATTACHMENT TO LICENSE AMENDMENT NO.

FACILITY OPERATING LICENSE NO. DPR-43

DOCKET NO. 50-305

Replace the following pages of the License with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

REMOVE

**1
2
3
4
5**

INSERT

**1
2
3
4
5**

WISCONSIN PUBLIC SERVICE CORPORATION

WISCONSIN POWER AND LIGHT COMPANY

MADISON GAS AND ELECTRIC COMPANY

NUCLEAR MANAGEMENT COMPANY

DOCKET NO. 50-305

KEWAUNEE NUCLEAR POWER PLANT

FACILITY OPERATING LICENSE AS AMENDED

License No. DPR-43

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company (the licensees) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Kewaunee Nuclear Power Plant (facility) has been substantially completed in conformity with Provisional Construction Permit No. CPPR-50, as amended, and the application, as amended, the provisions of the Act and the rules and regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. The Nuclear Management Company, LLC (NMC) is technically qualified and the licensees are financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission;

Amendment No.

- F. The licensees and NMC have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
 - G. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-43, subject to the condition for protection of the environment set forth herein, is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
 - I. The receipt, possession, and use of byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Part 30 and 70, including 10 CFR Section 30.33, 70.23 and 70.31.
2. Facility Operating License No. DPR-43 is hereby issued to NMC, Wisconsin Public Service Corporation, Wisconsin Power and Light Company and Madison Gas and Electric Company, to read as follows:
- A. This license applies to the Kewaunee Nuclear Power Plant, a pressurized water nuclear reactor and associated equipment (the facility), owned by Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company. The facility is located in Kewaunee County, Wisconsin, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 7 through 31) and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities", Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Madison Gas and Electric Company to possess, and the NMC to use and operate the facility at the designated location in Kewaunee County, Wisconsin, in accordance with the procedures and limitations set forth in this license;

- (2) Pursuant to the Act and 10 CFR Part 70, NMC to receive, possess, and use at any time special nuclear material as reactor fuel in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report as supplemented and amended;
- (3) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, NMC to receive, possess, and use at any time any byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation, and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (4) Pursuant to the Act and 10 CFR Parts 30, 40, and 70, NMC to receive, possess, and use in amounts as required any byproduct, source, or special nuclear material without restriction to chemical or physical form for sample analysis or instrument calibration or associated with radioactive apparatus or components;
- (5) Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility".

- C. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR, Chapter 1: Part 20, Section 30.34 of Part 30 Section 40.41 of Part 40, Section 50.54 and 50.59 of Part 50, and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

The NMC is authorized to operate the facility at steady state reactor core power levels not in excess of 1650 megawatts (thermal).

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 146 are hereby incorporated in the license. The NMC shall operate the facility in accordance with the Technical Specifications.

(3) Fire Protection

The NMC shall implement and maintain in effect all provisions of the approved Fire Protection Program as described in the KNPP Fire Plan, and as referenced in the Updated Safety Analysis Report, and as approved in the Safety Evaluation Reports, dated November 25, 1977, and December 12, 1978 (and supplement dated February 13, 1981) subject to the following provision:

The NMC may make changes to the approved Fire Protection Program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

(4) Physical Protection

The NMC shall fully implement and maintain in effect all provisions of the Commission-approved "Kewaunee Nuclear Power Plant Security Manual", Rev. 1, approved by the NRC on December 15, 1989; the "Kewaunee Nuclear Power Plant Security Force Training and Qualification Manual", Rev. 7, approved by the NRC on November 17, 1987; and the "Kewaunee Nuclear Power Plant Security Contingency Plan", Rev. 1, approved by the NRC on September 1, 1983. These manuals include amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p).

(5) Fuel Burnup

The maximum rod average burnup for any rod shall be limited to 60 GWD/MTU until completion of an NRC environmental assessment supporting an increased limit.

(6) Steam Generator Upper Lateral Supports

The design of the steam generator upper lateral supports may be modified by reducing the number of snubbers from four (4) to one (1) per steam generator.

- D. The NMC shall comply with applicable effluent limitations and other limitations and monitoring requirements, if any, specified pursuant to Section 401(d) of the Federal Water Pollution Control Act Amendments of 1972.
- E. This license is effective as of the date of issuance, and shall expire at midnight on December 21, 2013.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

TRANSFER OF OPERATING AUTHORITY FROM

WISCONSIN PUBLIC SERVICE CORPORATION

WISCONSIN POWER AND LIGHT COMPANY

MADISON GAS AND ELECTRIC COMPANY

TO NUCLEAR MANAGEMENT COMPANY, LLC,

AND APPROVAL OF CONFORMING AMENDMENT

KEWAUNEE NUCLEAR POWER PLANT

DOCKET NO. 50-305

1.0 INTRODUCTION

By application dated November 24, 1999, as supplemented December 7, 1999, and February 8, 2000, Wisconsin Public Service Corporation (WPSC), owner and operator of Kewaunee Nuclear Power Plant (Kewaunee), acting for itself and on behalf of co-owners Wisconsin Power and Light Company (WP&L) and Madison Gas and Electric Company (MGE), and for Nuclear Management Company, LLC (NMC), requested the Nuclear Regulatory Commission (NRC) consent to the transfer of operating authority under Operating License DPR-43 for Kewaunee from WPSC to NMC. WPSC currently owns 41.2% of Kewaunee, and is the operator of the unit. WP&L currently owns 41% of Kewaunee, and MGE currently owns 17.8%. The initial application and supplements are hereinafter collectively referred to as "the application," unless otherwise indicated.

Ownership of Kewaunee will not be affected by the proposed transfer of operating authority to NMC. The current owners will retain their ownership interests. NMC will not own any portion of Kewaunee. Also, the plant owners' entitlement to capacity and energy from the plant will not be affected by the transfer of operating authority.

NMC has been established as a Wisconsin limited liability corporation owned equally by Alliant Energy Nuclear, LLC, NSP Nuclear Corporation, WEC Nuclear Corporation, and WPS Nuclear Corporation. Alliant Energy Nuclear, LLC is a wholly owned subsidiary of Alliant Energy Corporation, the parent holding company of IES Utilities Inc. NSP Nuclear Corporation is a wholly owned subsidiary of Northern States Power Company, owner and operator of the Prairie Island and Monticello Nuclear Plants. WEC Nuclear Corporation is a wholly owned subsidiary of Wisconsin Energy Corporation, the parent holding company of Wisconsin Electric Power Company, which owns and operates the Point Beach Nuclear Plant. WPS Nuclear Corporation is a wholly owned subsidiary of WPS Resources, Inc., the parent holding company of

Wisconsin Public Service Corporation, majority owner and operator of Kewaunee Nuclear Plant. NMC's corporate purpose, according to the application, is to provide services in connection with the operation and eventual decommissioning of licensed nuclear facilities on behalf of and for the benefit of the owner utilities.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Such action is contingent upon the Commission's determination that the transferee is qualified to hold the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders of the Commission.

The February 8, 2000, submittal disclosed the change of address of the NMC principal place of business from Milwaukee, Wisconsin, to Hudson, Wisconsin, and identified that Mr. W. Harvey replaced Mr. E. Davis as a member of the Board of Directors. Mr. Harvey is currently Executive Vice President of Alliant Energy Corporation and is a citizen of the United States. The supplemental information did not expand the scope of the application as originally noticed in the *Federal Register*.

2.0 TECHNICAL QUALIFICATIONS

2.1 Basis and Guidance for the Evaluation

The staff used the following regulations and guidance to complete its evaluation: (1) 10 CFR 50.40(b), "Common Standards"; (2) 10 CFR 50.80, "Transfer of licenses"; (3) the Standard Review Plan (SRP) NUREG-0800, Chapter 13, "Conduct of Operations," Section 13.1.1, "Management and Technical Organization," and Section 13.1.2-13.1.3, "Operating Organization"; and (4) ANSI N18.1-971, "Selection and Training of Nuclear Power Plant Personnel," as endorsed by Regulatory Guide 1.8, Revision 2, April 1987, "Qualification and Training of Personnel for Nuclear Power Plants."

2.2 Purpose of the Evaluation

The purpose of this evaluation is to ensure that NMC's corporate management will be involved with, informed of, and dedicated to the safe operation of the Kewaunee Nuclear Power Plant, and that sufficient, qualified technical resources will be provided to support safe plant operation and maintenance. In addition, changes to the plant's operating organization or personnel qualifications that may occur as a result of the license transfer are also evaluated.

2.3 Evaluation: Management and Technical Support Organization

In the November 24, 1999 submittal (on page 5/11), the applicant stated:

The technical qualifications of NMC to carry out its responsibilities under the operating license for KNPP [Kewaunee Nuclear Power Plant], as amended, will be equivalent to or exceed the present technical qualifications of WPSC. NMC will have a corporate headquarters staffed with executives, principal officers and centralized support staff. . .

The November 24, 1999 (page 6/11), submittal further states that, "NMC's senior management will be devoted to the business of nuclear plant operation. Such a single-purpose management will be able to focus on overall excellence in nuclear power operations."

Based on the foregoing information, the applicant is proposing an organization responsible for managing and providing technical support to the plant that will meet or exceed the current qualifications of the WPSC management and technical support organizations, regarding which the staff is aware of no deficiencies. Accordingly, the staff concludes that the proposed NMC organization for managing and its means of providing technical support for the continued operation of the plant after the transfer of operating authority are satisfactory.

2.4 Evaluation: Operating Organization

As described below, the current WPSC operating organization will, for the most part, become the NMC operating organization. Thus, the staff's review of the proposed operating organization is focused here on evaluating proposed changes to the existing operating organization as a result of the transfer. The initial operating organization was determined to be acceptable by the initial licensing review, and any subsequent safety-related changes to the operating organization were required to be evaluated with an appropriate methodology. The staff is aware of no deficiencies with the existing operating organization.

The November 24, 1999, submittal states (on page 1/11) that:

Concurrent with the transfer of operating authority to NMC, it is expected that substantially all WPSC operating personnel who are dedicated to KNPP will be transferred to NMC, as NMC employees or as utility employees under the supervision of the NMC. Therefore, the technical qualifications of the proposed NMC organization will be substantially equivalent to those of the existing organization, and personnel qualification requirements defined in the KNPP Technical Specifications will continue to be met.

The application further describes the operating organization (page 5/11) by stating, "Concurrent with transfer of operational authority, the KNPP on-site organization will transfer substantially intact to NMC."

Attachment 6, "Nuclear Power Plant Operating Services Agreement" (page 9), to the December 7, 1999, supplemental submittal, also states that: "On the Effective Date, Contracting Owner shall transfer substantially intact to NMC, and subject to Section 3.7 [labor clause], NMC shall accept the Contracting Owner's on-site organization, including Contracting Owner's employees and contractors (to the extent allowed under the applicable agreements), responsible for licensed activities at the Plant."

Based on the foregoing, NMC will have a plant operating organization and personnel with qualifications that will meet the current Kewaunee Technical Specification requirements.

Since the operating organization and personnel now responsible for the operation and maintenance of the Kewaunee Nuclear Power Plant will be transferred substantially intact to NMC, the staff concludes that NMC's onsite organization that will operate and maintain the Kewaunee Nuclear Power Plant will be acceptable.

2.5 Conclusions Regarding Technical Qualifications

The application adequately addresses the relevant requirements of 10 CFR 50.40(b) and 10 CFR 50.80. The applicant has described NMC's corporate level management and technical

support organization and the onsite operating organization to be responsible for the operation and maintenance of the Kewaunee Nuclear Power Plant after the transfer of operating authority. The staff concludes that NMC will have an acceptable corporate organization, onsite organization, and adequate resources to provide technical support for the safe operation of the nuclear plant under both normal and off-normal conditions after the transfer of operating authority to NMC.

3.0 FINANCIAL QUALIFICATIONS ANALYSIS

The application states that the ownership of Kewaunee will not change as a result of the proposed transfer of operating authority to NMC. Pursuant to the Operating Services Agreement included as part of the transfer application, WPSC, WP&L, and MGE (the owners) will retain all financial responsibility for the operation and eventual decommissioning of Kewaunee. The application states that under the Operating Services Agreement the owners will not be liable for costs associated with the operation of other facilities owned by the other utilities contracting with NMC for operating services. WPSC, WP&L, and MGE will remain "electric utilities" as defined in 10 CFR 50.2, engaged in the generation, transmission, and distribution of electric energy for wholesale and retail sale, and subject to State cost of service and Federal rate regulation. The staff has reviewed the Operating Services Agreement and concurs with the applicant's assessment that all costs associated with the operation and decommissioning of Kewaunee will continue to be the responsibility of the owners. Thus, NMC need not be reviewed concerning financial qualifications.

4.0 INSURANCE

The provisions of the Price-Anderson Act (Section 170 of the Atomic Energy Act) and the Commission's regulations at 10 CFR Part 140 require that NMC be added to the current WPSC, WP&L, and MGE indemnity agreement. Under these provisions, NMC will also be required to be added as a named insured on the WPSC, WP&L, and MGE applicable nuclear liability insurance policies and participate in the secondary retrospective insurance pool. NMC also will be required to maintain property insurance as specified in 10 CFR 50.54(w), which requirement can be satisfied by being added to the WPSC, WP&L, and MGE property insurance policy. The staff does not have any reason to believe that NMC will be unable to meet the statutory and regulatory insurance requirements applicable to all power reactor licensees.

Consistent with NRC practice, the staff will require NMC to provide satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations, prior to the issuance of the amended license reflecting NMC as a licensee. Since the issuance of the amended license is directly tied to the consummation of the proposed transfer, the order approving the transfer will contain the following condition:

NMC shall, prior to completion of the transfer of operating authority of Kewaunee, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

5.0 ANTITRUST REVIEW

The Atomic Energy Act does not require or authorize antitrust reviews of post-operating license transfer applications. Kansas Gas and Electric Co., et al. (Wolf Creek Generating Station Unit 1), CLI-99-19, 49 NRC 441(1999). Therefore, since the transfer application post-dates the issuance of the Kewaunee operating license, no antitrust review is required or authorized.

6.0 FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

The application states that NMC is a limited liability company organized and existing under the laws of the State of Wisconsin, with headquarters located in Hudson, Wisconsin. The owners of NMC are all publicly traded U.S. companies whose shares of common stock are widely traded. All of the NMC directors are U.S. citizens. The principal officers of NMC are citizens of the U.S., with one exception, a Vice President who is a Canadian citizen.

The application states that NMC is neither owned, controlled, nor dominated by an alien, foreign corporation, or a foreign government. The staff has no reason to believe otherwise.

7.0 CONCLUSIONS REGARDING TRANSFER OF OPERATING AUTHORITY

In view of the foregoing, the staff concludes that NMC is technically qualified to hold the operating authority under the Kewaunee operating license. There is no indication that the proposed transfer of operating authority under Operating License DPR-43 for Kewaunee to NMC will adversely affect the financial qualifications of the owners, which will remain fully financially responsible for the operation and decommissioning of the Kewaunee facility, and there do not appear to be any problematic antitrust, foreign ownership, or insurance considerations related to the Kewaunee license that would result from the proposed transfer. Thus, the staff concludes that NMC is qualified to hold the operating authority under the license as described herein, and the transfer of operating authority is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission.

8.0 CONFORMING AMENDMENT

A. Introduction

As stated previously, the licensees requested approval of a proposed conforming amendment to the Kewaunee Facility Operating License, DPR-43. The requested changes replace references in the license to WPSC, WP&L, and MGE or their organizations or officials in connection with operating the facility with references to NMC or its organizations or officials to reflect the proposed transfer of operating authority.

The supplemental information received after the initial *Federal Register* notice did not affect the applicability of the Commission's generic no significant hazards consideration determination set forth in 10 CFR 2.1315. The specific text of the changes as proposed by the licensees was modified by the staff for clarification.

B. Discussion

The changes to be made to the license are indicated in the conforming amendment, as indicated in Enclosure 2 to the cover letter forwarding the staff's order regarding the subject

transfer. The changes do no more than accurately reflect the approved transfer action. The amendment involves no safety questions and is administrative in nature. Accordingly, the proposed amendment is acceptable.

C. State Consultation

In accordance with the Commission's regulations, the Wisconsin State official was notified of the proposed issuance of the amendment. The State official had no comments.

D. Conclusion With Respect to the Conforming Amendment

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

9.0 ENVIRONMENTAL CONSIDERATION

The subject application is for approval of a transfer of a license issued by the NRC and approval of a conforming amendment. Accordingly, the actions involved meet the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with approval of the application.

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Date: May 15, 2000