



A PECO Energy/British Energy Company

AmerGen Energy Company, LLC  
965 Chesterbrook Blvd. 63C-3  
Wayne, PA 19087-5691  
Telephone: 610 640 6600  
Fax: 610 640 6611

June 1, 2000

Docket Nos. 50-289  
50-461  
50-219  
50-271

U.S. Nuclear Regulatory Commission  
ATTN: Samuel J. Collins, Director, Office of  
Nuclear Reactor Regulation  
Mail Stop O-5 E7  
Washington, D.C. 20555-0001

Subject: Three Mile Island, Unit 1  
Clinton Power Station  
Oyster Creek Nuclear Power Plant  
Vermont Yankee Nuclear Power Station  
Response to Request for Additional Information Regarding Indirect Transfer of  
Licenses Held by AmerGen Energy Company, LLC and AmerGen Vermont, LLC,  
in connection with Proposed Merger of PECO Energy Company and Unicom  
Corporation

- References:
- (1) AmerGen Energy Company, LLC and AmerGen Vermont, LLC letter, "Application for NRC Consent to Indirect Transfer of Control of Licenses Held by AmerGen Energy Company, LLC and AmerGen Vermont, LLC in Connection With the Proposed Merger of PECO Energy Company and Unicom Corporation," dated February 28, 2000.
  - (2) NRC letter, "Request for Additional Information (TAC Nos. MA8359 and MA8345)," dated May 26, 2000.

Dear Mr. Collins:

By the Reference 2 letter, the NRC requested additional information related to the AmerGen/AmerGen Vermont application for license transfers submitted by the Reference 1 letter.

Enclosure 1, "Response to NRC Request for Additional Information dated May 26, 2000," provides responses to the requests forwarded in the Reference 2 letter. Enclosure 2P, "Financial Income Projections for AmerGen/AmerGen Vermont Plants", is separately attached and contains the financial information requested in Request 1 of the Reference 2 letter. Enclosure 3, "Form of GENCO Letter Agreement," provides the information requested in Request 2 of the Reference 1 letter.

Ap01

The information provided in the separately attached Enclosure 2P to this Response is confidential commercial and financial information. Therefore, AmerGen requests that Enclosure 2P be withheld from public disclosure pursuant to the policy reflected in 10 CFR 2.790 and 10 CFR 9.17(a)(4), as described in the attached Affidavit of Charles P. Lewis. A non-proprietary version of Enclosure 2P, suitable for public disclosure, is attached as Enclosure 2.

The supplemental information in Enclosures 1, 2, 2P and 3 does not change the scope of the conforming license amendments or the conclusions of safety assessments supporting the conforming license amendments included as Enclosures 1 and 2 to Reference 1.

If you have any questions, please do not hesitate to contact us.

Very truly yours,



J.A. Hutton  
Director-Licensing

Attachment

cc: Document Control Desk, NRC (3)  
NRC Licensing Project Managers  
Mr. Timothy G. Clobber, TMI-1  
Mr. Jon B. Hopkins, CPS  
Ms. Helen Pastis, Oyster Creek  
Mr. Richard Croteau, Vermont Yankee  
Ms. Donna Skay, PECO/Unicom Merger  
Steven R. Hom, Esq., OGC, NRC  
Mr. Robert Wood, NRR, NRC  
NRC Regional Administrators, Regions I and III  
NRC Resident Inspectors  
Mr. Wayne L. Schmidt, TMI-1  
Mr. Troy Pruett, CPS  
Ms. Laura Dudes, Oyster Creek  
Mr. Brian McDermott, Vermont Yankee  
Mr. Stan Maingi, Bureau of Rad. Protection, PA Department of  
Environmental Resources (non-proprietary version)  
Mr. Kent Tosch, Bureau of Nuclear Engineering, NJ Department of  
Environmental Protection (non-proprietary version)  
Mr. Mike Parker, Illinois Department of Nuclear Safety (non-proprietary version)  
Mr. Richard Sedano, VT Department of Public Service (non-proprietary version)

**AFFIDAVIT OF Charles P. Lewis**

I, Charles P. Lewis, Vice-President of AmerGen Energy Company, LLC (AmerGen) and AmerGen Vermont, LLC (AmerGen Vermont), do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of AmerGen and AmerGen Vermont.
2. The statements in the attached Response to Request for Additional Information, dated June 1, 2000 are true and correct to the best of my knowledge, information, and belief.
3. Enclosure 2P to the attached Response to Request for Additional Information provides financial information in support of the February 28, 2000 application submitted by AmerGen and AmerGen Vermont for NRC consent to indirect license transfers for nuclear units held or being acquired by AmerGen or AmerGen Vermont. Enclosure 2P provides financial projections regarding the economic performance of the TMI-1, Clinton, Oyster Creek, and Vermont Yankee nuclear power stations. These projections constitute proprietary commercial and financial information that should be held in confidence by the NRC pursuant to 10 CFR 9.17(a)(4) and 10 CFR 2.790(a)(4) because:
  - (a) This information is and has been held in confidence by AmerGen and/or AmerGen Vermont;
  - (b) This information is of a type that is held in confidence by AmerGen and/or AmerGen Vermont and there is a rational basis for doing so because the information contains sensitive financial information concerning AmerGen's and AmerGen Vermont's projected revenues and operating expenses;
  - (c) This information is being transmitted to the NRC in confidence;
  - (d) This information is not available from public sources and could not be gathered from publicly available information; and
  - (e) Public disclosure of this information would create substantial harm to the competitive positions of AmerGen and AmerGen Vermont by disclosing their internal financial projections.

4. Accordingly, AmerGen and AmerGen Vermont request that Enclosure 2P be withheld from public disclosure pursuant to 10 CFR 2.790(a)(4) and 10 CFR 9.17(a)(4).

Charles P. Lewis

Charles P. Lewis  
Vice-President  
AmerGen Energy Company, LLC  
AmerGen Vermont, LLC

Commonwealth of Pennsylvania  
County of Chester

Subscribed and sworn to before me, a Notary Public, in and for the County and State above named, this  
1st day of June, 2000.

My Commission Expires:

Carol A. Walton

Notarial Seal  
Carol A. Walton, Notary Public  
Tredyffrin Twp., Chester County  
My Commission Expires May 28, 2002  
Member, Pennsylvania Association of Notaries

**ENCLOSURE 1**

**RESPONSE TO NRC REQUEST FOR  
ADDITIONAL INFORMATION DATED MAY 26, 2000**

## **ENCLOSURE 1**

### **RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION DATED MAY 26, 2000**

#### **Request 1**

Provide five year financial projections for each plant for which an indirect license transfer is requested. The information should be broken down in the following manner:

- a) Revenue must be broken down into its identifiable components, capacity, availability, and price, per year for each unit. Any other revenue can be categorized into its own major categories.
- b) Expenses should be grouped according to major categories.
- c) Draw down revenue after expenses to the net income before taxes and interest line.
- d) Identify taxes and interest to give the net income after taxes and interest line.

#### **Response to Request No. 1**

Enclosure 2P provides the requested information. As noted in the attached Affidavit of Charles P. Lewis, this information is confidential commercial and financial information that should be withheld from public disclosure pursuant to the policy reflected in 10 CFR 2.790 and 10 CFR 9.17(a)(4). A non-proprietary version of Enclosure 2P, suitable for public dissemination, is attached as Enclosure 2.

#### **Request No. 2**

Provide any documents that specify GENCO's assumption of PECO responsibilities and commitments to AmerGen.

#### **Response to Request No. 2**

The requested documents have not yet been created. As described in Reference 1, a letter agreement from GENCO will be substituted for those currently provided by PECO (see page 17 of Reference 1). This letter agreement will be substantially the same as the agreements currently in effect, i.e., GENCO would make available \$100 million to provide further assurance that AmerGen will have sufficient funds to meet its operating expenses for its nuclear plants. Together with the similar \$100 million assurance from British Energy, the total funds available will continue to be \$200 million.

A form of the letter agreement that GENCO will provide is attached as Enclosure 3. This agreement, or one substantially similar to it, will be executed at or before the time GENCO assumes ownership of PECO's interests in AmerGen.

**ENCLOSURE 1 (cont.)**

**RESPONSE TO NRC REQUEST FOR  
ADDITIONAL INFORMATION DATED MAY 26, 2000**

**Request No. 3**

Provide the capacity factors for each unit in 1999.

**Response to Request No. 3**

The 1999 capacity factors for each of nuclear units AmerGen currently owns, or has agreements to acquire, were as follows:

<b><u>UNIT</u></b>	<b><u>1999 Capacity Factor</u></b> (See NOTE below)
TMI-1	91.9 %
Clinton	57.6 %
Oyster Creek	99.4 %
Vermont Yankee	90.9 %

Capacity factor is defined as the ratio of the electricity generated, for the period of time considered, to the energy that could have been generated at continuous full-power operation during the same period (ref. NRC: Information Digest 1999 Edition (NUREG 1350)). The above capacity factor figures for TMI-1 and Clinton, which are currently owned by AmerGen, were compiled by AmerGen. The capacity factors figures for Oyster Creek and Vermont Yankee were obtained from information supplied by the current owners of those plants.

**NOTE:** The 1999 capacity factor for Clinton Power Station (CPS) was affected by the fact that CPS was in an extended outage from September 1996 until May 27, 1999. In the months since restart, the CPS 1999 capacity factor was 97.5%. In addition, it should be noted that TMI-1 and Vermont Yankee underwent refueling outages during 1999.

**ENCLOSURE 2**

**FINANCIAL INCOME PROJECTIONS FOR  
AMERGEN/AMERGEN VERMONT PLANTS**



**ENCLOSURE 2**

**FINANCIAL INCOME PROJECTIONS FOR  
AMERGEN/AMERGEN VERMONT PLANTS**

**Three Mile Island  
Projected Income Statement  
(\$000's)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Revenues:</u></b>					
<sup>1</sup> Operations					
Other Income					
<b>Total:</b>	<hr/>				
<b><u>Expenses:</u></b>					
Purchased Power					
Fuel					
O & M					
D & A					
Administrative					
<b>Total:</b>	<hr/>				
<b>Income before Taxes:</b>					
<b>Income Taxes:</b>					
<b>Interest:</b>					
<b><sup>2</sup> Net Income:</b>					

**Notes:**

<b><sup>1</sup> Revenue Detail</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Capacity (MW)					
Capacity Factor					
Generation (GWh)					
PPA %					
Market Sales (GWh)					
PPA Sales (GWh)					
Market Price (\$/MWh)					
PPA Price (\$/MWh)					
Market Revenue (\$000)					
PPA Revenue (\$000)					
<b>Total Revenue (\$000)</b>	<hr/>				

<sup>2</sup> Net Income reflects totals for AmerGen. Net Income will be allocated 50% to GENCO and 50% to British Energy, Inc.

## ENCLOSURE 2

### FINANCIAL INCOME PROJECTIONS FOR AMERGEN/AMERGEN VERMONT PLANTS

	<u>Clinton</u> Projected Income Statement (\$000's)				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Revenues:</u></b>					
<sup>1</sup> Operations					
Other Income					
Total:	<hr/>				
<b><u>Expenses:</u></b>					
Purchased Power					
Fuel					
O & M					
D & A					
Administrative					
Total:	<hr/>				
<b>Income before Taxes:</b>					
<b>Income Taxes:</b>					
<b>Interest:</b>					
<b>Net Income:</b>					

**Notes:**

<sup>1</sup> Revenue Detail	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Capacity (MW)					
Capacity Factor					
Generation (GWh)					
PPA %					
Market Sales (GWh)					
PPA Sales (GWh)					
Market Price (\$/MWh)					
PPA Price (\$/MWh)					
Market Revenue (\$000)					
PPA Revenue (\$000)					
Total Revenue (\$000)	<hr/>				
	<hr/>				

<sup>2</sup> Net Income reflects totals for AmerGen. Net Income will be allocated 50% to GENCO and 50% to British Energy, Inc.

**ENCLOSURE 2**

**FINANCIAL INCOME PROJECTIONS FOR  
AMERGEN/AMERGEN VERMONT PLANTS**

	<u>Oyster Creek</u> Projected Income Statement (\$000's)				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Revenues:</u></b>					
<sup>1</sup> Operations					
Other Income					
Total:	<hr/>				
<b><u>Expenses:</u></b>					
Purchased Power					
Fuel					
O & M					
D & A					
Administrative					
Total:	<hr/>				
<b>Income before Taxes:</b>					
<b>Income Taxes:</b>					
<b>Interest:</b>					
<b>Net Income:</b>					

**Notes:**

<sup>1</sup> Revenue Detail	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Capacity (MW)					
Capacity Factor					
Generation (GWh)					
PPA %					
Market Sales (GWh)					
PPA Sales (GWh)					
Mkt Energy Price (\$/MWh)					
Mkt Capacity Price (\$/MWh)					
PPA Price (\$/MWh)					
Mkt Energy Revenue (\$000)					
Mkt Capacity Revenue (\$000)					
PPA Revenue (\$000)					
Total Revenue (\$000)	<hr/>				
	<hr/>				

<sup>2</sup> Net Income reflects totals for AmerGen. Net Income will be allocated 50% to GENCO and 50% to British Energy, Inc.

**ENCLOSURE 2**

**FINANCIAL INCOME  
PROJECTIONS FOR  
AMERGEN/AMERGEN VERMONT PLANTS**

**Vermont Yankee  
Projected Income Statement  
(\$000's)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Revenues:</u></b>					
<sup>1</sup> Operations					
Other Income					
<b>Total:</b>					

<b><u>Expenses:</u></b>					
Purchased Power					
Fuel					
O & M					
D & A					
Administrative					
<b>Total:</b>					

**Income before Taxes:**

**Income Taxes:**

**Interest:**

**Net Income:**

**Notes:**

<sup>1</sup> Revenue Detail	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Capacity (MW)					
Capacity Factor					
Generation (GWh)					
PPA %					
Market Sales (GWh)					
PPA Sales (GWh)					
Mkt Energy Price (\$/MWh)					
Mkt Capacity Price (\$/MWh)					
PPA Price (\$/MWh)					
Mkt Energy Revenue (\$000)					
Mkt Capacity Revenue (\$000)					
PPA Revenue (\$000)					
Total Revenue (\$000)					

<sup>2</sup> Net Income reflects totals for AmerGen. Net Income will be allocated 50% to GENCO and 50% to British Energy, Inc.

**ENCLOSURE 3**

**FORM OF LETTER AGREEMENT**

**ENCLOSURE 3**

**FORM OF LETTER AGREEMENT**

\_\_\_\_\_, 2000

AmerGen Energy Company, LLC  
965 Chesterbrook Boulevard  
Wayne, PA 19087

Ladies and Gentlemen:

Subject: Funding Agreement

Reference is made to a letter agreement dated December 3, 1998 ("December 3, 1998 Agreement"), a letter agreement dated July 22, 1999 ("July 22, 1999 Agreement"), and a letter agreement dated April 5, 2000, (April 5, 2000), pursuant to which PECO Energy Company ("PECO") agreed to provide funding to AmerGen Energy Company, LLC ("AmerGen") in connection with the operation and maintenance of all of the commercial nuclear power reactors being acquired or to be acquired by AmerGen. Pursuant to this letter agreement, GENCO agrees to assume PECO's obligations under the referenced agreements, to provide funding of up to a total of \$100 million to be available to AmerGen in connection with the operation and maintenance of all of the commercial nuclear power reactors already acquired, being acquired or to be acquired by AmerGen, including any units being acquired or to be acquired by AmerGen Vermont, LLC, or any other wholly owned subsidiary of AmerGen. This letter agreement substitutes for the prior agreements referenced above, which are hereby rescinded.

In consideration of the benefits to be derived by GENCO from AmerGen's ownership and operation of commercial nuclear reactors (directly or indirectly through any wholly owned subsidiary), the mutual benefits to be derived by AmerGen, GENCO, and British Energy plc ("British Energy") from the commitments contemplated hereunder, in furtherance of the Limited Liability Company Agreement of AmerGen (the "LLC Agreement") dated as of August 18, 1997, and as amended and restated from time to time, and any provision in the LLC Agreement which could limit application of this letter agreement notwithstanding, GENCO hereby agrees that, subject to the terms and conditions of this Agreement, it will provide its share of funds to AmerGen to assure that AmerGen will have sufficient funds available to meet its expenses. GENCO shall make payments under the terms of this Agreement at the same time or times as the same amount is paid by British Energy under a similar supplemental agreement between AmerGen and British Energy.

GENCO represents and warrants that it will provide funding to AmerGen, at any time that the Management Committee of AmerGen determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet the ongoing operating expenses at any AmerGen operating nuclear power plant or such funds are necessary to safely maintain any such plant; provided, however, that GENCO's maximum liability to provide funding hereunder shall not exceed the lesser of (x) fifty percent (50%) of the total funding required by AmerGen from time to time pursuant to this and a similar supplemental agreement between AmerGen and British Energy, or (y) \$100 million cumulatively over the life of this Agreement. Accordingly, pursuant to this Agreement and a similar supplemental agreement between AmerGen and British Energy, the total amount available from GENCO and British Energy for any of AmerGen's operating nuclear power plants, including any future acquisitions, shall be \$200 million.

This agreement shall take effect immediately and will remain in effect and remain irrevocable until such time as either: (1) AmerGen has submitted to the NRC a written certification meeting the requirements of 10 CFR § 50.4(b)(8) & (9) that the fuel has been permanently removed from the reactor vessel of the last plant operated by AmerGen (including any plant operated by any wholly owned subsidiary of AmerGen), *i.e.*, after AmerGen has determined to permanently cease operations at its last operating reactor, or (2) NRC has given its prior written consent to the discontinuance of the funding arrangements contemplated by this Agreement and a similar supplemental letter agreement between AmerGen and British Energy.

GENCO or British Energy shall have the right to demand that AmerGen permanently cease operations at any plant rather than using funds available under this agreement for continued operations, provided that, in such event, AmerGen will nevertheless have the right to continue to obtain the funds necessary to assure the safe and orderly shutdown of any such plant and to continue the safe maintenance of any such plant until AmerGen can certify to the NRC that the fuel has been permanently removed from the reactor vessel.

GENCO hereby represents and warrants to AmerGen that its obligations under this Supplemental Agreement are valid, binding and enforceable obligations of GENCO in accordance with their terms (subject to bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general equitable principles) and does not require the consent, approval or authorization of any Governmental Agency or third party other than those which have been obtained and are in full force and effect (or will be obtained on or prior to the Closing Date).

GENCO hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by GENCO of its obligations hereunder.

The obligations of GENCO under this Agreement and the obligations of British Energy under its supplemental agreement are several and not joint, and nothing herein is intended to constitute a guarantee by GENCO of the obligations of British Energy or a partnership, joint venture or other contractual relationship between GENCO and British Energy.

This Letter Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to conflict of law principles.