

Mr. Michael B. Sellman, President
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

August 7, 2000

SUBJECT: DUANE ARNOLD ENERGY CENTER - ISSUANCE OF CONFORMING
AMENDMENT RE: TRANSFER OF OPERATING AUTHORITY UNDER THE
FACILITY OPERATING LICENSE FROM IES UTILITIES INC., TO NUCLEAR
MANAGEMENT COMPANY, LLC (TAC NO. MA7318)

Dear Mr. Sellman:

By Order dated May 15, 2000, the Nuclear Regulatory Commission (NRC) approved the transfer of operating authority under Facility Operating License No. DPR-49, held by IES Utilities Inc., for the Duane Arnold Energy Center (DAEC) to Nuclear Management Company, LLC (NMC), and approved a conforming amendment, pursuant to 10 CFR 50.80 and 10 CFR 50.90. The Order was published in the *Federal Register* on May 19, 2000 (65 *FR* 31934). By letters dated May 19, 2000, IES Utilities, Inc., and NMC notified the NRC that all required regulatory approvals of the transfer of operating authority have been received. By letter dated August 4, 2000, NMC provided proof that the required insurance has been obtained. By letters dated August 7, 2000, IES Utilities, Inc., and NMC notified the NRC that the closing of the transfer would occur on August 7, 2000. Your letters of May 19, August 4, and August 7, 2000, satisfied required conditions of the Order.

Accordingly, the Commission has issued the enclosed Amendment No. 232 to Facility Operating License No. DPR-49 for DAEC. This conforming amendment reflects the transfer of operating authority under the license to NMC. The safety evaluation supporting the conforming amendment was attached to the above mentioned Order, issued on May 15, 2000.

Enclosure 2 contains five copies of Indemnity Agreement No. B-68 Amendment No. 10, which is required in connection with the transfer of the licenses. Please keep four copies for your records and sign and return the other copy.

The Notice of Issuance will be included in the Commission's biweekly *Federal Register* notice.

Sincerely,

/RA/
Brenda L. Mozafari, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosures: 1. Amendment No. 232 to DPR-49
2. Indemnity Agreement

cc w/encls: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

August 7, 2000

Mr. Michael B. Sellman, President
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

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Docket No. 50-331

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cc w/encls: See next page

Duane Arnold Energy Center

cc:

Al Gutterman
Morgan, Lewis, & Bockius LLP
1800 M Street, N. W.
Washington, DC 20036-5869

Chairman, Linn County
Board of Supervisors
Cedar Rapids, IA 52406

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ATTN: Richard L. Anderson
Plant Manager, Nuclear
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Palo, IA 52324

David L. Wilson
Vice President, Nuclear
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Duane Arnold Energy Center
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U.S. Nuclear Regulatory Commission
Resident Inspector's Office
Rural Route #1
Palo, IA 52324

Regional Administrator
U.S. NRC, Region III
801 Warrenville Road
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Daniel McGhee
Utilities Division
Iowa Department of Commerce
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Des Moines, IA 50319

Mr. Eliot Protsch
President
IES Utilities Inc.
200 First Street, SE.
P.O. Box 351
Cedar Rapids, IA 52406-0351



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

IES UTILITIES INC.

CENTRAL IOWA POWER COOPERATIVE

CORN BELT POWER COOPERATIVE

DOCKET NO. 50-331

DUANE ARNOLD ENERGY CENTER

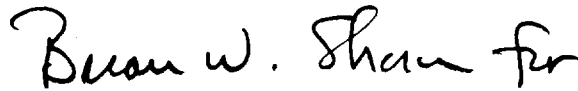
AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 232
License No. DPR-49

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by IES Utilities Inc., et al., dated November 24, 1999, as supplemented February 4 and March 17, 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. The license amendment is effective as of the date of issuance and shall be implemented within 45 days of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in black ink, appearing to read "Samuel J. Collins".

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance: August 7, 2000

ATTACHMENT TO LICENSE AMENDMENT NO. 232

FACILITY OPERATING LICENSE NO. DPR-49

DOCKET NO. 50-331

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
4a

INSERT

1
2
3
4
4a

Replace the following page of the Appendix B Additional Conditions with the attached revised page. The revised page is identified by amendment number and contains marginal lines indicating the areas of change.

REMOVE

1

INSERT

1



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

Amdt.
198,
5-13-94

IES UTILITIES INC.
CENTRAL IOWA POWER COOPERATIVE
CORN BELT POWER COOPERATIVE
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET 50-331
DUANE ARNOLD ENERGY CENTER
FACILITY OPERATING LICENSE

License No. DPR-49

1. The Atomic Energy Commission (the Commission) having found that:

- | | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| A. | The application for license filed by Nuclear Management Company, LLC (NMC), IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative (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; | Amdt.
198,
5-13-94 |
| B. | Construction of the Duane Arnold Energy Center (facility) has been substantially completed in conformity with Construction Permit No. DPPR-70; 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. | NMC is technically qualified and IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative are financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission; | Amdt.
198,
5-13-94 |
| F. | The licensees 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-49 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;
- I. The receipt, possession, and use of source, by-product 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-49 is hereby issued to NMC, IES Utilities Inc. (IES), Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative (Corn Belt) to read as follows:
- | | |
|--|--------------------------|
| | Amdt.
198,
5-13-94 |
|--|--------------------------|
- A. This license applies to the Duane Arnold Energy Center, a boiling water reactor and associated equipment (the facility), owned by IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative and operated by Nuclear Management Company, LLC. The facility is located on IES Utilities Inc.'s, Central Iowa Power Cooperative's and Corn Belt Power Cooperative's site near Palo in Linn County, Iowa. This site consists of approximately 500 acres adjacent to the Cedar River and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 14) and the Environmental Report as supplemented and amended (Supplements 1 through 5).
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| (1) NMC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to use and operate the facility; and IES Utilities Inc., CIPCO and Corn Belt to possess the facility at the designated location in Linn County, Iowa, in accordance with the procedures and limitations set forth in this license; | Amdt.
198,
5-13-94 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|

- 2.B.(2) NMC, pursuant to the Act and 10 CFR Part 70, 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 Updated Final Safety Analysis Report, as supplemented and amended as of June 1992 and as supplemented by letters dated March 26, 1993, and October 3, 1997;
 - 2.B.(3) NMC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, 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;
 - 2.B.(4) NMC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, 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 radioactive apparatus components;
 - 2.B.(5) NMC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to 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 I; Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 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:

Maximum Power Level

- 2.C.(1) NMC is authorized to operate the Duane Arnold Energy Center at steady state reactor core power levels not in excess of 1658 megawatts (thermal).

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 230, are hereby incorporated in the license. NMC shall operate the facility in accordance with the Technical Specifications.

- (a) For Surveillance Requirements (SRs) that are new in Amendment 223 to Final Operating License DPR-49, the first performance is due at the end of the first surveillance interval that begins at implementation of Amendment 223. For SRs that existed prior to Amendment 223, including SRs with modified acceptance criteria and SRs whose frequency of performance is being extended, the first performance is due at the end of the first surveillance interval that begins on the date the Surveillance was last performed prior to implementation of Amendment 223.

(3) Fire Protection

NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the Duane Arnold Energy Center and as approved in the SER dated June 1, 1978, and Supplement dated February 10, 1981, subject to the following provision:

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) The licensee is authorized to operate the Duane Arnold Energy Center following installation of modified safe-ends on the eight primary recirculation system inlet lines which are described in the licensee letter dated July 31, 1978, and supplemented by letter dated December 8, 1978.

(5) Physical Protection

NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including 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). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Duane Arnold Energy Center Security Plan," with revisions submitted through December 17, 1987; "Duane Arnold Energy Center Guard Training and Qualification Plan," with revisions submitted through October 18, 1985; and "Duane Arnold Energy Center Safeguards Contingency Plan," with revisions submitted through December 5, 1986. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

2.C.(6) Deleted

2.C.(7) Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 223, are hereby incorporated into this license. NMC shall operate the facility in accordance with the Additional Conditions.

- D. This license is effective as of the date of issuance and shall expire at midnight February 21, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original signed by Roger Boyd for

A. Giambuso, Deputy Director
for Reactor Projects
Directorate of Licensing

Enclosures:

Appendix A Technical Specifications

Appendix B Additional Conditions

Date of Issuance: February 22, 1974

APPENDIX B

ADDITIONAL CONDITIONS

OPERATING LICENSE NO. DPR-49

NMC (the term licensee in Appendix B refers to NMC) shall comply with the following conditions on the schedule noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
223	NMC is authorized to relocate certain requirements included in Appendix A to licensee-controlled documents. Implementation of this amendment shall include the relocation of these requirements to the appropriate documents, as described in the licensee's application dated October 30, 1996, as supplemented, and consolidated in its March 31, 1998, submittal. These relocations were evaluated in the NRC staff's Safety Evaluation enclosed with this amendment.	This amendment is effective immediately and shall be implemented within 180 days of the date of this amendment.



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

Docket No. 50-331

AMENDMENT TO INDEMNITY AGREEMENT NO. B-68
AMENDMENT NO. 10

Effective August 7, _____, 2000, Indemnity Agreement No. B-68, between IES Utilities Inc., Central Iowa Power Cooperative, and Corn Belt Power Cooperative, and the Atomic Energy Commission, dated May 15, 1973, as amended, is hereby further amended by adding the following named licensee:

"Nuclear Management Company, LLC"

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

Cynthia A. Carpenter

Cynthia A. Carpenter, Chief
Generic Issues, Environmental, Financial
and Rulemaking Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Accepted _____, 2000

By _____
Nuclear Management
Company, LLC

Accepted _____, 2000

By _____
Central Iowa Power
Cooperative

Accepted _____, 2000

By _____
IES Utilities Inc.,

Accepted _____, 2000

By _____
Corn Belt Power Cooperative