

U-603235
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Docket No. 50-461

10 CFR § 50.80
10 CFR § 50.92

July 23, 1999

BY HAND DELIVERY

U.S. Nuclear Regulatory Commission
ATTN: Samuel J. Collins, Director, Office of Nuclear Reactor Regulation
Mail Stop O-5 E7
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Re: Clinton Power Station (CPS)
Facility Operating License No. NPF-62 (LA-99-007)
Application for License Transfer and
Conforming Administrative License Amendment

Dear Mr. Collins:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and 10 CFR § 50.80, AmerGen Energy Company, LLC (AmerGen) and Illinois Power Company (IP) hereby request that the Nuclear Regulatory Commission (NRC) consent to the transfer of Facility Operating License No. NPF-62 for Clinton Power Station (CPS) to AmerGen.

AmerGen and IP request that the NRC consent to this transfer and authorize AmerGen to possess, use, and operate CPS under the same conditions and authorizations included in the existing license, except as modified by this Application. No physical changes will be made to the CPS facility as a result of this transfer, and there will be no significant change in the day-to-day operations of CPS. AmerGen and IP also request NRC approval of an administrative amendment to conform the license to reflect the proposed transfer.

AmerGen is a limited liability company formed by PECO Energy Company (PECO Energy) and British Energy plc (British Energy) to acquire and operate nuclear power plants in the United States. The NRC recently approved the transfer of Facility Operating License DPR-50 for Three Mile Island, Unit 1, to AmerGen. See *GPU Nuclear, Inc., et al. (Three Mile Island, Unit No. 1), Order Approving Transfer of License And Conforming Amendment*, 64 FR 19202 (April 19, 1999); *Safety Evaluation by the Office of Nuclear Reactor Regulation, Transfer of Facility Operating License from GPUN, Inc., et al. to AmerGen, (Three Mile Island, Unit No. 1), Docket No. 50-289 (April 12, 1999).*

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IP is an electric and natural gas utility that provides retail electric service to 650,000 residential, industrial, and commercial consumers in Illinois. IP is a subsidiary of Illinova Corp., an energy services corporation headquartered in Decatur, Illinois. IP is the sole licensed owner and operator of CPS. Following the proposed transfer, AmerGen will become the sole licensed owner and operator of CPS.

In connection with the ongoing restructuring of the electric utility industry in the State of Illinois, IP decided to withdraw from the nuclear business and sell or shut down CPS. On June 30, 1999, IP and AmerGen executed the CPS Asset Purchase Agreement (the "CPS Agreement"), under which IP will transfer its interests in CPS to AmerGen. IP and AmerGen also executed certain ancillary agreements, including a Power Purchase Agreement. In accordance with the CPS Agreement, the closing of the transaction will take place on the "Closing Date," as defined in the CPS Agreement, once all conditions precedent are satisfied and regulatory approvals are obtained. The closing is tentatively scheduled for December 15, 1999. On and after the Closing Date, the following events will occur pursuant to the CPS Agreement and the Power Purchase Agreement:

- (a) AmerGen will assume all right, title, and interest in and to CPS, including all IP buildings, equipment, spare parts, fixtures, inventory, documents, records, assignable contracts, used and spent nuclear fuel, other licensed materials at CPS and other property necessary for its operation and maintenance, but excluding certain switchyard and transmission facilities and certain other personal property and equipment; AmerGen also will assume all responsibility for the safe operation, maintenance, and eventual decommissioning of CPS;
- (b) IP's approximately 950 employees located at CPS involved in the operation and maintenance of CPS will become employees of AmerGen and continue to perform these functions for AmerGen;
- (c) AmerGen will have the right to offer to employ selected IP corporate support staff located at IP's Decatur, Illinois offices;
- (d) AmerGen will have the right to contract for any necessary transmission service under IP's Open Access Transmission Tariff and for back-up power to the site consistent with NRC requirements;
- (e) IP will purchase 75% of the capacity and energy from CPS from AmerGen from the Closing Date through the year 2004; and
- (f) IP will make certain additional contributions to the existing CPS Decommissioning Trust Funds and will transfer the CPS Decommissioning

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Trust Funds to AmerGen; AmerGen will assure that the fair market value of the funds upon closing will not be less than \$210 million; and the trust funds meet the requirements for the prepayment method of decommissioning funding assurance pursuant to 10 CFR § 50.75(e)(1)(i), because this amount exceeds the 10 CFR § 50.75 (b) and (c) radiological decommissioning costs for CPS when a 2% annual real rate of return is credited until the end of CPS's operating license.

AmerGen and IP are filing the enclosed Application for Order Consenting to License Transfer and Approving Conforming Administrative License Amendment (NRC Facility Operating License No. NPF-62) (the "Application"). The Application demonstrates that:

- (1) AmerGen will possess the requisite technical and financial qualifications to own and operate CPS;
- (2) AmerGen will not be owned, controlled, or dominated by an alien, a foreign corporation or a foreign government, within the meaning of Section 103d of the Act;
- (3) The proposed transfer and conforming administrative amendment do not raise any significant safety issues;
- (4) The proposed transfer does not require an trust review by the NRC; and
- (5) As discussed in the Application, the proposed transfer and conforming administrative amendment will involve certain organizational and administrative changes, but is not expected to involve any other change to CPS's current licensing basis. The proposed transfer is not expected to involve any reduction in the commitments in the CPS Quality Assurance Program Description, or any reduction in the effectiveness of the emergency and security plans for CPS.

In summary, the proposed transfer will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC license and orders, and it will neither have any adverse impact on the public health and safety nor be inimical to the common defense and security. AmerGen and IP therefore respectfully request that the Commission consent to the transfer in accordance with 10 CFR § 50.80 and approve the conforming administrative amendment pursuant to 10 CFR § 50.92.

The Closing Date of the sale of CPS is dependent upon the receipt of all required regulatory approvals, including approvals from the Illinois Commerce Commission, Pennsylvania Public

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Utility Commission, and the Federal Energy Regulatory Commission, and the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and will occur promptly after receipt of those approvals and fulfillment of the conditions precedent. It is the parties' desire to close at the earliest practicable date following receipt of all required regulatory approvals. Therefore, AmerGen and IP request that the NRC review this request on a schedule that will permit the issuance of NRC consent to the license transfer, and approval of the conforming administrative license amendment, as promptly as possible, and in any event before November 24, 1999, in order to support a closing on December 15, 1999. Such consent should be immediately effective upon issuance, and it should consent to the transfer occurring at any time through twelve months following the date of approval or such later date as may be permitted by the NRC. AmerGen and IP will keep the NRC informed if there are any significant changes in the status of the other required approvals or other developments that have an impact on this schedule.

The Application includes a proprietary, separately bound Addendum with Enclosures 3A, 6A, and 9A of the Application, because they contain confidential commercial or financial information. AmerGen requests that this information be withheld from public disclosure pursuant to 10 CFR § 9.17(a)(4) and the policy reflected in 10 CFR § 2.790, as described in the Affidavit of Gerald R. Ramey provided in Enclosure 14 to the Application. Non-Proprietary versions of these documents suitable for public disclosure are provided as Enclosures 3, 6, and 9 to the Application.

If NRC requires additional information concerning this license transfer request, please contact Mr. Joseph V. Sipek, Director-Licensing, CP&S, at (217) 935-8881, ext. 3405. Service upon the applicants of comments, hearing requests, intervention petitions, or other pleadings, if applicable, should be made to John Lamberdi, counsel for IP, at Troutman Sanders LLP, 600 Peachtree Street, N.E., Suite 5700, NationalBank Plaza, Atlanta, Georgia 30308-2216 (tel: 404-885-3360; fax: 404-962-6610; e-mail: john.lamberdi@troutmansanders.com) and Kevin P. Gallen, counsel for AmerGen, at Morgan, Lewis & Bockius LLP, 1800 M Street, NW, Washington, DC 20036-5869 (tel: 202-467-7453; fax: 202-467-7176; e-mail: kpgallen@mlb.com).

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FRI 11:30 FAX 16199408011

PRESIDENT AND CNO

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Sincerely,


Gerald R. Rainey
AmerGen Energy Company, LLC

Charles E. Bayless
Illinois Power Company

Encl (1) Application

cc: Document Control Desk, USNRC
NRC Clinton Licensing Project Manager
NRC Resident Office, V-690
Regional Administrator, Region III
Illinois Department of Nuclear Safety