

OCT 10 2000



LRN-00-0354
LCR H99-13 & LCR S99-23
Docket Nos. 50-272 & 50-311

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555

**Re: Salem Generating Station, Unit 1, Operating License No. DPR-70
Salem Generating Station, Unit 2, Operating License No. DPR-75
Hope Creek Generating Station, Unit 1, Operating License No. NPF-57
Supplemental Information: Transfer of Non-Operating
Ownership Interests**

Gentlemen:

On April 21, 2000, the Nuclear Regulatory Commission ("NRC") issued Orders approving the transfer of the minority, non-operating interests of Atlantic City Electric Company ("ACE") and Delmarva Power and Light Company ("DP&L") in the Salem Generating Station, Units 1 and 2, and those of ACE in the Hope Creek Generating Station, Unit 1, to PSEG Nuclear LLC ("PSEG Nuclear"). The NRC also approved conforming changes to the Salem Units 1 and 2 and Hope Creek Operating Licenses and Technical Specifications to reflect the transfers.

The purpose of the present letter is to bring to the NRC's attention certain developments that have occurred since the April 21, 2000 Orders were issued. These developments relate to the sequence in which the transfers will be implemented and appear to require NRC administrative action to modify the approved, conforming Operating License amendments and to specify new minimum decommissioning fund amounts to be transferred. If the NRC concludes that new transfer orders are necessary, PSEG Nuclear, on behalf of itself and DP&L and ACE, requests that the NRC treat this submittal as an application for appropriate orders.

1. Sequence of Transactions for Salem and Hope Creek

As discussed in our correspondence to the NRC of August 11, 2000, the NRC separately approved, by Orders dated February 16, 2000, license transfers necessitated by the restructuring of Public Service Enterprise Group. As a result of this restructuring, the licensed interests in the Salem and Hope Creek units

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held by Public Service Electric and Gas Company ("PSE&G") were transferred to PSEG Nuclear on August 21, 2000.¹

With respect to the transfer of the ACE and DP&L interests to PSEG Nuclear, the Orders and conforming License changes of April 21, 2000, were premised on an assumption that these transfers would *precede* finalization and implementation of the PSE&G restructuring transfers approved on February 16, 2000.² Accordingly, the conforming License changes approved by the NRC in April 2000 retain PSE&G as a licensee but add PSEG Nuclear in the place of ACE and DP&L. Because the PSE&G restructuring has now been accomplished, PSE&G is no longer a licensee and cannot be on the license at the time that the non-operating interests of DP&L and ACE are transferred. Therefore, the conforming License changes *for both Salem units and Hope Creek*, related to the ACE and DP&L transfers, need to be modified to indicate that the interests are transferred to PSEG Nuclear and to omit any reference to PSE&G.

2. Interim DP&L Transfer for Salem

Certain regulatory approvals in New Jersey that are needed before ACE can transfer its nuclear interests are still pending. Specifically, while the New Jersey Board of Public Utilities ("BPU") has approved the transfer of the ACE interests, it has not yet issued a final order covering all aspects of the transaction. It is unclear when such an order will be issued. Additionally, an appeal of the BPU decision in the PSE&G restructuring case that challenges the BPU's implementation of the deregulation legislation in New Jersey has been filed. This situation has caused ACE to delay the closing on the transfer of its nuclear assets.

On the other hand, the state regulatory approvals associated with the transfer of the DP&L interests have been completed. Accordingly, the parties to these transactions have agreed to proceed with the transfer of the DP&L interests in Salem Units 1 and 2 to PSEG Nuclear (subject to any necessary

¹ The NRC transfer consents of February 16, 2000, also encompassed the transfer of the non-operating interests of PSE&G in the Peach Bottom Atomic Power Station, Units 2 and 3, to PSEG Nuclear.

² In its Section 50.80 application of December 20, 1999, related to the ACE and DP&L transfers, PSE&G and PSEG Nuclear originally requested approval of alternative sequences for the two transfers. By supplement to the application dated February 11, 2000, PSE&G and PSEG Nuclear identified the scenario whereby the transfer of the ACE and DP&L interests would be to PSEG Nuclear in advance of the restructuring transfer of PSE&G's interests to PSEG Nuclear.

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NRC action), while deferring the transfer of the ACE interests in the Salem units and Hope Creek until the status of restructuring in New Jersey is more certain.

While the NRC's Orders of April 21, 2000 have already approved the transfer of the interests of both DP&L and ACE, the proposed implementation of these transfers in two steps (first DP&L and second ACE) creates a need to modify the previously approved conforming License amendments *for the Salem units* to reflect that, until completion of the ACE transfer, ACE will remain on the licenses for Salem Units 1 and 2 as a minority, non-operating owner -- while the DP&L interest will be transferred to PSEG Nuclear.³

To illustrate, the current (September 2000) ownership interests in the Salem units (before either the DP&L or ACE transfers) are as follows:

	Salem Unit 1 (%)	Salem Unit 2 (%)
ACE	7.41	7.41
DP&L	7.41	7.41
PSEG Nuclear	42.59	42.59
PECO	42.59	42.59

This arrangement was approved by the NRC by the February 16, 2000 Orders and is reflected in the conforming License changes approved at that time. The closing on the restructuring transaction that created the above arrangement was completed on August 21, 2000.

Under the plan now agreed to by PSEG Nuclear, DP&L, and ACE, as discussed above, the DP&L interests will be transferred to PSEG Nuclear prior to the transfer of the ACE interests. Under this approach, in an interim phase after the DP&L transfer but before the transfer of the ACE interests, the ownership interests in the Salem units will be as follows:

³ Because DP&L does not own any interest in Hope Creek, no change in this regard is needed with respect to that unit.

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	Salem Unit 1 (%)	Salem Unit 2 (%)
ACE	7.41	7.41
PSEG Nuclear	50.00	50.00
PECO	42.59	42.59

As noted above, the NRC has already approved the transfer of the DP&L Salem interests to PSEG Nuclear in conjunction with the ACE transfer. Moreover, the end state, following the transfer of both the DP&L and the ACE interests to PSEG Nuclear, has been approved by the combination of the February 16 and April 21 Orders. The purpose of the present letter is to seek NRC administrative actions to address the interim arrangement for the Salem units under which the transfer of the DP&L interest will take place while the ACE transfer remains pending.

3. Requested NRC Actions

To address the issues identified above, the Attachments to this letter address the administrative actions that the NRC should take. These Attachments are:

- Attachments A and B: Revised mark-ups for the Salem Units 1 and 2 Licenses to reflect the combined effect of the PSE&G restructuring and the ownership status of the two Salem units during the interim period after the transfer of the DP&L interests but before the transfer of the ACE interests.
- Attachments C, D, and E: Revised mark-ups for Salem Units 1 and 2 and Hope Creek Licenses reflecting the end state; that is, the subsequent transfer of the ACE interests to PSEG Nuclear, where the PSE&G to PSEG Nuclear transfer has already occurred.

PSEG Nuclear views all of the above mark-ups as administrative clarifications to the already approved conforming License changes. PSEG Nuclear has also concluded that the information contained in this letter and its attachments do not alter the conclusions reached in the 10 C.F.R. 50.92 No Significant Hazards analysis previously submitted with the original License Change Requests (LCR H99-13 & S99-23). These administrative changes would seemingly not require new transfer consents under 10 C.F.R. 50.80 or new license amendments under 10 C.F.R. 50.90. However, to the extent the NRC

views any new approvals as necessary, PSEG Nuclear, on behalf of itself and DP&L and ACE, respectfully requests that those approvals be issued expeditiously.

4. Update on Decommissioning Funding Assurance for Salem

For Salem Units 1 and 2, in the prior transfer application of December 20, 1999, and in the April 21, 2000 Orders approving the transfers, the decommissioning funding for the ACE and DP&L interests were combined. (Both ACE and DP&L were combined as the Conectiv interests. Decommissioning funding assurance for the aggregated Conectiv interests was demonstrated.) Under the two-phase transfer approach now contemplated for the Conectiv shares, it is necessary to address the transfer of the DP&L and ACE decommissioning funds separately. PSEG Nuclear requests that the NRC revise the transfer Orders for the Salem units accordingly.⁴

In Attachment F, PSEG Nuclear demonstrates decommissioning funding assurance based on the decommissioning trusts to be maintained by PSEG Nuclear immediately following closing on each transaction, reflecting the combination of the current PSEG Nuclear funds and the funds being acquired by PSEG Nuclear from DP&L and later from ACE. The combined PSEG Nuclear funding level after closing on each phase (that is, the DP&L transfer phase and the ACE transfer phase) will be sufficient to establish the decommissioning assurance for the portion of each Salem unit to be owned at that time by PSEG Nuclear, as required by the NRC's regulations.

The transfer of the ACE interest in Hope Creek was previously addressed in the December 20, 1999, transfer application, and in the April 21, 2000 Order for Hope Creek. Decommissioning funding assurance for that unit has already been established and is not addressed in Attachment F.⁵

⁴ The parties determined in preparation for closing that the level of funding to be transferred by DP&L is different from what PSE&G and PSEG Nuclear had previously understood. The revised showing provided herein utilizes current estimates of the funds to be transferred by DP&L and ACE. Any administrative action clarifying the prior approvals should be based on the new estimates of funds for transfer by DP&L and ACE.

⁵ To the extent that the Conectiv non-operating ownership interests in the two Peach Bottom units will be transferred to PSEG Nuclear and PECO in a phased approach, PECO will address that matter by separate filing. PECO will also address the decommissioning assurance requirements for the two Peach Bottom units.

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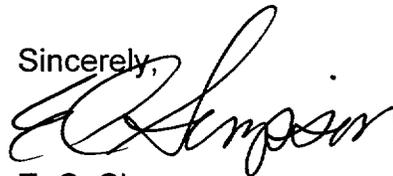
5. Extension of Effectiveness of Orders

The parties anticipate that the DP&L transfers for Salem will close as soon as practicable following receipt of NRC administrative action addressing the two-step transaction described above. The parties respectfully request that the NRC complete its review and take any necessary action to revise the April 21, 2000 Order and to approve revised conforming License amendments by no later than December 1, 2000. The parties hope to be in a position to complete the ACE transfers for Salem and Hope Creek no later than June 30, 2001.

The April 21, 2000, Orders specify that the ACE and DP&L transfers be completed by December 31, 2000, or the Orders shall become null and void. Given the current schedule, and the unavoidable delay in obtaining the other regulatory approvals, there is good cause to extend the deadline. To allow for future contingencies with respect to closing both transfers, the parties request that the completion date be extended for all of the transactions to December 31, 2001.

PSEG Nuclear will keep the NRC apprised of developments in these matters. If you need additional information, please contact Jeffrie Keenan at (856) 339-5429.

Sincerely,



E. C. Simpson
Senior Vice President &
Chief Administrative Officer

Attachments (6)
Affidavit

OCT 10 2000

C Mr. Samuel J. Collins
Director, Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

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REF: LCR H99-13
LCR S99-23
LRN-00-0354

STATE OF NEW JERSEY)
)
COUNTY OF SALEM) SS.

E. C. Simpson, being duly sworn according to law deposes and says:

I am Senior Vice President & Chief Administrative Officer of PSEG Nuclear LLC, and as such, I find the attachment accompanying this correspondence (LRN-00-0354), concerning the Salem Generating Station, Units 1 and 2, and Hope Creek Generating Station, Unit 1, are true to the best of my knowledge, information and belief.



Subscribed and Sworn to before me

this 10th day of October, 2000



Notary Public of New Jersey

DELORIS D. HADDEN
Notary Public of New Jersey
My Commission Expires **03-29-2005**
ID # 2073649

Attachment A
Revised Salem Unit 1 Marked Up FOL and TS Pages
Interim DP&L Transfer



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

PSEG NUCLEAR LLC
PHILADELPHIA ELECTRIC COMPANY
~~DELMARVA POWER AND LIGHT COMPANY~~
ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-272

SALEM NUCLEAR GENERATING STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

Amendment No.
License No. DPR-70

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for license filed by the Public Service Electric and Gas Company, Philadelphia Electric Company, Delmarva Power and Light Company, and Atlantic City Electric Company ~~(the licensees)~~ and the application for license amendment dated November 8, 1976, filed by Public Service Electric and Gas Company comply with the standards and requirements of the Atomic Energy Act (the Act) of 1954, as amended, 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 Salem Nuclear Generating Station, Unit No. 1 (facility) has been substantially completed in conformity with Provisional Construction Permit No. CPPR-52 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 amended 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. PSEG Nuclear LLC is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;

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Amendment 233

- 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 amended 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 and other costs and considering available alternatives, the issuance of Amendment No. 3 to Facility Operating License No. DPR-70 subject to the conditions for protection of the environment set forth in the Technical Specifications, Appendix B is in accordance with 10 CFR Part 51 (and with former Appendix D to 10 CFR Part 50) of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this amended license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70, including 10 CFR Sections 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-70, issued to PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~ and Atlantic City Electric Company, ^(the licensees) is hereby amended in its entirety, to read as follows:
- A. This amended license applies to the Salem Nuclear Generating Station, Unit No. 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~ and Atlantic City Electric Company and operated by PSEG Nuclear LLC. The facility is located on the applicants' site in Salem County, New Jersey, on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 10 through 39) and the Environmental Report as supplemented and amended (Amendments 1 through 3).
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses

- (1) PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~ and Atlantic City Electric Company to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in this amended license;
- (2) PSEG Nuclear LLC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use and operate the facility;
- (3) PSEG Nuclear LLC, 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 Final Safety Analysis Report, as supplemented and amended;
- (4) PSEG Nuclear LLC, 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;
- (5) PSEG Nuclear LLC, 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 with radioactive apparatus or components; and
- (6) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

C. This amended 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; and 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:

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-70

PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~⁹ and Atlantic City Electric Company shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
192	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997.
194	The licensee is authorized to upgrade the initiation circuitry for the power operated relief valves, as described in the licensee's application dated January 31, 1997, as supplemented by letters dated March 14, April 8, and April 28, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 1.
196	Containment Fan Cooler Units The licensee shall complete all modifications associated with the amendment request concerning Containment Fan Cooler Units (CFCU) response time dated October 25, 1996, as described in the letters supplementing the amendment request dated December 11, 1996, January 28, March 27, April 24, June 3, and June 12, 1997, prior to entry into Mode 3 following refueling outage 12. All modifications made in support of this amendment request and described in the referenced submittals shall be in conformance with the existing design basis for Salem Unit 1, and programmatic controls for tank monitoring instrumentation shall be as described in the letter dated April 24, 1997. Post modification testing and confirmatory analyses shall be as described in the letter dated March 27, 1997. Future changes to the design described in these submittals may be made in accordance with the provisions of 10 CFR 50.59. Further, the administrative controls associated with CFCU operability and containment integrity described in the letters dated March 27, and April 24, 1997 shall not be relaxed or changed without prior staff review until such time as the license has been amended to include the administrative controls as technical specification requirements.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 1.
198	The licensee shall perform an evaluation of the containment liner anchorage by November 30, 1997, for the loading induced on the containment liner during a Main Steam Line Break event to confirm the assumptions provided in the Preliminary Safety Analysis Report and Updated Final Safety Analysis Report.	The amendment shall be implemented within 30 days from July 17, 1997.

Attachment B
Revised Salem Unit 2 Marked Up FOL and TS Pages
Interim DP&L Transfer



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

PSEG NUCLEAR LLC
PHILADELPHIA ELECTRIC COMPANY
~~DELMARVA POWER AND LIGHT COMPANY~~
ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-311

SALEM NUCLEAR GENERATING STATION, UNIT NO. 2

FACILITY OPERATING LICENSE

License No. DPR-75

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for license filed by Public Service Electric and Gas Company for itself and the Philadelphia Electric Company, Delmarva Power and Light Company and Atlantic City Electric Company ~~(hereinafter referred to as the licensees)~~ complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's 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 Salem Nuclear Generating Station, Unit No. 2 (facility) has been substantially completed in conformity with Construction Permit No. CPPR-53 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the 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 Commission's regulations set forth in 10 CFR Chapter I;
 - E. PSEG Nuclear LLC is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

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Amendment No. 214

- F. The licensees are financially qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - H. 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;
 - I. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. DPR-75 subject to the conditions 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 have been satisfied; and
 - J. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Pursuant to approval by the Nuclear Regulatory Commission at meetings on January 14, 1981, April 28, 1981, and May 19, 1981, the License for Fuel-Loading and Low-Power Testing issued on April 18, 1980 is superseded by Facility Operating License No. DPR-75 hereby issued to PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company~~ and Atlantic City Electric Company (licensees) to read as follows:
- A. This license applies to the Salem Nuclear Generating Station, Unit No. 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township in Salem County, New Jersey and is described in the Final Safety Analysis Report as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company~~ and Atlantic City Electric Company to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in the license;

APPENDIX C

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-75

PSEG Nuclear LLC, Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~ and Atlantic City Electric Company shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
175	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997.
177	The licensee is authorized to upgrade the initiation circuitry for the power operated relief valves, as described in the licensee's application dated January 31, 1997, as supplemented by letters dated March 14, April 8, and April 28, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 2.
179	<p>Containment Fan Cooler Units</p> <p>All modifications made in support of the amendment request concerning Containment Fan Cooler Unit (CFCU) response time dated October 25, 1996, as described in the letters supplementing the amendment request dated December 11, 1996, January 28, March 27, April 24, June 3, and June 12, 1997, shall be in conformance with the existing design basis for Salem Unit 2, and programmatic controls for tank monitoring instrumentation shall be as described in the letter dated April 24, 1997. Post modification testing and confirmatory analyses shall be as described in the letter dated March 27, 1997. Future changes to the design described in these submittals may be made in accordance with the provisions of 10 CFR 50.59. Further, the administrative controls associated with CFCU operability and containment integrity described in the letters dated March 27 and April 24, 1997, shall not be relaxed or changed without prior staff review until such time as the license has been amended to include the administrative controls as technical specification requirements.</p>	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 2.
181	The licensee shall perform an evaluation of the containment liner anchorage by November 30, 1997, for the loading induced on the containment liner during a Main Steam Line Break event to confirm the assumptions provided in the Preliminary Safety Analysis Report and Updated Final Safety Analysis Report.	The amendment shall be implemented within 30 days from July 17, 1997.

Attachment C
Revised Salem Unit 1 Marked Up FOL and TS Pages
Final DP&L and ACE Transfer



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

PSEG NUCLEAR LLC
PHILADELPHIA ELECTRIC COMPANY
~~DELMARVA POWER AND LIGHT COMPANY~~
~~ATLANTIC CITY ELECTRIC COMPANY~~

DOCKET NO. 50-272

SALEM NUCLEAR GENERATING STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

Amendment No.

License No. DPR-70

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for license filed by the Public Service Electric and Gas Company, Philadelphia Electric Company, Delmarva Power and Light Company, and Atlantic City Electric Company ~~(the licensees)~~ and the application for license amendment dated November 8, 1976, filed by Public Service Electric and Gas Company comply with the standards and requirements of the Atomic Energy Act (the Act) of 1954, as amended, 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 Salem Nuclear Generating Station, Unit No. 1 (facility) has been substantially completed in conformity with Provisional Construction Permit No. CPPR-52 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 amended 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. PSEG Nuclear LLC is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;

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Amendment 233

- 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 amended 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 and other costs and considering available alternatives, the issuance of Amendment No. 3 to Facility Operating License No. DPR-70 subject to the conditions for protection of the environment set forth in the Technical Specifications, Appendix B is in accordance with 10 CFR Part 51 (and with former Appendix D to 10 CFR Part 50) of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this amended license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70, including 10 CFR Sections 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-70, issued to PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company, and Atlantic City Electric Company,~~ is hereby amended in its entirety, to read as follows:
- (the licensees)
- A. This amended license applies to the Salem Nuclear Generating Station, Unit No. 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company, and Atlantic City Electric Company,~~ and operated by PSEG Nuclear LLC. The facility is located on the applicants' site in Salem County, New Jersey, on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 10 through 39) and the Environmental Report as supplemented and amended (Amendments 1 through 3).
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses

- AND
- (1) PSEG Nuclear LLC ~~Philadelphia Electric Company, Delmarva Power and Light Company, and Atlantic City Electric Company~~ to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in this amended license;
 - (2) PSEG Nuclear LLC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use and operate the facility;
 - (3) PSEG Nuclear LLC, 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 Final Safety Analysis Report, as supplemented and amended;
 - (4) PSEG Nuclear LLC, 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;
 - (5) PSEG Nuclear LLC, 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 with radioactive apparatus or components; and
 - (6) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

C. This amended 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; and 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:

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-70

PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company,~~
~~and Atlantic City Electric Company~~ shall comply with the following conditions on the
schedules noted below:

Amendment Number	Additional Condition	Implementation Date
192	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997.
194	The licensee is authorized to upgrade the initiation circuitry for the power operated relief valves, as described in the licensee's application dated January 31, 1997, as supplemented by letters dated March 14, April 8, and April 28, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 1.
196	Containment Fan Cooler Units The licensee shall complete all modifications associated with the amendment request concerning Containment Fan Cooler Units (CFCU) response time dated October 25, 1996, as described in the letters supplementing the amendment request dated December 11, 1996, January 28, March 27, April 24, June 3, and June 12, 1997, prior to entry into Mode 3 following refueling outage 12. All modifications made in support of this amendment request and described in the referenced submittals shall be in conformance with the existing design basis for Salem Unit 1, and programmatic controls for tank monitoring instrumentation shall be as described in the letter dated April 24, 1997. Post modification testing and confirmatory analyses shall be as described in the letter dated March 27, 1997. Future changes to the design described in these submittals may be made in accordance with the provisions of 10 CFR 50.59. Further, the administrative controls associated with CFCU operability and containment integrity described in the letters dated March 27, and April 24, 1997 shall not be relaxed or changed without prior staff review until such time as the licensee has been amended to include the administrative controls as technical specification requirements.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 1.
198	The licensee shall perform an evaluation of the containment liner anchorage by November 30, 1997, for the loading induced on the containment liner during a Main Steam Line Break event to confirm the assumptions provided in the Preliminary Safety Analysis Report and Updated Final Safety Analysis Report.	The amendment shall be implemented within 30 days from July 17, 1997.

Attachment D
Revised Salem Unit 2 Marked Up FOL and TS Pages
Final DP&L and ACE Transfer



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

PSEG NUCLEAR LLC
PHILADELPHIA ELECTRIC COMPANY
DELMARVA POWER AND LIGHT COMPANY
ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-311

SALEM NUCLEAR GENERATING STATION, UNIT NO. 2

FACILITY OPERATING LICENSE

License No. DPR-75

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for license filed by Public Service Electric and Gas Company for itself and the Philadelphia Electric Company, Delmarva Power and Light Company and Atlantic City Electric Company (~~hereinafter referred to as the licensees~~) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's 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 Salem Nuclear Generating Station, Unit No. 2 (facility) has been substantially completed in conformity with Construction Permit No. CPPR-53 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the 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 Commission's regulations set forth in 10 CFR Chapter I;
 - E. PSEG Nuclear LLC is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

PSE&G
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Amendment No. 214

- F. The licensees are financially qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - H. 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;
 - I. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. DPR-75 subject to the conditions 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 have been satisfied; and
 - J. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Pursuant to approval by the Nuclear Regulatory Commission at meetings on January 14, 1981, April 28, 1981, and May 19, 1981, the License for Fuel-Loading and Low-Power Testing issued on April 18, 1980 is superseded by Facility Operating License No. DPR-75 hereby issued to PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company and Atlantic City Electric Company~~ (licensees) to read as follows:
- A. This license applies to the Salem Nuclear Generating Station, Unit No. 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township in Salem County, New Jersey and is described in the Final Safety Analysis Report as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company and Atlantic City Electric Company~~ to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in the license;

APPENDIX C

ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-75

PSEG Nuclear LLC ^{AND} Philadelphia Electric Company, ~~Delmarva Power and Light Company, and Atlantic City Electric Company~~ shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
175	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997.
177	The licensee is authorized to upgrade the initiation circuitry for the power operated relief valves, as described in the licensee's application dated January 31, 1997, as supplemented by letters dated March 14, April 8, and April 28, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 2.
179	Containment Fan Cooler Units All modifications made in support of the amendment request concerning Containment Fan Cooler Unit (CFCU) response time dated October 25, 1996, as described in the letters supplementing the amendment request dated December 11, 1996, January 28, March 27, April 24, June 3, and June 12, 1997, shall be in conformance with the existing design basis for Salem Unit 2, and programmatic controls for tank monitoring instrumentation shall be as described in the letter dated April 24, 1997. Post modification testing and confirmatory analyses shall be as described in the letter dated March 27, 1997. Future changes to the design described in these submittals may be made in accordance with the provisions of 10 CFR 50.59. Further, the administrative controls associated with CFCU operability and containment integrity described in the letters dated March 27 and April 24, 1997, shall not be relaxed or changed without prior staff review until such time as the license has been amended to include the administrative controls as technical specification requirements.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem, Unit 2.
181	The licensee shall perform an evaluation of the containment liner anchorage by November 30, 1997, for the loading induced on the containment liner during a Main Steam Line Break event to confirm the assumptions provided in the Preliminary Safety Analysis Report and Updated Final Safety Analysis Report.	The amendment shall be implemented within 30 days from July 17, 1997.

Attachment E
Revised Hope Creek Marked Up FOL and TS Pages
Final DP&L and Hope Creek Transfer



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

~~PSEG NUCLEAR LLC AND~~
~~ATLANTIC CITY ELECTRIC COMPANY~~
DOCKET NO. 50-354
HOPE CREEK GENERATING STATION
FACILITY OPERATING LICENSE

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License No. NPF-57

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for a license filed by the Public Service Electric & Gas Company, acting on behalf of itself and Atlantic City 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 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 Hope Creek Generating Station (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-120 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
 - 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 Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);
 - E. PSEG Nuclear LLC^e is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensee^e ^{has} 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 license will not be inimical to the common defense and security or to the health and safety of the public;

~~*PSEG Nuclear LLC is authorized to act as agent for Atlantic City Electric Company and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility~~

- H. After weighing the environmental, economic, technical, and other benefits of the facility, against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-57, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
- I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings and approval by the Nuclear Regulatory Commission at a meeting on July 21, 1986, the License for Fuel Loading and Low Power Testing, License No. NPF-50, issued on April 11, 1986, is superseded by Facility Operating License NPF-57 hereby issued to PSEG Nuclear LLC and Atlantic City Electric Company (the licensees), to read as follows:
- A. This license applies to the Hope Creek Generating Station, a boiling water nuclear reactor, and associated equipment (the facility) owned by PSEG Nuclear LLC and Atlantic City Electric Company. The facility is located on the licensees' site on the east bank of the Delaware River in Lower Alloways Creek Township, Salem County, New Jersey. The facility is located approximately eight miles southwest of Salem, New Jersey and is described in the PSEG Nuclear LLC Final Safety Analysis Report, as supplemented and amended, and in the Environmental Report, as supplemented and amended.
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
- (1) PSEG Nuclear LLC, pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the above designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in this license;
 - (2) ~~Atlantic City Electric Company, pursuant to Section 103 of the Act and 10 CFR Part 50, to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in this license;~~ Deleted
 - (3) PSEG Nuclear LLC, 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 Final Safety Analysis Report, as supplemented and amended;

APPENDIX C

ADDITIONAL CONDITIONS
OPERATING LICENSE NO NPF-57

PSEG Nuclear LLC and ~~Atlantic City Electric Company~~ shall comply with the following conditions on the schedules noted below:

Amendment Number	Additional Condition	Implementation Date
97	The Licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997
103	The licensee shall relocate the list of "Motor Operated Valves - Thermal Overload Protection (BYPASSED)" from the Technical Specifications (Table 3.8.4.2-1) to the Updated Final Safety Analysis Report, as described in the licensee's application dated July 7, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from September 16, 1997.
105	The licensee shall use the Banked Pattern Withdrawal System or an improved version such as the Reduced Notch Worth Procedure as described in the licensee's application dated June 19, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from September 30, 1997.
110	The licensee shall relocate the suppression chamber water volume, as contained in Technical Specifications 3.5.3.a, 3.5.3.b, 3.6.2.1.a.1 and 5.2.1 to the Updated Final Safety Analysis Report, as described in the licensee's application dated August 20, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from November 6, 1997
114	The licensee is authorized to perform single cell charging of connected cells in OPERABLE class 1B batteries as described in the licensee's application dated September 8, 1998, as supplemented by letter dated December 8, 1998, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from February 9, 1999.

- E. The licensee 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: "Hope Creek Nuclear Generating Station Physical Security Plan," with revisions submitted through September 4, 1987; "Hope Creek Nuclear Generating Station Guard Training and Qualification Plan," with revisions submitted through September 4, 1987; and "Hope Creek Nuclear Generating Station Safeguards Contingency Plan," with revisions submitted through December 2, 1986. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.
- F. Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, PSEG Nuclear LLC shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within 24 hours to the NRC Operations Center via the Emergency Notification System with written followup within thirty days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).
- G. The licensee shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims.
- H. This license is effective as of the date of issuance and shall expire at midnight on April 11, 2026.

FOR THE NUCLEAR REGULATORY COMMISSION

- original signed by H.R. Denton -

Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A - Technical Specifications (NUREG-1202)
2. Appendix B - Environmental Protection Plan

Date of Issuance: July 25, 1986

Attachment F
Decommissioning Funding Assurance
Transfer of Non-Operating Ownership Interests to PSEG Nuclear
Salem Generating Station, Units 1 and 2
Hope Creek Generating Station, Unit 1

Decommissioning Funding Assurance
Transfer of Non-Operating Ownership Interests to PSEG Nuclear
(Salem Generating Station Units 1 and 2, Hope Creek Generating Station, Unit 1)

**A. DELMARVA POWER AND LIGHT TRANSFER OF INTERESTS IN
SALEM GENERATING STATION, UNITS 1 AND 2**

It is currently anticipated that the transfer of the Delmarva Power and Light Company ("DP&L") 7.41% ownership interests in the Salem Generating Station, Units 1 and 2, to PSEG Nuclear LLC ("PSEG Nuclear"), will occur prior to the transfer of the Atlantic City Electric Company ("ACE") ownership interests to PSEG Nuclear. Further, the PSE&G restructuring transfers of ownership interests and decommissioning funds to PSEG Nuclear have already been completed. The information provided herein, and in enclosed Tables 1 and 2, demonstrates PSEG Nuclear's satisfaction of NRC decommissioning funding requirements following the PSE&G restructuring and the DP&L transfer, but prior to the ACE transfer.

On or about the closing date of the DP&L transfer to PSEG Nuclear, all assets held in each qualified and non-qualified DP&L Nuclear Decommissioning Trust ("NDT") for both facilities will be transferred to PSEG Nuclear.¹ The assets will be combined with the existing PSEG Nuclear NDTs for each facility.

PSEG Nuclear will meet NRC decommissioning funding assurance requirements as of the date of closing on the acquisition of the DP&L interest and the transfer of the DP&L NDTs based on the aggregated ownership interests and funds. The minimum NRC decommissioning funding level for the combined interests of PSEG Nuclear and DP&L in Salem Units 1 and 2 is \$148.5 million for each unit. Currently anticipated combined funding levels satisfy this minimum for PSEG Nuclear's post closing 50% pro rata share of Salem Units 1 and 2, assuming for each NDT (1) an annual real rate of return of 2% (earnings less inflation) over the remaining term of the license and (2) no future contributions to the NDTs. See Tables 1-2.² PSEG Nuclear notes, but does not rely on for NRC

¹ Based on current, updated data provided by Conectiv, PSEG Nuclear anticipates that approximately \$17.1 million and \$15.0 million will be transferred by DP&L to PSEG Nuclear for Salem Units 1 and 2 respectively. Tables 1 and 2 reflect actual balances as of August 2000, approximating the assets that are anticipated to be transferred. Recognizing the potential for market fluctuation, the actual figure to be transferred by DP&L to PSEG Nuclear would depend on when the DP&L transfer actually takes place.

² This figure utilizes end of calendar year 1999 escalation factors in the NRC's 10 C.F.R. §50.75(c) minimum funding formula. (The December 20, 1999, PSE&G transfer request utilized end of calendar year 1998 figures.)

decommissioning funding assurance, that additional funding will be provided through a New Jersey non-bypassable Societal Benefits Charge ("SBC") with respect to PSEG Nuclear's current 42.59 % ownership share. The SBC is to be paid to PSEG Nuclear for 4 years, after which time the funding levels will be reset annually, if necessary, to assure the required level of decommissioning funding (including non-NRC decommissioning funding obligations) will be obtained by the time that permanent cessation of operations is expected.

Following the DP&L transfers the NDTs for Salem Units 1 and 2 will be fully funded to the NRC minimum certification amounts, as defined in 10 C.F.R. §50.75(c), with respect to the combined PSEG Nuclear/DP&L pro rata share of NRC decommissioning costs for both facilities. Thus, NRC minimum decommissioning funding levels will be satisfied without reliance on the SBC contributions. As such, following the DP&L transfer, PSEG Nuclear will satisfy NRC minimum decommissioning funding requirements by either the prepayment method (10 C.F.R. §50.75(e)(1)(i)) or (if taking into account the added decommissioning funding assurance provided by future SBC contributions) the external sinking fund method (10 C.F.R. §50.75(e)(1)(ii)).

B. ATLANTIC CITY ELECTRIC COMPANY TRANSFER OF INTERESTS IN SALEM GENERATING STATION, UNITS 1 AND 2³

It is currently anticipated that transfer of the ACE 7.41% interest in the Salem Generating Station, Units 1 and 2 to PSEG Nuclear will occur in 2001, after the transfer of DP&L's interests in Salem Units 1 and 2. The information provided herein, and in enclosed Tables 3 and 4, demonstrates PSEG Nuclear's satisfaction of NRC decommissioning funding requirements following the restructuring transfer, the DP&L transfer, and the ACE transfer.

On or about the closing date of the ACE transfer of ownership interests to PSEG Nuclear, ACE will transfer all assets held in the qualified and non-qualified ACE NDTs for each facility to PSEG Nuclear.⁴ The assets will be combined with

³ PSEG Nuclear's satisfaction of NRC decommissioning funding requirements for Hope Creek Unit 1 was addressed in the February 16, 2000, Order. Thus, PSEG Nuclear does not address that transfer here.

⁴ Based on current, updated data provided by Conectiv, PSEG Nuclear anticipates that approximately \$19.7 million and \$20.6 million will be transferred to PSEG Nuclear by ACE for Salem Units 1 and 2, respectively. Tables 3 and 4 reflect actual balances as of August 2000, approximating the assets that are anticipated to be transferred. Recognizing the potential for market fluctuation, the actual figure to be transferred by ACE to PSEG Nuclear would depend on when the ACE transfer actually takes places.

the then-existing PSEG Nuclear NDTs for each facility (which will at that time include the funds transferred from DP&L).

PSEG Nuclear will meet NRC decommissioning funding assurance requirements as of the date of closing on the acquisition of the ACE interest and the transfer of the ACE NDTs based on the aggregated ownership interests and funds of PSEG Nuclear and ACE. The minimum NRC decommissioning funding level for the combined interests of PSEG Nuclear, DP&L, and ACE in Salem Units 1 and 2 will be \$170.5 million for each unit.⁵ Current anticipated combined funding levels satisfy this minimum, for PSEG Nuclear's post closing pro rata share of Salem Units 1 and 2,⁶ assuming for each NDT (1) an annual real rate of return of 2% (earnings less inflation) over the remaining term of the license and (2) no future contributions to the NDTs. See Tables 3 and 4. PSEG Nuclear notes, but does not rely on for NRC decommissioning funding assurance, that additional funding will also be provided through the New Jersey non-bypassable Societal Benefits Charge ("SBC") with respect to PSEG Nuclear's initial 42.59 % interest.

As demonstrated in Tables 3-4, following the ACE transfer the NDTs for Salem Units 1 and 2 will be fully funded to the NRC minimum certification amount, as defined by 10 C.F.R. §50.75(c), with respect to the PSEG Nuclear's cumulative, aggregated pro rata share of NRC decommissioning costs for both facilities. Thus, NRC minimum decommissioning funding levels will be satisfied without reliance on the SBC contributions. As such, following the ACE transfer, PSEG Nuclear will satisfy NRC minimum decommissioning funding requirements by either the prepayment method (10 C.F.R. §50.75(e)(1)(i)) or (if taking into account the added decommissioning funding assurance provided by future SBC contributions) the external sinking fund method (10 C.F.R. §50.75(e)(1)(ii)).

⁵ This figure utilizes end of calendar year 1999 escalation factors in the NRC's 10 C.F.R. §50.75(c) minimum funding formula. (The December 20, 1999, PSE&G transfer request utilized end of calendar year 1998 figures.)

⁶ Upon transfer of ACE's interests, PSEG Nuclear will own 57.41% of Salem Units 1 and 2.

TABLE 1

Nuclear Decommissioning Funding Model Projections

SALEM NUCLEAR POWER STATION, UNIT 1

(License Expires 08/13/2016)

PSEG Nuclear and DP&L

Funding Status Assuming 0% Cost Escalation and 2% After-Tax Earnings

Calendar Year	Annual Contribution	Earnings	Balance	NRC Min. 1999	NRC Min. Status
Aug-00	0	0	154,150,883	148,500,000	103.81%
2001	0	3,083,018	157,233,901	148,500,000	105.88%
2002	0	3,113,848	160,347,748	148,500,000	107.98%
2003	0	3,175,816	163,523,565	148,500,000	110.12%
2004	0	3,238,713	166,762,278	148,500,000	112.30%
2005	0	3,302,858	170,065,137	148,500,000	114.52%
2006	0	3,368,274	173,433,411	148,500,000	116.79%
2007	0	3,434,985	176,868,396	148,500,000	119.10%
2008	0	3,503,018	180,371,414	148,500,000	121.46%
2009	0	3,572,398	183,943,812	148,500,000	123.87%
2010	0	3,643,152	187,586,965	148,500,000	126.32%
2011	0	3,715,308	191,302,272	148,500,000	128.82%
2012	0	3,788,892	195,091,165	148,500,000	131.37%
2013	0	3,863,934	198,955,099	148,500,000	133.98%
2014	0	3,940,463	202,895,562	148,500,000	136.63%
2015	0	4,018,507	206,914,068	148,500,000	139.34%
2016	0	2,390,556	209,304,625	148,500,000	140.95%

PSEG Nuclear: August 2000 Q and Non-Q fund balance of \$137,052,153

DP&L: August 2000 Q and Non-Q fund balance of \$17,098,730

TABLE 2

Nuclear Decommissioning Funding Model Projections
SALEM NUCLEAR POWER STATION, UNIT 2
(License Expires 04/18/2020)
PSEG Nuclear and DP&L
Funding Status Assuming 0% Cost Escalation and 2% After-Tax Earnings

Calendar Year	Annual Contribution	Earnings	Balance	NRC Min. 1999	NRC Min. Status
Aug-00	0	0	123,771,700	148,500,000	83.35%
2001	0	2,475,434	126,247,134	148,500,000	85.01%
2002	0	2,500,188	128,747,322	148,500,000	86.70%
2003	0	2,549,945	131,297,267	148,500,000	88.42%
2004	0	2,600,446	133,897,713	148,500,000	90.17%
2005	0	2,651,950	136,549,663	148,500,000	91.95%
2006	0	2,704,474	139,254,136	148,500,000	93.77%
2007	0	2,758,038	142,012,174	148,500,000	95.63%
2008	0	2,812,663	144,824,837	148,500,000	97.53%
2009	0	2,868,370	147,693,208	148,500,000	99.46%
2010	0	2,925,180	150,618,388	148,500,000	101.43%
2011	0	2,983,116	153,601,504	148,500,000	103.44%
2012	0	3,042,199	156,643,703	148,500,000	105.48%
2013	0	3,102,452	159,746,155	148,500,000	107.57%
2014	0	1,581,949	161,328,104	148,500,000	108.64%
2015	0	3,210,743	164,538,847	148,500,000	110.80%
2016	0	3,258,670	167,797,516	148,500,000	112.99%
2017	0	3,323,364	171,120,880	148,500,000	115.23%
2018	0	3,389,184	174,510,064	148,500,000	117.52%
2019	0	3,456,309	177,966,373	148,500,000	119.84%
2020	0	881,191	178,847,564	148,500,000	120.44%

PSEG Nuclear: August 2000 Q and Non-Q fund balance of \$108,800,367

DP&L: August 2000 Q and Non-Q fund balance of \$14,971,333

TABLE 3

Nuclear Decommissioning Funding Model Projections

SALEM NUCLEAR POWER STATION, UNIT 1

(License Expires 08/13/2016)

PSEG Nuclear, DP&L and ACE

Funding Status Assuming 0% Cost Escalation and 2% After-Tax Earnings

Calendar Year	Annual Contribution	Earnings	Balance	NRC Min. 1999	NRC Min. Status
2000	0	0	173,889,488	170,500,000	101.99%
2001	0	3,477,790	177,367,278	170,500,000	104.03%
2002	0	3,512,568	180,879,845	170,500,000	106.09%
2003	0	3,582,471	184,462,317	170,500,000	108.19%
2004	0	3,653,422	188,115,738	170,500,000	110.33%
2005	0	3,725,781	191,841,519	170,500,000	112.52%
2006	0	3,799,573	195,641,091	170,500,000	114.75%
2007	0	3,874,826	199,515,917	170,500,000	117.02%
2008	0	3,951,570	203,467,488	170,500,000	119.34%
2009	0	4,029,834	207,497,322	170,500,000	121.70%
2010	0	4,109,648	211,606,970	170,500,000	124.11%
2011	0	4,191,043	215,798,013	170,500,000	126.57%
2012	0	4,274,050	220,072,062	170,500,000	129.07%
2013	0	4,358,701	224,430,763	170,500,000	131.63%
2014	0	4,445,028	228,875,791	170,500,000	134.24%
2015	0	4,533,066	233,408,857	170,500,000	136.90%
2016	0	2,696,660	236,105,517	170,500,000	138.48%

PSEG Nuclear: August 2000 Q and Non-Q fund balance of \$137,052,153

DP&L: August 2000 Q and Non-Q fund balance of \$17,098,730

ACE: August 2000 Q and Non-Q fund balance of \$19,738,605

TABLE 4

Nuclear Decommissioning Funding Model Projections
SALEM NUCLEAR POWER STATION, UNIT 2
(License Expires 04/18/2020)
PSEG Nuclear, DP&L and ACE
Funding Status Assuming 0% Cost Escalation and 2% After-Tax Earnings

Calendar Year	Annual Contribution	Earnings	Balance	NRC Min. 1999	NRC Min. Status
2000	0	0	144,435,612	170,500,000	84.71%
2001	0	2,888,712	147,324,324	170,500,000	86.41%
2002	0	2,917,599	150,241,924	170,500,000	88.12%
2003	0	2,975,662	153,217,586	170,500,000	89.86%
2004	0	3,034,595	156,252,181	170,500,000	91.64%
2005	0	3,094,698	159,346,879	170,500,000	93.46%
2006	0	3,155,991	162,502,869	170,500,000	95.31%
2007	0	3,218,497	165,721,367	170,500,000	97.20%
2008	0	3,282,242	169,003,609	170,500,000	99.12%
2009	0	3,347,250	172,350,859	170,500,000	101.09%
2010	0	3,413,545	175,764,404	170,500,000	103.09%
2011	0	3,481,153	179,245,556	170,500,000	105.13%
2012	0	3,550,100	182,795,656	170,500,000	107.21%
2013	0	3,620,412	186,416,068	170,500,000	109.33%
2014	0	1,846,059	188,262,127	170,500,000	110.42%
2015	0	3,746,782	192,008,909	170,500,000	112.62%
2016	0	3,802,710	195,811,619	170,500,000	114.85%
2017	0	3,878,205	199,689,824	170,500,000	117.12%
2018	0	3,955,014	203,644,839	170,500,000	119.44%
2019	0	4,033,347	207,678,185	170,500,000	121.81%
2020	0	1,028,308	208,706,493	170,500,000	122.41%

PSEG Nuclear: August 2000 Q and Non-Q fund balance of \$108,800,367

DP&L: August 2000 Q and Non-Q fund balance of \$14,971,333

ACE: August 2000 Q and Non-Q fund balance of \$20,663,912