

September 14, 1998

Mr. John H. Mueller
Chief Nuclear Officer
Niagara Mohawk Power Corporation
Nine Mile Point Nuclear Station
Operations Building, Second Floor
Lycoming, NY 13093

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT FOR THE PROPOSED INDIRECT TRANSFER OF CONTROL OF NIAGARA MOHAWK POWER CORPORATION'S INTEREST IN NINE MILE POINT NUCLEAR STATION, UNIT NOS. 1 AND 2 (TAC NOS. MA2432 AND MA2433)

Dear Mr. Mueller:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact for the proposed indirect transfer of control of Niagara Mohawk Power Corporation's (NMPC's) interest in Nine Mile Point Nuclear Station, Unit Nos. 1 and 2. The assessment relates to your application submitted under a cover letter dated July 21, 1998, for consent under 10 CFR 50.80 regarding the proposed formation of a holding company, Niagara Mohawk Holdings, Inc., over NMPC in accordance with a settlement agreement reached with the New York State Public Service Commission.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

Original Signed by:

Darl S. Hood, Senior Project Manager
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket Nos. 50-220
and 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

DISTRIBUTION:

Docket File	T. Essig (A)
PUBLIC	OGC
PDI-1 R/F	ACRS
J. Zwolinski (A)	C. Hehl, Region I
S. Bajwa	S. Hom
S. Little	
D. Hood	

DFOI

NRC FILE CENTER COPY

DOCUMENT NAME: G:\NMP1-2\N12MA2432.EA

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	PM:PDI-1	E	LA:PDI-1	D:PDI-1	NRR:PGEB	OGC
NAME	DHood/lcc <i>PSIF</i>		SLittle <i>SL</i>	SBajwa <i>SB</i>	TEssig <i>TE</i>	SHom <i>SH</i>
DATE	09/1/98		09/1/98	09/14/98	08/19/98 <i>9/1/98</i>	09/08/98

Official Record Copy

9809180162 980914
PDR ADOCK 05000220
P PDR

September 14, 1998

Mr. John H. Mueller
Chief Nuclear Officer
Niagara Mohawk Power Corporation
Nine Mile Point Nuclear Station
Operations Building, Second Floor
Lycoming, NY 13093

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT FOR THE PROPOSED INDIRECT TRANSFER OF CONTROL OF NIAGARA MOHAWK POWER CORPORATION'S INTEREST IN NINE MILE POINT NUCLEAR STATION, UNIT NOS. 1 AND 2 (TAC NOS. MA2432 AND MA2433)

Dear Mr. Mueller:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact for the proposed indirect transfer of control of Niagara Mohawk Power Corporation's (NMPC's) interest in Nine Mile Point Nuclear Station, Unit Nos. 1 and 2. The assessment relates to your application submitted under a cover letter dated July 21, 1998, for consent under 10 CFR 50.80 regarding the proposed formation of a holding company, Niagara Mohawk Holdings, Inc., over NMPC in accordance with a settlement agreement reached with the New York State Public Service Commission.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

Original Signed by:

Darl S. Hood, Senior Project Manager
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket Nos. 50-220
and 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

DISTRIBUTION:

Docket File T. Essig (A)
PUBLIC OGC
PDI-1 R/F ACRS
J. Zwolinski (A) C. Hehl, Region I
S. Bajwa S. Hom
S. Little
D. Hood

DOCUMENT NAME: G:\NMP1-2\N12MA2432.EA

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	PM:PDI-1	E	LA:PDI-1	D:PDI-1	NRR:PGEB	OGC
NAME	DHood/lcc <i>DSIF</i>		SLittle <i>SL</i>	SBajwa <i>SB</i>	TEssig <i>TE</i>	SHom <i>SH</i>
DATE	09/1/98		09/1/98	09/14/98	08/19/98 <i>9/1/98</i>	09/08/98

Official Record Copy



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

WASHINGTON, D.C. 20555-0001

September 14, 1998

Mr. John H. Mueller
Chief Nuclear Officer
Niagara Mohawk Power Corporation
Nine Mile Point Nuclear Station
Operations Building, Second Floor
Lycoming, NY 13093

**SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT
FOR THE PROPOSED INDIRECT TRANSFER OF CONTROL OF NIAGARA
MOHAWK POWER CORPORATION'S INTEREST IN NINE MILE POINT NUCLEAR
STATION, UNIT NOS. 1 AND 2 (TAC NOS. MA2432 AND MA2433)**

Dear Mr. Mueller:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact for the proposed indirect transfer of control of Niagara Mohawk Power Corporation's (NMPC's) interest in Nine Mile Point Nuclear Station, Unit Nos. 1 and 2. The assessment relates to your application submitted under a cover letter dated July 21, 1998, for consent under 10 CFR 50.80 regarding the proposed formation of a holding company, Niagara Mohawk Holdings, Inc., over NMPC in accordance with a settlement agreement reached with the New York State Public Service Commission.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

A handwritten signature in cursive script that reads "Darl S. Hood".

Darl S. Hood, Senior Project Manager
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket Nos. 50-220
and 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

John H. Mueller
Niagara Mohawk Power Corporation

Nine Mile Point Nuclear Station
Unit Nos. 1 and 2

cc:

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

Charles Donaldson, Esquire
Assistant Attorney General
New York Department of Law
120 Broadway
New York, NY 10271

Resident Inspector
U.S. Nuclear Regulatory Commission
P.O. Box 126
Lycoming, NY 13093

Mr. Paul D. Eddy
State of New York Department of
Public Service
Power Division, System Operations
3 Empire State Plaza
Albany, NY 12223

Mr. Jim Rettberg
New York State Electric & Gas
Corporation
Corporate Drive
Kirkwood Industrial Park
P.O. Box 5224
Binghamton, NY 13902-5224

Mr. Timothy S. Carey
Chair and Executive Director
State Consumer Protection Board
5 Empire State Plaza, Suite 2101
Albany, NY 12223

Supervisor
Town of Scriba
Route 8, Box 382
Oswego, NY 13126

Mark J. Wetterhahn, Esquire
Winston & Strawn
1400 L Street, NW
Washington, DC 20005-3502

Mr. Richard Goldsmith
Syracuse University
College of Law
E.I. White Hall Campus
Syracuse, NY 12223

Gary D. Wilson, Esquire
Niagara Mohawk Power Corporation
300 Erie Boulevard West
Syracuse, NY 13202

Mr. John V. Vinquist, MATS Inc.
P.O. Box 63
Lycoming, NY 13093

Mr. F. William Valentino, President
New York State Energy, Research,
and Development Authority
Corporate Plaza West
286 Washington Avenue Extension
Albany, NY 12203-6399

Mr. Robert Hargrove
Environmental Review Coordinator
26 Federal Plaza
New York, NY 10278

UNITED STATES NUCLEAR REGULATORY COMMISSION
NIAGARA MOHAWK POWER CORPORATION
NINE MILE POINT NUCLEAR STATION, UNIT NOS. 1 AND 2
ENVIRONMENTAL ASSESSMENT AND FINDING OF
NO SIGNIFICANT IMPACT
DOCKET NOS. 50-220 AND 50-410

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an Order approving, under 10 CFR 50.80, an application regarding an indirect transfer of control of the operating licenses for Nine Mile Point Nuclear Station, Unit Nos. 1 and 2 (NMP1 and NMP2, or collectively, the facility) to the extent held by Niagara Mohawk Power Corporation (NMPC). The transfer would be to a New York corporation, Niagara Mohawk Holdings, Inc., to be created as a holding company over NMPC in accordance with a Settlement Agreement reached with the New York Public Service Commission (PSC Case Nos. 94-E-0098 and 94-E-0099), dated October 10, 1997, and revised March 19, 1998. NMPC is licensed by the Commission to possess, maintain, and operate both NMP1 and NMP2. NMPC fully owns NMP1 and is a 41-percent co-owner of NMP2. The facility is located in Scriba, New York.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would consent to the indirect transfer of control of the licenses to the extent effected by NMPC becoming a subsidiary of the newly formed holding company in connection with a proposed plan of restructuring. Under the restructuring plan, each share of NMPC's common stock would be exchanged for one new share of common stock of the holding company. NMPC's outstanding preferred stock would not be exchanged. Under this restructuring, NMPC would divest all of its hydro and fossil generation assets by auction, but would retain its nuclear assets, and would continue to be an "electric utility" as defined in 10 CFR 50.2 engaged in the transmission, distribution and, through NMP1 and NMP2, the generation of

electricity. NMPC would continue to be the owner of NMP1 and a co-owner of NMP2 and would continue to operate both NMP1 and NMP2. No direct transfer of the operating licenses or ownership interests in the facility would result from the proposed restructuring. The transaction would not involve any change in the responsibility for nuclear operations within NMPC. Officer responsibilities at the holding company level would be primarily administrative and financial in nature and would not involve operational matters related to NMP1 or NMP2. No NMPC nuclear management positions would be changed as a result of the corporate restructuring. The proposed action is in accordance with NMPC's application submitted under a cover letter dated July 21, 1998.

The Need for the Proposed Action:

The proposed action is required to enable NMPC to restructure as described above.

Environmental Impacts of the Proposed Action:

The Commission has completed its evaluation of the proposed corporate restructuring and concludes that it is an administrative action unrelated to plant operation; therefore, there will be no resulting physical or operational changes to the facility. The corporate restructuring will not affect the qualifications or organizational affiliation of the personnel who operate and maintain the facility.

The proposed action will not increase the probability or consequences of accidents, no changes are being made in the types of any effluents that may be released offsite, and there is no significant increase in occupational or offsite radiation exposure. Accordingly, the Commission concludes that there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the restructuring will not affect nonradiological plant effluents and will have no other nonradiological environmental impact.

Accordingly, the Commission concludes that there are no significant environmental impacts associated with the proposed action.

Alternatives to the Proposed Action:

Since the Commission has concluded there are no significant environmental impacts that will result from the proposed action, any alternatives with equal or greater environmental impact need not be evaluated.

As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are similar.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the Final Environmental Statements Related to the Operation of Nine Mile Point Nuclear Station, Unit No. 1 dated January 1974 (39 Federal Register 3309, dated January 25, 1974), or in the Final Environmental Statements Related to the Operation of Nine Mile Point Nuclear Station, Unit No. 2, (NUREG-1085) dated May 1985.

Agencies and Persons Contacted:

In accordance with its stated policy, on September 10, 1998, the staff consulted with the New York State official, Mr. Jack Spath, regarding the environmental impact of the proposed action. The State official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see NMPC's application dated

July 21, 1998, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Reference and Documents Department, Penfield Library, State University of New York, Oswego, New York 13126.

Dated at Rockville, Maryland, this 14th day of September 1998.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, appearing to read "S. Singh Bajwa", written in black ink.

S. Singh Bajwa, Director
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation