



PECO NUCLEAR

A Unit of PECO Energy

YT

10/13
- David M.
- GND/C.

10 CFR 50.80
10 CFR 50.92

Nuclear Group Headquarters
200 Exelon Way
Kennett Square, PA 19348

October 10, 2000

Docket Nos. 50-277
50-278

BY HAND DELIVERY ON OCTOBER 12, 2000

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

Re: Peach Bottom Atomic Power Station, Units 2 & 3
Facility Operating License Nos. DPR-44 & DPR-56
Supplemental Information: Transfers of Non-Operating Ownership Interests

Dear Mr. Collins:

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 Peach Bottom Atomic Power Station, Units 2 & 3 to PECO Energy Company ("PECO") and PSEG Nuclear LLC ("PSEG Nuclear"). The NRC also approved conforming changes to the Peach Bottom 2 & 3 Operating Licenses to reflect the transfers.

In addition, on August 3, 2000, the NRC issued an Order approving the transfer of PECO's interests in Peach Bottom 1, 2 & 3 to Exelon Generation Company, LLC ("EGC") in connection with the proposed merger of PECO and Unicom Corporation (Unicom) the parent of Commonwealth Edison Company (ComEd). EGC will be a wholly owned subsidiary of Exelon Ventures Company, which will be a wholly owned subsidiary of Exelon Corporation, a publicly traded company that will also own ComEd and PECO. On October 5, 2000, the NRC issued an Order approving an indirect transfer of control of PECO's interests in Peach Bottom 1, 2 & 3, on an interim basis, as a result of PECO becoming a wholly owned subsidiary of Exelon Corporation for a period of time prior to the formation of EGC and the transfer of PECO's interests to EGC.

The purpose of the present letter is to bring to the NRC's attention certain developments that have occurred since the April 21, 2000 Peach Bottom Order was issued. These developments relate to the sequence in which the Peach Bottom transactions and transfers will be implemented and appear to require NRC

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John Baska.

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, PECO, on behalf of itself and PSEG Nuclear, DP&L, and ACE, requests that the NRC treat this letter as an application for appropriate orders.

1. Sequence of Transactions for Peach Bottom 2 & 3

Both PECO and PSEG Nuclear originally contemplated that the transfer of the DP&L and ACE interests in Peach Bottom 2 & 3 would occur simultaneously in the Spring of 2000. PSEG Nuclear anticipated that this would occur prior to the reorganization of the Public Service Enterprise Group ("PSEG"), and PECO anticipated that these transactions would be completed prior to the PECO-Unicom merger. The anticipated sequence of the transactions has now been modified, as follows.

First, the PSEG reorganization has occurred, and the interests in Peach Bottom 2 & 3 previously held by Public Service Electric & Gas Company were transferred to PSEG Nuclear on August 21, 2000.

Similarly, the PECO-Unicom merger is likely to be consummated prior to any transfer of the DP&L and ACE interests in Peach Bottom 2 & 3. It now appears that transfers of the DP&L and ACE interests could occur at various times relative to various stages of the PECO-Unicom merger and restructuring of the generating assets of PECO and ComEd.

In addition, PECO originally anticipated that its interests in Peach Bottom 2 & 3 would be transferred to EGC upon consummation of the merger. However, as indicated in its July 7, 2000 Application, PECO now anticipates that it will become a wholly owned subsidiary of Exelon Corporation for an interim period of time prior to the transfer of its interests to EGC. Therefore, the transfers of DP&L and ACE interests could be made: (1) to the current PECO; (2) to PECO, as a direct wholly owned subsidiary of Exelon Corporation; or (3) to EGC, as an indirect wholly owned subsidiary of Exelon Corporation.

2. Interim DP&L Transfer for Peach Bottom 2 & 3

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 PSEG 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.¹

On the other hand, the state regulatory approvals required for 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 Peach Bottom 2 & 3 (subject to any necessary NRC action), while deferring the transfer of the ACE interests in Peach Bottom 2 & 3 until the status of restructuring in New Jersey is more certain.

While the NRC's April 21, 2000 Order has 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 Peach Bottom 2 & 3 to reflect that, until completion of the ACE transfer, ACE will remain on the licenses for Peach Bottom 2 & 3 as a minority, non-operating owner -- while the DP&L interest will be transferred to PECO/EGC and PSEG Nuclear.

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

	Peach Bottom 2	Peach Bottom 3
	(%)	(%)
ACE	7.51	7.51
DP&L	7.51	7.51
PSEG Nuclear	42.49	42.49
PECO	42.49	42.49

Under the plan now agreed to by PECO, PSEG Nuclear, DP&L, and ACE, as discussed above, the DP&L interests will be transferred to PECO/EGC (3.755%) and PSEG Nuclear (3.755%) 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 Peach Bottom units will be as follows:

¹ Transfer of the DP&L and ACE interests in Salem 1 & 2 and Hope Creek are the subject of a separate letter being submitted on those dockets by PSEG Nuclear.

	Peach Bottom 2	Peach Bottom 3
	(%)	(%)
ACE	7.51	7.51
PECO or EGC	46.245	46.245
PSEG Nuclear	46.245	46.245

With respect to the transfer of the ACE and DP&L interests in Peach Bottom 2 and 3 to PSEG Nuclear, the Orders and conforming License changes issued by the NRC on April 21, 2000, were premised on an assumption that these transfers would *precede* finalization and implementation of the PSE&G restructuring. Accordingly, the conforming License changes approved by the NRC 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 will not 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 Peach Bottom 2 and 3 need to be modified to omit any reference to PSE&G.

As noted above, the NRC has already approved the transfer of the DP&L Peach Bottom 2 & 3 interests to PECO and 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 EGC, has been approved by the combination of the April 21 and August 3 Orders. The purpose of the present letter is to seek NRC administrative actions to address: a) the interim arrangement for the Peach Bottom units under which the transfer of the DP&L interest will take place while the ACE transfer remains pending, b) the transfer of the PECO portion of the DP&L/ACE interests, which could be made to PECO, PECO (as a direct wholly owned subsidiary of Exelon Corporation), or EGC (as an indirect wholly owned subsidiary of Exelon Corporation), together referred to herein as "PECO/EGC," and c) the results of the completion of the PSE&G restructuring.

3. Requested NRC Actions

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

- Attachments A2 & A3: (PECO, PSEG Nuclear and ACE are licensees.) Revised mark-ups for the Peach Bottom 2 & 3 Licenses to reflect the transfer of DP&L's interests to PECO and PSEG Nuclear, with ACE remaining a licensee. (DP&L's interests are transferred to PECO prior to the transfer of PECO's interests to EGC, but ACE's interests are not yet transferred.)

- Attachments B2 & B3: (PECO and PSEG Nuclear are licensees.) Revised mark-ups for the Peach Bottom 2 & 3 Licenses to reflect the transfer of both DP&L and ACE's interests to PECO and PSEG Nuclear. (Both DP&L and ACE's interests are transferred to PECO prior to the transfer of PECO's interests to EGC.)
- Attachments C2 & C3: (EGC, PSEG Nuclear and ACE are licensees.) Revised mark-ups for the Peach Bottom 2 & 3 Licenses to reflect the transfer of DP&L's interests to EGC (either from DP&L or from PECO) and PSEG Nuclear, with ACE remaining a licensee. (DP&L's interests are transferred to PECO/EGC, but ACE's interests have not yet transferred.)
- Attachments D2 & D3: (EGC and PSEG Nuclear are licensees.) Revised mark-ups for the Peach Bottom 2 & 3 Licenses to reflect the transfer of DP&L and ACE's interests to EGC (either from DP&L and/or ACE, and/or from PECO) and PSEG Nuclear. (This is the planned end state under all scenarios.)

PECO and PSEG Nuclear view all of the above mark-ups as administrative clarifications to the already approved conforming License Amendments. PECO has also concluded that the information contained in this letter and its attachments do not alter the conclusions reached in the 10 CFR 50.92 No Significant Hazards analysis previously submitted with the previously approved License Amendment requests. These administrative changes would seemingly not require new transfer consents under 10 CFR 50.80 or new license amendments under 10 CFR 50.90. However, to the extent the NRC views any new approvals as necessary, PECO, on behalf of itself and PSEG Nuclear, DP&L, and ACE, respectfully requests that those approvals be issued expeditiously.

4. Update on Decommissioning Funding Assurance for Peach Bottom

In the April 21, 2000 Order approving the transfers, the decommissioning trust funds for the ACE and DP&L interests in Peach Bottom 2 & 3 were assumed to be combined and divided equally among PECO and PSEG Nuclear. (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. PECO requests that the NRC revise the transfer Orders for the Peach Bottom units accordingly.²

² The parties determined in preparation for closing that the level of funding to be transferred by DP&L is different from what PECO and PSEG Nuclear had previously understood. The revised showing provided herein utilizes current estimates of the funds to be transferred by DP&L

In Attachment E, PECO and PSEG Nuclear demonstrate decommissioning funding assurance based on the decommissioning trusts to be maintained by PECO/EGC and PSEG Nuclear immediately following closing on each transaction. Initially, upon closing of the DP&L transfer, the DP&L funds will be transferred to PECO/EGC and PSEG Nuclear, divided equally. By contract, PECO/EGC and PSEG Nuclear will be further entitled to receive either the combined decommissioning funding of both DP&L and ACE, upon the subsequent transfer of the ACE share, or if the ACE transfer does not occur, PECO/EGC and PSEG Nuclear will each be entitled to receive additional payments from ACE to adjust for the difference between the DP&L balances and the average of the combined DP&L and ACE balances, which they would have otherwise been entitled to receive. PECO/EGC and PSEG Nuclear will make contributions to their respective trust funds for each unit in the amount of the payments made by ACE.

Based on current estimates, the combined ACE and DP&L decommissioning trust fund balances are sufficient to meet the NRC's minimum requirements for prepaid decommissioning funding (with earnings credited at a 2% real rate of return) for a 7.51% share of each unit. Alternatively, based upon current balances, the additional funds provided by ACE and deposited by PECO/EGC and PSEG Nuclear in their respective trusts, if the ACE interests and funds are not transferred, would be sufficient to be fully funded (when earnings are credited) with respect to their 3.755% interests in each unit. These matters are discussed in greater detail in Attachment E.

5. Financial Qualifications

In the Safety Evaluation accompanying the April 21 Order, NRC concluded that both PECO and PSEG Nuclear are financially qualified to hold the Peach Bottom licenses with respect to the increased ownership interests to be acquired from DP&L and ACE. In addition, in the Safety Evaluation accompanying NRC's August 3 Order relating to the PECO-Unicom merger, NRC concluded that EGC is financially qualified to hold the licenses for all of the nuclear units currently owned by PECO and ComEd (to the extent of their ownership shares). In connection with this NRC review, PECO submitted a proprietary "Projected Income Statement" (including a "five year pro forma" estimating total annual operating costs and the source of funds to cover these costs) in accordance with 10 CFR 50.33(f)(2), both in its December 20, 1999 Application and a March 10, 2000 letter providing additional information. This information included separate line items providing the "five year pro forma" for the incremental interests in Peach Bottom 2 & 3, to be acquired from DP&L and ACE. Nevertheless, in order to facilitate NRC's review, the information relating to each 3.755% interest in Peach Bottom 2 & 3 is provided in a proprietary addendum to this letter labeled Attachment F (Addendum). PECO requests that this Addendum be withheld from public disclosure, as described in the

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.

Section 2.790 Affidavit provided in Enclosure G. A non-proprietary version of this information, suitable for public disclosure is provided as Attachment F.

6. Extension of Effectiveness of Orders

The parties anticipate that the DP&L transfers for Peach Bottom will close as soon as practicable upon receipt of NRC administrative action addressing the above-described two-step transaction. The parties respectfully request that the NRC complete its review of the present request, and take 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 Peach Bottom 2 & 3 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.

PECO will keep the NRC apprised of developments in these matters. If you need additional information, please contact James A. Hutton at 610-765-5520.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hagan", with a long horizontal flourish extending to the right.

Joseph J. Hagan
Senior Vice President Nuclear Operations

Attachments
Affidavit

Transfer of Non-operating Ownership Interests
October 10, 2000
Page 8

cc: U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Mr. H. Miller, Administrator - Region I
U. S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Mr. J. Boska
Licensing Project Manager - Peach Bottom, Units 2 & 3
U. S. Nuclear Regulatory Commission
One White Flint North
Mail Stop 4D3
11555 Rockville Pike
Rockville, MD 20852

Mr. A. C. McMurtray
NRC Senior Resident Inspector, Peach Bottom, Units 2 & 3
NRC Resident Office, V-690
PBAPS
1848 Lay Road
Delta, PA 17314

Mr. R. R. Janati, Director
PA BRP P.O. Box 2063
Harrisburg, PA 17120 (non-proprietary version only)

COMMONWEALTH OF PENNSYLVANIA :

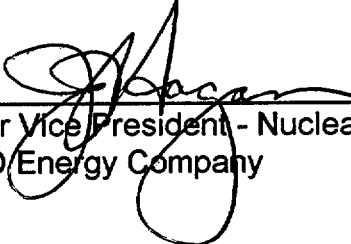
: SS

COUNTY OF CHESTER :

AFFIDAVIT

Joseph J. Hagan, being first duly sworn, deposes and says:

That he is Senior Vice President Nuclear Operations, PECO Energy Company, the Applicant herein; that he has read the enclosed letter, knows the contents thereof; and that the statements and matters set forth therein are true and correct to the best of his knowledge, information and belief.



Senior Vice President - Nuclear Operations
PECO Energy Company

Subscribed and sworn to

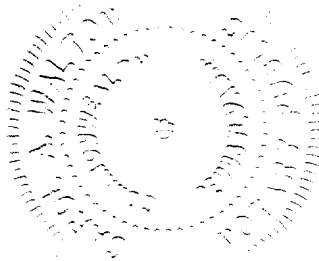
before me this 10th day

of October, 2000.



Notary Public

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



Attachment A2

Revised mark-ups for the Peach Bottom 2 License to reflect the transfer of DP&L's interests to PECO and PSEG Nuclear, with ACE remaining a licensee.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

PECO ENERGY COMPANY
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44
Amendment No. 1

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by PECO Energy Company, formerly Philadelphia Electric Company, PSEG Nuclear LLC, 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 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 Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 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: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. PECO Energy Company 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;
 - 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 costs and considering available alternatives, the issuance of Amendment No. 1 to Facility Operating License No. DPR-44 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the PECO Energy Company (PECO), formerly Philadelphia Electric Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by PECO Energy Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) PECO Energy Company, 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 and PSEG Nuclear and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) PECO Energy Company, 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;
 - (3) PECO Energy Company, 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;
 - (4) PECO Energy Company, 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 when associated with radioactive apparatus or components;

- (5) PECO Energy Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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; 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 below:

(1) Maximum Power Level

PECO Energy Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 235, are hereby incorporated in the license. PECO shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 210. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 210, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.
- b) The decommissioning trust agreement shall provide that:
 - 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.

- 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.
3. This amended license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit No. 2 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees

shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.

4. This license is effective as of the date of issuance and shall expire at midnight on August 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by R. C. DeYoung, for

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

Attachments:
Appendices A and B -
Technical Specifications

Date of Issuance: October 25, 1973

Attachment A3

Revised mark-ups for the Peach Bottom 3 License to reflect the transfer of DP&L's interests to PECO and PSEG Nuclear, with ACE remaining a licensee.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

PECO ENERGY COMPANY
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by PECO Energy Company, formerly Philadelphia Electric Company, PSEG Nuclear LLC, 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 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 Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 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: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. PECO Energy Company 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;
 - 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-56 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the PECO Energy Company (PECO), formerly Philadelphia Electric Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by PECO Energy Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) PECO Energy Company, 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 and PSEG Nuclear and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) PECO Energy company, 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;
 - (3) PECO Energy Company, 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;
 - (4) PECO Energy Company, 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 when associated with radioactive apparatus or components;

- (5) PECO Energy Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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 below:

(1) Maximum Power Level

PECO Energy Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 3, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 239, are hereby incorporated in the license. PECO shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 214. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 214, the specified frequency for each SR and the allowance of SR 3.0.2.
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

The license 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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

(4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.

- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit 3 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.
4. This license is effective as of the date of issuance and shall expire at midnight on July 2, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by Roger Boyd, for

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

Attachments:

Amended pages to Appendices A and B
DPR-44 & DPR-56 Technical
Specifications

Date of Issuance: July 2, 1974

Attachment B2

Revised mark-ups for the Peach Bottom 2 License to reflect the transfer of both DP&L and ACE's interests to PECO and PSEG Nuclear.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

PECO ENERGY COMPANY
PSEG NUCLEAR LLC
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44
Amendment No. 1

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by PECO Energy Company, formerly Philadelphia Electric Company, and PSEG Nuclear LLC (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 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: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. PECO Energy Company 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;
 - 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 costs and considering available alternatives, the issuance of Amendment No. 1 to Facility Operating License No. DPR-44 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the PECO Energy Company (PECO), formerly Philadelphia Electric Company, and PSEG Nuclear LLC (PSEG Nuclear), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by PECO Energy Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) PECO Energy Company, 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 and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) PECO Energy Company, 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;
 - (3) PECO Energy Company, 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;
 - (4) PECO Energy Company, 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 when associated with radioactive apparatus or components;

- (5) PECO Energy Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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; 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 below:

- (1) Maximum Power Level

PECO Energy Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

- (2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 235, are hereby incorporated in the license. PECO shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 210. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 210, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.
- b) The decommissioning trust agreement shall provide that:
 - 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.

- 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.
3. This amended license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit No. 2 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees

shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.

4. This license is effective as of the date of issuance and shall expire at midnight on August 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by R. C. DeYoung, for

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

Attachments:
Appendices A and B -
Technical Specifications

Date of Issuance: October 25, 1973

Attachment B3

Revised mark-ups for the Peach Bottom 3 License to reflect the transfer of both DP&L and ACE's interests to PECO and PSEG Nuclear.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

PECO ENERGY COMPANY
PSEG NUCLEAR LLC
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by PECO Energy Company, formerly Philadelphia Electric Company, and PSEG Nuclear LLC (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 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: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. PECO Energy Company 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;
 - 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-56 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the PECO Energy Company (PECO), formerly Philadelphia Electric Company, and PSEG Nuclear LLC (PSEG Nuclear), is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by PECO Energy Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) PECO Energy Company, 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 and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) PECO Energy company, 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;
 - (3) PECO Energy Company, 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;
 - (4) PECO Energy Company, 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 when associated with radioactive apparatus or components;

- (5) PECO Energy Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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 below:

- (1) Maximum Power Level

PECO Energy Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 3, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

- (2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 239, are hereby incorporated in the license. PECO shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 214. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 214, the specified frequency for each SR and the allowance of SR 3.0.2.
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

The license 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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

(4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.

- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit 3 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.
4. This license is effective as of the date of issuance and shall expire at midnight on July 2, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by Roger Boyd, for

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

Attachments:

Amended pages to Appendices A and B
DPR-44 & DPR-56 Technical
Specifications

Date of Issuance: July 2, 1974

Attachment C2

Revised mark-ups for the Peach Bottom 2 License to reflect the transfer of DP&L's interests to EGC (either from DP&L or from PECO) and PSEG Nuclear, with ACE remaining a licensee.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44
Amendment No. 1

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC, (Exelon Generation Company), formerly PECO Energy Company, PSEG Nuclear LLC, 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 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 Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 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: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company 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;
 - 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 costs and considering available alternatives, the issuance of Amendment No. 1 to Facility Operating License No. DPR-44 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the Exelon Generation Company, formerly PECO Energy Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) Exelon Generation Company, 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 and PSEG Nuclear and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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; 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 235, are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 210. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 210, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.
- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or

assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.

- 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
- 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
- 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.

- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This amended license is subject to the following conditions for the protection of the environment:

- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit No. 2 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
- B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees

shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.

4. This license is effective as of the date of issuance and shall expire at midnight on August 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by R. C. DeYoung, for

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

Attachments:
Appendices A and B -
Technical Specifications

Date of Issuance: October 25, 1973

Attachment C3

Revised mark-ups for the Peach Bottom 3 License to reflect the transfer of DP&L's interests to EGC (either from DP&L or from PECO) and PSEG Nuclear, with ACE remaining a licensee.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC, (Exelon Generation Company), formerly PECO Energy Company, PSEG Nuclear LLC, 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 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 Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 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: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company 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;
 - 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-56 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the Exelon Generation Company, formerly PECO Energy Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) Exelon Generation Company, 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 and PSEG Nuclear and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 3, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 239, are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 214. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 214, the specified frequency for each SR and the allowance of SR 3.0.2.
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

The license 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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.

- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit 3 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.
4. This license is effective as of the date of issuance and shall expire at midnight on July 2, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by Roger Boyd, for

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

Attachments:

Amended pages to Appendices A and B
DPR-44 & DPR-56 Technical
Specifications

Date of Issuance: July 2, 1974

Attachment D2

Revised mark-ups for the Peach Bottom 2 License to reflect the transfer of DP&L and ACE's interests to EGC (either from DP&L and/or ACE, and/or from PECO) and PSEG Nuclear.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44
Amendment No. 1

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC, (Exelon Generation Company), formerly PECO Energy Company, and PSEG Nuclear LLC (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 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: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company 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;
 - 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 costs and considering available alternatives, the issuance of Amendment No. 1 to Facility Operating License No. DPR-44 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the Exelon Generation Company, formerly PECO Energy Company, and PSEG Nuclear LLC (PSEG Nuclear), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) Exelon Generation Company, 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 and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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; 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 235, are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 210. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 210, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.
- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or

assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.

- 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
- 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
- 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.

- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This amended license is subject to the following conditions for the protection of the environment:

- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit No. 2 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
- B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees

shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.

4. This license is effective as of the date of issuance and shall expire at midnight on August 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by R. C. DeYoung, for

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

Attachments:
Appendices A and B -
Technical Specifications

Date of Issuance: October 25, 1973

Attachment D3

Revised mark-ups for the Peach Bottom 3 License to reflect the transfer of DP&L and ACE's interests to EGC (either from DP&L and/or ACE, and/or from PECO) and PSEG Nuclear.

UNITED STATES
NUCLEAR REGULATORY COMMISSION
Washington, DC 20555-0001

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC, (Exelon Generation Company), formerly PECO Energy Company, and PSEG Nuclear LLC (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 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: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company 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;
 - 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-56 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the Exelon Generation Company, formerly PECO Energy Company, and PSEG Nuclear LLC (PSEG Nuclear), is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania 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) Exelon Generation Company, 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 and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 3, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 239, are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 214. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 214, the specified frequency for each SR and the allowance of SR 3.0.2.
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

(3) Physical Protection

The license 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: "Peach Bottom Atomic Power Station, Units 2 and 3, Physical Security Plan," with revisions submitted through December 16, 1987; "Peach Bottom Atomic Power Station, Units 2 and 3 Plant Security Personnel Training and Qualification Plan," with revisions submitted through July 9, 1986; and "Peach Bottom Atomic Power Station, Units 2 and 3 Safeguards Contingency Plan," with revisions submitted through March 10, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- (4) The licensee shall implement and maintain in effect all provisions of the approved fire protection program as described in the Updated Final Safety Analysis Report for the facility, and as approved in the NRC SER dated May 23, 1979 and Supplements dated August 14, September 15, October 10 and November 24, 1980, and in the NRC SERs dated September 16, 1993 and August 24, 1994, subject to the following provision:

The licensee 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.

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated August 21, 2000, and the related Safety Evaluation dated February 16, 2000.

- b) The decommissioning trust agreement shall provide that:
- 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
 - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
 - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
 - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

3. This license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit 3 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.
4. This license is effective as of the date of issuance and shall expire at midnight on July 2, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by Roger Boyd, for

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

Attachments:
Amended pages to Appendices A and B
DPR-44 & DPR-56 Technical
Specifications

Date of Issuance: July 2, 1974

Attachment E
Decommissioning Funding Assurance
Transfer of Non-Operating Ownership Interests to PECO/EGC and PSEG
Nuclear
PEACH BOTTOM ATOMIC POWER STATION, UNITS 2 AND 3

DP&L and ACE have each maintained their own nuclear decommissioning trust ("NDT") funds for their respective interests in Peach Bottom Atomic Power Station, Units 2 and 3 ("Peach Bottom 2 & 3"). Therefore, each company's current NDT fund balances for each unit vary due to the level of prior contributions to the trust funds and investment performance. As in the prior transfer application related to these interests, the current combined NDT fund balances of DP&L and ACE for Peach Bottom 2 and for Peach Bottom 3, are sufficient to qualify as fully pre-paid decommissioning trust funds for the companies' combined 15.02% interest in each unit, within the meaning of 10 CFR 50.75(e)(1)(i), when earnings are credited as permitted by the NRC using a two percent real rate of return until the end of the operating licenses for each unit.

The DP&L and ACE NDT funds for each unit will be transferred to the corresponding PECO and PSEG Nuclear NDT funds in direct proportion to the interests in each unit to be transferred by each transferring company to each receiving company, with the PECO and PSEG Nuclear NDT funds each receiving an amount that corresponds to the 3.755% share of DP&L and ACE's 7.51% interests in each unit. Thus, based upon the current balances, when the transfers of both the DP&L and ACE interests are completed, the PECO and PSEG Nuclear NDT funds would each have balances for the respective shares received from ACE and DP&L that are fully prepaid within the meaning of NRC's rules, when earnings are credited.

The NRC minimum amount for decommissioning funding assurance for Peach Bottom 2 is \$375,504,999 (\$56,400,850 for a 15.02% share, \$28,200,425 for a 7.51% share, and \$14,100,212 for a 3.755% share). This NRC "formula amount" calculated in accordance with 10 CFR 50.75(c) using the updated escalation factors available for December 31, 1999 is provided in the attached Table 1. The NRC minimum amount is the same for Peach Bottom 3. Based upon earnings credited at a two percent real rate of return, as permitted by 10 CFR 50.75(e)(1)(i), the current level of funding necessary for Unit 2 trust funds to be considered fully "prepaid" within the meaning of NRC rules is approximately \$290.3 million (\$43.6 million for a 15.02% share, \$21.8 million for a 7.51% share, and \$10.9 million for a 3.755% share). Slightly lower amounts of

funding would be required with respect to Peach Bottom 3, because its license is longer and further earnings could be credited. A calculation reflecting the sufficiency of \$10.9 million to fund the minimum for a 3.755% interest in Peach Bottom 2, when earnings are credited, is provided in an attached Table 2.

A chart summarizing the trust fund balances, as provided by DP&L and ACE, as of August 31, 2000, as compared with the NRC formula amount, and "prepaid" level of funding required follows:

08/31/2000	Unit 2 (balance)	Unit 3 (balance)	"Prepaid" Minimum	NRC Formula Amount
Conectiv				
15.02%--total	44,775,233	46,201,586	43,600,000	56,400,850
7.51%--DP&L	18,243,471	18,246,878	21,800,000	28,200,425
7.51%--ACE	26,531,762	27,954,709	21,800,000	28,200,425
PECO/EGC				
7.51%--total	22,387,616	23,100,793	21,800,000	28,200,425
average	11,193,808	11,550,396	10,900,000	14,100,212
3.755%--DP&L	9,121,736	9,123,439	10,900,000	14,100,212
3.755%--ACE	13,265,881	13,977,354	10,900,000	14,100,212
PSEG Nuclear				
7.51%--total	22,387,616	23,100,793	21,800,000	28,200,425
average	11,193,808	11,550,396	10,900,000	14,100,212
3.755%--DP&L	9,121,736	9,123,439	10,900,000	14,100,212
3.755%--ACE	13,265,881	13,977,354	10,900,000	14,100,212

As already noted, the combined balances that will be received by each of the Peach Bottom 2 and 3 NDT funds of PECO/EGC and PSEG Nuclear will be adequate to provide decommissioning funding assurance using the prepayment method, when earnings are credited. 10 CFR 50.75(e)(1)(i). However, the

DP&L interests in each unit, and accompanying nuclear decommissioning trust funds, will be transferred first, and there is an expectation, but no guarantee, that the ACE interests in each unit, and the accompanying NDT funds will be subsequently transferred. Therefore, ACE has agreed that in the event that it is unable to transfer its interests and NDT funds, it will provide funding to PECO/EGC and PSEG Nuclear equal to the difference between the actual DP&L NDT fund balances transferred, and the average of the DP&L and ACE NDT fund balances that would have been transferred to the PECO/EGC and PSEG Nuclear NDT funds had the ACE interests and NDT funds been transferred at the same time as DP&L's. Applying this methodology to the balances noted above, if the closing of the DP&L interests had taken place on August 31, 2000, PECO/EGC and PSEG Nuclear each would be entitled to an additional payment from ACE of \$4,499,029, yielding a total payment due from ACE to PECO/EGC and PSEG Nuclear of \$8,998,058.¹ PECO/EGC and PSEG Nuclear agree that they will in turn contribute to their respective NDT funds for each unit the corresponding portion of the payment received from ACE, i.e., \$2,249,515 per unit. When these sums are credited to the respective PECO/EGC and PSEG Nuclear NDT funds and added to the DP&L fund balances, the total amount transferred to the PECO/EGC and PSEG Nuclear NDT funds exceeds the current level of funding required to meet the prepayment method of providing financial assurance for each 3.755% interest in each unit.

Thus, during the interim period following the transfer of DP&L's interests in Peach Bottom 2 & 3, but prior to the transfer of the ACE interests (or the determination that such transfer will not take place), decommissioning funding assurance for their respective 3.755% shares in each unit from DP&L will be provided by both PECO/EGC and PSEG Nuclear by using a combination of the funding transferred by DP&L and the contractual commitments of ACE either: (1) to complete the transfer of the ACE interests and the accompanying NDT fund balances; or (2) to make the additional payments to PECO/EGC and PSEG Nuclear described above. In the first instance, the combined balances that will be received are currently adequate to be considered fully prepaid for each 7.51% interest in each unit in accordance with NRC's rules. In the second instance, the combination of the DP&L funds that are transferred and the additional payment from ACE (which PECO/EGC and PSEG Nuclear commit to contribute to their respective Peach Bottom 2 & 3 NDT funds) are currently adequate to be considered fully prepaid for each 3.755% interest in each unit in accordance with NRC's rules. During the interim period, these mechanisms provide assurance of decommissioning funding in accordance with 10 CFR 50.75(e)(1)(vi) that is equivalent to that provided by the mechanisms specified in 10 CFR 50.75(e)(1)(i) through (v).

¹ The actual figure that would be due from ACE to PECO and PSEG Nuclear would of course depend on when the DP&L transfer actually takes place.

ACE's ability to make the payments to PECO/EGC and PSEG Nuclear (if the ACE interests and NDT funds are not transferred) totaling approximately \$9 million can be demonstrated by analogy through its ability to meet the financial tests that would apply in the case of a parent guarantee, as follows:

NRC Financial Test for Parent Guarantees (10 CFR Part 30, App. A, § II.A.2)
(All dollar amounts below in millions)

Financial Test II.A.2

Source: 1999 Annual Report

(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or AAA, AA, A, or BAA as issued by Moody's; and

Atlantic City Electric Standard & Poor's Rating

A-

(ii) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof (Tangible net worth shall be calculated to exclude the net book value of the nuclear unit(s)); and

Tangible Net Worth	\$798
Total Amount of Payments	\$9
Ratio of Tangible Net Worth to Payment Amounts	88.7

(iii) Tangible net worth of at least \$10 million; and

Tangible Net Worth	\$798
--------------------	-------

(iv) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof (or prescribed amount if a certification is used), or, for a power reactor licensee, at least six times the amount of decommissioning funds being assured by a parent company guarantee for the total of all reactor units or parts thereof.

Total Assets	\$2,655
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Total Foreign Assets	\$0
Total U.S. Assets	\$2,655
Amount of Payments	\$9
Ratio of U.S. Assets to Payment Amounts	295

The above information is provided for purposes of facilitating NRC's review and determination of the dependability of ACE's contractual obligations to PECO/EGC and PSEG Nuclear. No specific guarantee from ACE is being provided to the NRC or is in any way intended or implied.

In accordance with 10 CFR 50.75(e)(1)(vi), this combination of mechanisms provides assurance of decommissioning funding during the interim period that is equivalent to that provided by the mechanisms specified in 10 CFR 50.75(e)(1)(i) through (v). Following the transfer of ACE's interests or ACE's payment to PECO/EGC and PSEG, the decommissioning funding would be prepaid in accordance with 10 CFR 50.75(e)(1)(i).

As of December 1999

PECO NUCLEAR
Peach Bottom Unit 2 & 3
 (3458 Licensed MWt)

REACTOR TYPE / BASE COST
 BWRs (> or = 3400 MWt)

\$135,000,000

ESCALATION FACTOR

(0.65L + 0.13E + 0.22B)

Labor

Energy (BWR)

Waste
 (Waste Vendor)
 Barnwell (100%)

Northeast regional data	Power	E = (0.54P + 0.46F)	Fuel	
1999 x scaling factor / 1986	P = 1999 / 1986		F = 1999 / 1986	B = 6.968
144.3x 1.555 / 130.5	126.5 / 114.2		72.9 / 82.0	
	1.107705779	E = (0.54P + 0.46F)	0.88902439	
		E = (0.54 x 1.1077) + (0.46 x .8890)		
1.719436782		1.00711234		6.968
0.65 x 1.719436782		0.13 x 1.00711234		0.22 x 6.968
1.1176339	+	0.1309246	+	1.532960

(0.65L + 0.13E + 0.22B) =

(L + E + B) =

Escalation Factor =

2.7815185

TOTAL ESCALATED COST

\$135,000,000

x

2.7815185

\$375,504,999

15.02%

\$56,400,850.87

7.51%

\$28,200,425.44

3.755%

\$14,100,212.72

TABLE 1

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

[illegible]

Attachment F

**Projected Income Statement
(Non-Proprietary Version)**

**Total Peach Bottom Station
3.755% Ownership Share
PROJECTED INCOME STATEMENT
(\$ Thousands)**

	1	2	3	4	5
	2001	2002	2003	2004	2005
Operating Revenues					
Operating Expenses					
Purchased Power					
Fuel					
Operation & Maintenance					
Depreciation & Amortization					
Administrative & Other					
Total Operating Expenses					
Operating Income (Loss)					
Other Income (Deductions)					
Income before Income Taxes					
Income Taxes					
Net Income (Loss)					

Peach Bottom Unit 2
3.755% Ownership Share
PROJECTED INCOME STATEMENT
(\$ Thousands)

	1	2	3	4	5
	2001	2002	2003	2004	2005
Operating Revenues					
Operating Expenses					
Purchased Power					
Fuel					
Operation & Maintenance					
Depreciation & Amortization					
Administrative & Other					
Total Operating Expenses					
Operating Income (Loss)					
Other Income (Deductions)					
Income before Income Taxes					
Income Taxes					
Net Income (Loss)					

Peach Bottom Unit 3
3.755% Ownership Share
PROJECTED INCOME STATEMENT
(\$ Thousands)

	1	2	3	4	5
	2001	2002	2003	2004	2005
Operating Revenues					
Operating Expenses					
Purchased Power					
Fuel					
Operation & Maintenance					
Depreciation & Amortization					
Administrative & Other					
Total Operating Expenses					
Operating Income (Loss)					
Other Income (Deductions)					
Income before Income Taxes					
Income Taxes					
Net Income (Loss)					

**Peach Bottom
(3.755% Ownership Share)
Detail Assumptions**

	2001	2002	2003	2004	2005
Capacity - 3.755% share (MW)					
Peach Bottom U2 (3.755% share)					
Peach Bottom U3 (3.755% share)					
Total Capacity - 3.755% share (MW)					
Capacity Factors					
Peach Bottom U2					
Peach Bottom U3					
Annual Days					
Generation - 3.755% share (GWh)					
Peach Bottom U2					
Peach Bottom U3					
Total Generation - 3.755% share (GWh)					
Market Sales - 3.755% share (GWh)					
Peach Bottom U2					
Peach Bottom U3					
Total Market Sales - 3.755% share (GWh)					
Market Prices					
Energy (\$/MWh)					
Capacity (\$/kW-year)					
Revenue - 3.755% share (\$000)					
Peach Bottom U2					
Peach Bottom U3					
Total Revenue - 3.755% share (\$000)					

Attachment G

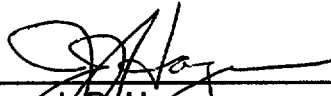
AFFIDAVIT OF JOSEPH P. HAGAN

I, Joseph P. Hagan, Senior Vice President Nuclear Operations of PECO Energy Company (PECO), do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of PECO.
2. PECO is providing an Attachment F (Addendum) in connection with the transfer of certain interests in Peach Bottom Atomic Power Station, Units 2 and 3 (Peach Bottom). The information being provided in Attachment F (Addendum) includes PECO's financial projections relating to the interests in Peach Bottom 2 & 3 to be transferred and constitutes proprietary commercial and financial information that should be held in confidence by the Nuclear Regulatory Commission (NRC) pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4) in that:
 - i. This information is and has been held in confidence by PECO.
 - ii. This information is of a type that is held in confidence by PECO, and there is a rational basis for doing so because the information contains sensitive financial information concerning PECO's projected revenues and operating expenses.
 - iii. This information is being transmitted to the NRC in confidence.
 - iv. This information is not available in public sources and could not be gathered readily from other publicly available information.
 - v. Public disclosure of this information would create substantial harm to the competitive position of PECO by disclosing PECO's internal financial projections, related to a unique transaction, to other parties whose commercial interests may be adverse to those of PECO.

3. Accordingly, PECO requests that the information be withheld from public disclosure pursuant to the policy reflected in 10 CFR §§ 2.790(a)(4) and 9.17(a)(4).

PECO Energy Company



Joseph P. Hagan
Senior Vice President Nuclear
Operations

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CHESTER

Subscribed and sworn to me, a Notary Public, in and for the county and state above named, this 10th day of October, 2000.



Carol A. Walton

My Commission Expires: May 28, 2002

Notarial Seal
Carol A. Walton, Notary Public
Tredyffrin Twp., Chester County
My Commission Expires May 28, 2002

Member, Pennsylvania Association of Notaries

