

Mr. Sherwood J. Rafferty
 Senior Vice President and
 Chief Financial Officer
 New York State Electric &
 Gas Corporation
 P.O. Box 3287
 Ithaca, NY 14852

January 12, 1998

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT
 FOR THE PROPOSED INDIRECT TRANSFER OF CONTROL OF NEW YORK
 STATE ELECTRIC & GAS CORPORATION'S INTEREST IN NINE MILE POINT
 NUCLEAR STATION, UNIT NO. 2 (TAC NO. M99662)

Dear Mr. Rafferty:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact for the proposed indirect transfer of control of New York State Electric & Gas Corporation's (NYSEG's) interest in Nine Mile Point Nuclear Power Station, Unit No. 2. The assessment relates to your application dated September 18, 1997, as supplemented October 20 and 27, 1997, for consent under 10 CFR 50.80 regarding the proposed formation of an unnamed holding company over NYSEG in accordance with an executed "Agreement Concerning the Competitive Rate and Restructuring Plan of New York State Electric & Gas Corporation."

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 No. 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 12, 1998

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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 No. 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

Mr. Sherwood Rafferty

Nine Mile Point Nuclear Station
Unit 2

cc:

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Mr. Sherwood Rafferty

Nine Mile Point Nuclear Station
Unit 2

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UNITED STATES NUCLEAR REGULATORY COMMISSION

NEW YORK STATE ELECTRIC & GAS CORPORATION

NINE MILE POINT NUCLEAR STATION, UNIT 2

ENVIRONMENTAL ASSESSMENT AND FINDING OF

NO SIGNIFICANT IMPACT

DOCKET NO. 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 a proposed indirect transfer of control of ownership and possessory rights held by New York State Electric & Gas Corporation (NYSEG) under the operating license for Nine Mile Point Nuclear Station, Unit No. 2 (NMP2). The indirect transfer would be to a holding company, not yet named, to be created over NYSEG in accordance with an executed "Agreement Concerning the Competitive Rate and Restructuring Plan of New York State Electric & Gas Corporation." NYSEG is licensed by the Commission to own and possess an 18-percent interest in NMP2, located in the town of Scriba, Oswego County, New York.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would consent to the indirect transfer of control of the license to the extent effected by NYSEG becoming a subsidiary of the holding company in connection with a proposed plan of restructuring. Under the restructuring plan, the outstanding shares of NYSEG's common stock (other than shares for which appraisal rights are properly exercised) are to be exchanged for common stock of the holding company on a share-for-share basis, such that the holding company will own all of the outstanding common stock of NYSEG. NYSEG would divest its interest in coal-fired power plants, but would continue to be an "electric utility" as defined in 10 CFR 50.2, engaged in the transmission, distribution and, in the case of NMP2 and hydroelectric facilities, the generation of electricity. NYSEG would retain its ownership interest in NMP2 and

continue to be a licensee of NMP2. No direct transfer of the operating license or ownership interests in the station would result from the proposed restructuring. The restructuring of NYSEG would not involve any change to either the management organization or technical personnel of Niagara Mohawk Power Corporation (NMPC), which is responsible for operating and maintaining NMP2 and is not involved in the restructuring of NYSEG. The proposed action is in accordance with NYSEG's application dated September 18, 1997, as supplemented October 20 and 27, 1997.

The Need for the Proposed Action:

The proposed action is required to enable NYSEG 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 there will be no physical or operational changes to NMP2 as a result. The corporate restructuring will not affect the qualifications or organizational affiliation of the personnel who operate and maintain the facility, as NMPC will continue to be responsible for the maintenance and operation of NMP2 and is not involved in the restructuring of NYSEG.

The change 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 the allowable individual or cumulative occupational 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 would not affect nonradiological plant effluents and would have no other environmental impact. Accordingly, the Commission concludes that there are no significant nonradiological environmental impacts associated with the proposed action.

Alternatives to the Proposed Action:

Since the Commission has concluded there are no significant environmental effects that would 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.2, (NUREG-1085) dated May 1985.

Agencies and Persons Contacted:

In accordance with its stated policy, on January 12, 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 NYSEG's application dated September 18, as supplemented by letters dated October 20 and 27, 1997, and January 6, 1998, which are 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 12th day of January 1998.

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, appearing to read "S. Singh Bajwa", written over a horizontal line.

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