

January 12, 2001

Mr. Harold W. Keiser  
Chief Nuclear Officer & President  
PSEG Nuclear LLC - X04  
Post Office Box 236  
Hancocks Bridge, NJ 08038

SUBJECT: SALEM NUCLEAR GENERATING STATION, UNIT NOS. 1 AND 2 - ISSUANCE  
OF CONFORMING AMENDMENT RE: TRANSFER OF LICENSES TO EXELON  
GENERATION COMPANY (TAC NOS. MB0821 AND MB0822)

Dear Mr. Keiser:

By application dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, PECO Energy Company (PECO) requested approval of the transfer of PECO's interests in the Title 10 of the Code of Federal Regulations Part 50 (10 CFR 50) Facility Operating Licenses for Salem Nuclear Generating Station (Salem), Unit Nos. 1 and 2, to a new generating company, Exelon Generation Company, LLC (Exelon Generation Company) pursuant to 10 CFR 50.80. PECO requested the U.S. Nuclear Regulatory Commission's (NRC's) consent to authorize Exelon Generation Company to possess an ownership interest in the Salem facility. By letter dated December 22, 1999, Public Service Electric and Gas Company (now PSEG Nuclear, LLC) requested NRC approval of conforming license amendments. On August 3, 2000, the NRC issued Orders approving the transfer. The Orders also approved conforming license amendments, to be issued at the time the transfers were completed.

In a letter dated December 21, 2000, PECO notified the NRC that the closing of the license transfers was anticipated to occur as early as January 5, 2001. In addition, by letter dated January 5, 2001, the Exelon Generation Company provided documentation to the NRC that it had obtained the appropriate amount of insurance as required by 10 CFR 140, "Financial Protection Requirements and Indemnity Agreements."

Accordingly, the Commission has issued the enclosed Amendments Nos. 241 and 222 to Facility Operating License Nos. DPR-70 and DPR-75 for Salem, Unit Nos. 1 and 2. The conforming amendments reflect the transfer of PECO's ownership interest in these units from PECO to Exelon Generation Company. The safety evaluation supporting the conforming amendments was enclosed with the Orders issued on August 3, 2000.

Enclosure 3 contains five copies of Indemnity Agreement No. B-74, Amendment No. 17, which is required in connection with the transfer of the license. Please sign all copies, return one fully signed copy to me, and keep the other four copies for your records.

H. Keiser

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Notice of Issuance will be included in the Commission's Biweekly *Federal Register* Notice.

Sincerely,

***/RA/***

Robert J. Fretz, Project Manager, Section 2  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-272 and 50-311

Enclosures: 1. Amendment No. 241 to DPR-70  
2. Amendment No. 222 to DPR-75  
3. Indemnity Agreement

cc w/encls: See next page

PSEG Nuclear LLC

Salem Nuclear Generating Station,  
Unit Nos. 1 and 2

cc:

Mr. Elbert C. Simpson  
Senior Vice President &  
Chief Administrative Officer  
PSEG Nuclear - N19  
P.O. Box 236  
Hancocks Bridge, NJ 08038

Lower Alloways Creek Township  
c/o Mary O. Henderson, Clerk  
Municipal Building, P.O. Box 157  
Hancocks Bridge, NJ 08038

Mr. Mark B. Bezilla  
Vice President - Operations  
PSEG Nuclear - X10  
P.O. Box 236  
Hancocks Bridge, NJ 08038

Dr. Jill Lipoti, Asst. Director  
Radiation Protection Programs  
NJ Department of Environmental  
Protection and Energy  
CN 415  
Trenton, NJ 08625-0415

Mr. David F. Garchow  
Vice President - Technical Support  
PSEG Nuclear - X10  
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Hancocks Bridge, NJ 08038

Richard Hartung  
Electric Service Evaluation  
Board of Regulatory Commissioners  
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Newark, NJ 07102

Mr. Gabor Salamon  
Manager - Licensing  
PSEG Nuclear - N21  
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Hancocks Bridge, NJ 08038

Assistant Consumer Advocate  
Office of Consumer Advocate  
1425 Strawberry Square  
Harrisburg, PA 17120

Jeffrie J. Keenan, Esquire  
PSEG Nuclear - N21  
P.O. Box 236  
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Public Service Commission of Maryland  
Engineering Division  
Chief Engineer  
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Baltimore, MD 21202-6806

Mr. Carter Kresge  
External Operations - Nuclear  
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Maryland Office of People's Counsel  
6 St. Paul Street, 21st Floor  
Suite 2102  
Baltimore, MD 21202

Ms. R. A. Kankus  
Joint Owner Affairs  
PECO Energy Company  
Nuclear Group Headquarters KSA1-E  
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Kennett Square, PA 19348

Regional Administrator, Region I  
U.S. Nuclear Regulatory Commission  
475 Allendale Road  
King of Prussia, PA 19406

Senior Resident Inspector  
Salem Nuclear Generating Station  
U.S. Nuclear Regulatory Commission  
Drawer 0509  
Hancocks Bridge, NJ 08038

H. Keiser

-2-

January 12, 2001

Notice of Issuance will be included in the Commission's Biweekly *Federal Register* Notice.

Sincerely,

***/RA/***

Robert J. Fretz, Project Manager, Section 2  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

Docket Nos. 50-272 and 50-311

- Enclosures: 1. Amendment No. 241 to DPR-70
- 2. Amendment No. 222 to DPR-75
- 3. Indemnity Agreement

cc w/encls: See next page

**DISTRIBUTION**

EAdensam	JClifford	OGC	GMeyer, RGN-I	PUBLIC
RFretz	ACRS	TClark	GHill(4)	PDI-2 Reading
CCarpenter	WBeckner	DSkay		

ACCESSION NUMBER: ML010040408      TEMPLATE = NRR-058

OFFICE	PDI-2/PM	PDI-2/LA	PDI-2/SC
NAME	RFretz	TLClark	JZimmerman for JClifford
DATE	01/05/01	01/05/01	01/08/01

OFFICIAL RECORD COPY

PSEG NUCLEAR LLC

PHILADELPHIA ELECTRIC COMPANY

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-272

SALEM NUCLEAR GENERATING STATION, UNIT NO. 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 241  
License No. DPR-70

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for amendment filed by the Public Service Electric & Gas Company, Philadelphia Electric Company (PECO Energy Company), Delmarva Power and Light Company and Atlantic City Electric Company dated December 22, 1999, in conjunction with the application filed by PECO Energy Company dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
  - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
  - C. There is reasonable assurance: (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I;
  - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
  - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the Facility Operating License No. DPR-70 is amended as indicated in the attachment to this license amendment.

3. This license amendment is effective as of its date of issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

*/RA/*

Samuel J. Collins, Director  
Office of Nuclear Reactor Regulation

Attachment: Changes to License DPR-70  
and Appendix C

Date of Issuance: January 12, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 241

FACILITY OPERATING LICENSE NO. DPR-70

DOCKET NO. 50-272

Replace the following pages of the Facility Operating License and Appendix C with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

Remove Pages

License, page 1  
License, page 2  
License, page 3  
License, page 4b  
—  
Appendix C

Insert Pages

License, page 1  
License, page 2  
License, page 3  
License, page 4b  
License, page 4c  
Appendix C

PSEG NUCLEAR LLC  
EXELON GENERATION COMPANY, LLC  
ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-272

SALEM NUCLEAR GENERATING STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

Amendment No. 241  
License No. DPR-70

1. The Nuclear Regulatory Commission (the Commission) having found that:
  - A. The application for license filed by the Public Service Electric and Gas Company, Philadelphia Electric Company, Delmarva Power and Light Company, and Atlantic City Electric Company and the application for license amendment dated November 8, 1976, filed by Public Service Electric and Gas Company comply with the standards and requirements of the Atomic Energy Act (the Act) of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the Salem Nuclear Generating Station, Unit No. 1 (facility) has been substantially completed in conformity with Provisional Construction Permit No. CPPR-52 and the application, as amended, the provisions of the Act and regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
  - D. There is reasonable assurance: (i) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission;
  - E. PSEG Nuclear LLC is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;



- F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - G. The issuance of this amended operating license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Amendment No. 3 to Facility Operating License No. DPR-70, subject to the conditions for protection of the environment set forth in the Technical Specifications, Appendix B is in accordance with 10 CFR Part 51 (and with former Appendix D to 10 CFR Part 50) of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this amended license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70 including 10 CFR Sections 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-70, issued to PSEG Nuclear LLC, Exelon Generation Company LLC (Exelon Generation Company), and Atlantic City Electric Company (the licensees), is hereby amended in its entirety, to read as follows:
- A. This amended license applies to the Salem Nuclear Generating Station, Unit No. 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by PSEG Nuclear LLC, Exelon Generation Company, and Atlantic City Electric Company and operated by PSEG Nuclear LLC. The facility is located on the applicants' site in Salem County, New Jersey, on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 10 through 39) and the Environmental Report as supplemented and amended (Amendments 1 through 3).
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses

- (1) PSEG Nuclear LLC, Exelon Generation Company, and Atlantic City Electric Company to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in this amended license;
- (2) PSEG Nuclear LLC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use and operate the facility;
- (3) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
- (4) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
- (5) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
- (6) PSEG Nuclear LLC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

C. This amended license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I: Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50, and Section 70.32 of Part 70; and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(10) Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. , are hereby incorporated into this license. PSEG Nuclear LLC shall operate the facility in accordance with the Additional Conditions.

(11) 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 February 16, 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.

- (12) Exelon Generation Company shall provide to the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Exelon Generation Company to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Exelon Generation Company's consolidated net utility plant, as recorded on Exelon Generation Company's books of account.
- (13) Exelon Generation Company shall have decommissioning trust funds for Salem, Unit 1, in the following minimum amount on the closing date of the license transfer:
- |               |              |
|---------------|--------------|
| Salem, Unit 1 | \$53,780,652 |
|---------------|--------------|
- (14) The decommissioning trust agreement for Salem, Unit 1, shall be subject to the following:
- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
  - (b) With respect to the decommissioning trust fund, investments in the securities or other obligations of Exelon Corporation or affiliates thereof, or their successors or assigns are prohibited. 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 are prohibited.
  - (c) The decommissioning trust agreement for Salem, Unit 1, must provide that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director of the Office of Nuclear Reactor Regulation 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.
  - (d) The decommissioning trust agreement must provide that the agreement can not be amended in any material respect without 30 days prior written notification to the Director of the Office of Nuclear Reactor Regulation.
  - (e) The appropriate section of the decommissioning trust agreement shall state that 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(a)(3) of the Federal Energy Regulatory Commission's regulations.
- (15) Exelon Generation Company shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Salem, Unit 1, license to it and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.

APPENDIX C  
ADDITIONAL CONDITIONS  
OPERATING LICENSE NO. DPR-70

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

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

PSEG NUCLEAR LLC

PHILADELPHIA ELECTRIC COMPANY

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-311

SALEM NUCLEAR GENERATING STATION, UNIT NO. 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 222  
License No. DPR-75

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for amendment filed by the Public Service Electric & Gas Company, Philadelphia Electric Company (PECO Energy Company), Delmarva Power and Light Company and Atlantic City Electric Company dated December 22, 1999, in conjunction with the application filed by PECO Energy Company dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
  - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
  - C. There is reasonable assurance: (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I;
  - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
  - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the Facility Operating License No. DPR-75 is amended as indicated in the attachment to this license amendment.

3. This license amendment is effective as of its date of issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

*/RA/*

Samuel J. Collins, Director  
Office of Nuclear Reactor Regulation

Attachment: Changes to License DPR-75  
and Appendix C

Date of Issuance: January 12, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 222

FACILITY OPERATING LICENSE NO. DPR-75

DOCKET NO. 50-311

Replace the following pages of the Facility Operating License and Appendix C with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

Remove Pages

License, page 1  
License, page 2  
License, page 21  
License, page 22  
—  
Appendix C

Insert Pages

License, page 1  
License, page 2  
License, page 21  
License, page 22  
License, page 22a  
Appendix C



PSEG NUCLEAR LLC  
EXELON GENERATION COMPANY, LLC  
ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-311

SALEM NUCLEAR GENERATING STATION, UNIT NO. 2

FACILITY OPERATING LICENSE

Amendment No. 222  
License No. DPR-75

1. The Nuclear Regulatory Commission (the Commission) having found that:
  - A. The application for license filed by Public Service Electric and Gas Company for itself and the Philadelphia Electric Company, Delmarva Power and Light Company and Atlantic City Electric Company complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
  - B. Construction of the Salem Nuclear Generating Station. Unit No. 2 (facility) has been substantially completed in conformity with Construction Permit No. CPPR-53 and the application, as amended, the provisions of the Act and the regulations of the Commission;
  - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission;
  - D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I;
  - E. PSEG Nuclear LLC is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;

- F. The licensees are financially qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - G. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
  - H. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;
  - I. After weighing the environmental, economic, technical and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of Facility Operating License No. DPR-75 subject to the conditions for protection of the environment set forth herein is in accordance with 10 CFR Part 50 Appendix D of the Commission's regulations and all applicable requirements have been satisfied; and
  - J. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Pursuant to approval by the Nuclear Regulatory Commission at meetings on January 14, 1981, April 28, 1981, and May 19, 1981, the License for Fuel-Loading and Low-Power Testing issued on April 18, 1980 is superseded by Facility Operating License No. DPR-75 hereby issued to PSEG Nuclear LLC, Exelon Generation Company LLC (Exelon Generation Company), and Atlantic City Electric Company (the licensees) to read as follows:
- A. This license applies to the Salem Nuclear Generating Station, Unit No. 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the licensees. The facility is located on the southern end of Artificial Island on the east bank of the Delaware River in Lower Alloways Creek Township in Salem County, New Jersey and is described in the Final Safety Analysis Report as supplemented and amended and the Environmental Report as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
    - (1) PSEG Nuclear LLC, Exelon Generation Company, and Atlantic City Electric Company to possess the facility at the designated location in Salem County, New Jersey, in accordance with the procedures and limitations set forth in the license;

- (n) Revised Small-Break Loss-of-Coolant-Accident Methods (Section 22.3, II.K.3.30)

PSE&G shall comply with the requirements of this position as specified in NUREG-0737, "Clarification of TMI Action Plan Requirements."

- (o) Compliance With 10 CFR Part 50.46 (Section 22.3, II.K.3.31)

PSE&G shall perform plant-specific calculations using NRC-approved models for small-break loss-of-coolant accidents (LOCAs) to show compliance with 10 CFR Part 50.46. PSE&G shall submit these calculations by January 1, 1983, or one year after NRC approval of LOCA analysis models, whichever is later, only if model changes have been made.

- (p) Emergency Support Facilities (Section 22.3 III.A.1.2)

PSE&G shall maintain in effect an interim Technical Support Center and an interim Emergency Operations Facility until such time as the final facilities are complete.

- (26) Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. , are hereby incorporated into this license. PSEG Nuclear LLC shall operate the facility in accordance with the Additional Conditions. |

- (27) PSEG 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 February 16, 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.
- (28) Exelon Generation Company shall provide to the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Exelon Generation Company to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Exelon Generation Company's consolidated net utility plant, as recorded on Exelon Generation Company's books of account.
- (29) Exelon Generation Company shall have decommissioning trust funds for Salem, Unit 2, in the following minimum amount on the closing date of the license transfer to it:
- |               |              |
|---------------|--------------|
| Salem, Unit 2 | \$45,059,302 |
|---------------|--------------|

- (30) The decommissioning trust agreement for Salem, Unit 2, shall be subject to the following:
- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
  - (b) With respect to the decommissioning trust fund, investments in the securities or other obligations of Exelon Corporation or affiliates thereof, or their successors or assigns are prohibited. 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 are prohibited.
  - (c) The decommissioning trust agreement for Salem, Unit 2, must provide that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director, Office of Nuclear Reactor Regulation, 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.
  - (d) The decommissioning trust agreement must provide that the agreement can not be amended in any material respect without prior written consent of the Director, Office of Nuclear Reactor Regulation.
  - (e) The appropriate section of the decommissioning trust agreement shall state that 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(a)(3) of the Federal Energy Regulatory Commission's regulations.
- (31) Exelon Generation Company shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of its ownership interest in Salem, Unit 2, license and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.

APPENDIX C  
ADDITIONAL CONDITIONS  
OPERATING LICENSE NO. DPR-75

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

<b>Amendment Number</b>	<b>Additional Condition</b>	<b>Implementation Date</b>
175	The licensee is authorized to relocate certain Technical Specification requirements to licensee-controlled documents. Implementation of this amendment shall include the relocation of these technical specification requirements to the appropriate documents, as described in the licensee's application dated January 11, 1996, as supplemented by letters dated February 26, May 22, June 27, July 12, December 23, 1996, and March 17, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 60 days from March 21, 1997.
177	The licensee is authorized to upgrade the initiation circuitry for the power operated relief valves, as described in the licensee's application dated January 31, 1997, as supplemented by letters dated March 14, April 8, and April 28, 1997, and evaluated in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem Unit 2.
179	Containment Fan Cooler Units  The licensee shall complete all modifications associated with the amendment request concerning Containment Fan Cooler Units (CFCU) response time dated October 25, 1996, as described in the letters supplementing the amendment request dated December 11, 1996, January 28, March 27, April 24, June 3, and June 12, 1997, prior to entry into Mode 3 following refueling outage 12. All modifications made in support of this amendment request and described in the referenced submittals shall be in conformance with the existing design basis for Salem Unit 1, and programmatic controls for tank monitoring instrumentation shall be as described in the letter dated April 24, 1997. Post modification testing and confirmatory analyses shall be as described in the letter dated March 27, 1997. Future changes to the design described in these submittals may be made in accordance with the provisions of 10 CFR 50.59. Further, the administrative controls associated with CFCU operability and containment integrity described in the letters dated March 27, and April 24, 1997 shall not be relaxed or changed without prior staff review until such time as the license has been amended to include the administrative controls as technical specification requirements.	The amendment shall be implemented prior to entry into Mode 3 from the current outage for Salem Unit 2.
181	The licensee shall perform an evaluation of the containment liner anchorage by November 30, 1997, for the loading induced on the containment liner during a Main Steam Line Break event to confirm the assumptions provided in the Preliminary Safety Analysis Report and Updated Final Safety Analysis Report.	The amendment shall be implemented within 30 days from July 17, 1997.