



July 7, 2000

U.S. Nuclear Regulatory Commission
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Washington, DC 20555-0001

Braidwood Station, Units 1 and 2
Facility Operating License Nos. NPF-72 and NPF-77
NRC Docket Nos. STN 50-456 and STN 50-457

Byron Station, Units 1 and 2
Facility Operating License Nos. NPF-37 and NPF-66
NRC Docket Nos. STN 50-454 and STN 50-455

Dresden Nuclear Power Station, Units 1, 2 and 3
Facility Operating License Nos. DPR-2, DPR-19 and DPR-25
NRC Docket Nos. 50-10, 50-237 and 50-249

LaSalle County Station, Units 1 and 2
Facility Operating License Nos. NPF-11 and NPF-18
NRC Docket Nos. 50-373 and 50-374

Quad Cities Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-29 and DPR-30
NRC Docket Nos. 50-254 and 50-265

Zion Nuclear Power Station, Units 1 and 2
Facility Operating License Nos. DPR-39 and DPR-48
NRC Docket Nos. 50-295 and 50-304

Subject: Application for Indirect License Transfers

References: (1) ComEd letter, "Application for License Transfers and
Conforming Administrative License Amendments," dated
December 20, 1999

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- (2) ComEd letter, "Additional Information Regarding Application for License Transfers and Conforming Administrative License Amendments," dated March 10, 2000
- (3) ComEd letter, "Response to Request for Additional Information Regarding Application for License Transfers and Conforming Administrative License Amendments," dated March 23, 2000
- (4) ComEd letter, "Additional Information Regarding Application for License Transfers and Conforming Administrative License Amendments," dated June 16, 2000

Pursuant to 10 CFR 50.80, "Transfer of Licenses," Commonwealth Edison (ComEd) Company requests NRC consent to the indirect transfer, on an interim basis, of ComEd's Facility Operating Licenses for Braidwood Station, Units 1 and 2; Byron Station, Units 1 and 2; Dresden Nuclear Power Station, Units 1, 2 and 3; LaSalle County Station, Units 1 and 2; Quad Cities Nuclear Power Station, Units 1 and 2; and Zion Nuclear Power Station, Units 1 and 2. The indirect transfer would result from the merger of PECO Energy Company (i.e., PECO) and Unicom Corporation (i.e., Unicom), the current parent company of ComEd. As a result, all of the stock of ComEd will be owned by Exelon Corporation (i.e., Exelon), a newly registered holding company resulting from the proposed merger. ComEd would, under this proposed NRC indirect transfer consent, continue to own and operate the assets and would continue to be the NRC licensee. There are no corresponding proposed changes to the Facility Operating Licenses or Technical Specifications.

In References 1 through 4, which are incorporated in this application by reference, we requested NRC consent to the transfer of the Facility Operating Licenses for the above nuclear units to Exelon Generation Company (EGC), LLC, a new generating company subsidiary to be formed under Exelon. In Reference 4, we indicated there is a possibility that certain regulatory rulings associated with some of the related restructuring transactions may not be received to permit the restructuring transactions to be completed at the same time the PECO/Unicom merger is consummated. Proceedings in progress at the Illinois Commerce Commission, and private letter rulings from the Internal Revenue Service, may not be concluded at the time the merger is consummated. As a result, the transfer of ownership of and operational responsibility for ComEd's generating assets to EGC would not occur simultaneously with the merger. ComEd may continue to own and operate its nuclear units as a direct, wholly-owned subsidiary of Exelon for an interim period before these units are transferred to EGC.

General corporate information concerning the organization, management, and businesses of Exelon, and its respective directors and officers was provided in Section III of Reference 1. As this information demonstrates, all of the directors and officers of Exelon will be U.S. citizens and neither Exelon nor ComEd will be subject to foreign ownership, control, or domination.

During this interim period, ComEd would continue to hold its existing ownership interests in its nuclear units and continue to be the NRC licensee until the transfer of the assets to EGC occurs. The only significant change that will occur is that, upon the consummation of the merger, Unicom's current shareholders will become shareholders of Exelon, and ComEd will become a direct, wholly-owned subsidiary of Exelon. ComEd will continue to be a public utility organized under the laws of the State of Illinois. Although the size and membership of the Board of Directors of ComEd may change following the merger, all of the Directors of ComEd will be U.S. citizens, and the principal officers of ComEd will remain unchanged.

The technical qualifications of ComEd to carry out its licensed responsibilities will remain as they are now during this interim period. The ComEd nuclear organization would continue to operate its units in accordance with the terms of the existing licenses. With respect to the stations, the onsite management and technical support structure will continue to conform to the pertinent provisions in each facility's Updated Final Safety Analysis Report, Defueled Safety Analysis Report, or Technical Specifications, as applicable. The offsite technical support organizations and personnel will continue to perform technical support functions for the stations. The functions, responsibilities, and reporting relationships of these organizations, especially as they relate to activities important to the safe operation of each station, will continue to be clear and unambiguous.

ComEd will also continue to be financially qualified to be the NRC licensee during this interim period, because becoming a subsidiary of Exelon will not affect ComEd's current sources of operating and decommissioning funds. Becoming a subsidiary of Exelon will not affect ComEd's status during the interim period as an "electric utility" within the meaning of 10 CFR 50.2, "Definitions." During this interim period, ComEd will continue, as is currently the case, to recover decommissioning costs through a special rate tariff authorized by Sections 9-201.5 and 16-114 of the Illinois Public Utilities Act. ComEd will continue to deposit decommissioning funds to the existing external sinking funds in accordance with 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning." The decommissioning funding changes discussed in Reference 1 will occur only upon the transfer of the ComEd nuclear generating assets to EGC.

In summary, the establishment of Exelon as the parent holding company of ComEd will not result in any change in: (a) the management or technical qualifications of ComEd's nuclear organization; (b) the design or licensing basis of any of the units; (c) any of ComEd's licenses or Technical Specifications; (d) the day-to-day operation and maintenance of any of these units; or (e) the financial qualifications of ComEd with respect to operating costs and decommissioning assurance.

This application does not contain any Restricted Data or any change in access to Restricted Data. ComEd's existing restrictions on access to Restricted Data will remain in place during the interim period of operations.

The consummation of the proposed merger between PECO and Unicom is currently scheduled to occur as soon as possible after receipt of all required regulatory approvals. Orders approving the merger have already been obtained from the Pennsylvania Public Utility Commission and the Federal Energy Regulatory Commission. We are requesting NRC review of this application to proceed in parallel with the completion of the review of the application for license transfers to EGC requested in References 1 through 4. We are hopeful that approval of the proposed merger by the Securities and Exchange Commission will be received in time to support consummation of the merger at the end of September 2000. Accordingly, we are requesting NRC approval of this application for indirect license transfers before the end of September 2000. If the regulatory rulings related to the restructuring transactions described above occur sufficiently in advance of when we plan to consummate the merger, we will notify the NRC that the need for approval of the requested indirect license transfer no longer exists and withdraw this application.

Similar requests dealing with the indirect transfer of control of the PECO and AmerGen Energy Company, LLC (i.e., AmerGen) licenses during this interim period are being submitted on the PECO and AmerGen dockets.

If you have any questions about this letter, please contact K. A. Ainger at (630) 663-7350.

Respectfully,



R. M. Krich
Vice President – Regulatory Services

July 7, 2000

U. S. Nuclear Regulatory Commission

Page 5

cc: Regional Administrator – NRC Region III
NRC Senior Resident Inspector – Braidwood Station
NRC Senior Resident Inspector – Byron Station
NRC Senior Resident Inspector – Dresden Nuclear Power Station
NRC Senior Resident Inspector – LaSalle County Station
NRC Senior Resident Inspector – Quad Cities Nuclear Power Station