

June 19, 1998

Ms. Ellen Ahearn
Corporate Secretary
Central Hudson Gas & Electric Corporation
284 South Avenue
Poughkeepsie, NY 12601-4879

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT
FOR THE PROPOSED TRANSFER OF CONTROL OF CENTRAL HUDSON GAS &
ELECTRIC CORPORATION'S INTEREST IN NINE MILE POINT NUCLEAR
STATION, UNIT NO. 2 (TAC NO. MA1727)

Dear Ms. Ahearn:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact for the proposed transfer of control of Central Hudson Gas & Electric Corporation's (Applicant's) interest in Nine Mile Point Nuclear Power Station, Unit No. 2. The assessment relates to your application dated April 8, 1998, as supplemented April 22, 1998, for consent under 10 CFR 50.80 regarding the proposed formation of an unnamed holding company over Applicant in accordance with an order and settlement agreement resulting from electric industry restructuring goals established by 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 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

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Corporate Secretary
Central Hudson Gas & Electric Corporation
284 South Avenue
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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 No. 50-410

Enclosure: Environmental Assessment

cc w/encl: See next page

Ms. Ellen Ahearn

cc:

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Unit No. 2

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UNITED STATES NUCLEAR REGULATORY COMMISSION
CENTRAL HUDSON GAS & ELECTRIC 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 transfer of control of possessory rights held by Central Hudson Gas & Electric Corporation (Applicant) under the operating license for Nine Mile Point Nuclear Station, Unit No. 2 (NMP2). The transfer would be to a holding company, not yet named, to be created over Applicant in accordance with a New York State Public Service Commission order, issued and effective February 19, 1998 (Case 96-E-0909), and related documents entitled "Amended and Restated Settlement Agreement" dated January 2, 1998, and "Modifications to Amended and Restated Settlement Agreement" dated February 26, 1998 (see Exhibits G-G2 in the application). Applicant is licensed by the Commission to own and possess a 9 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 transfer of control of the license to the extent effected by Applicant becoming a subsidiary of the newly formed holding company in connection with a proposed plan of restructuring. Under the restructuring plan, the outstanding shares of Applicant's common stock are to be exchanged on a share-for-share basis for common stock of the holding company, such that the holding company will own all of the outstanding common stock of Applicant. In addition, the holding company will own, directly or indirectly, the stock of any current non-utility subsidiaries of applicant except that Applicant will continue to own one

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unregulated subsidiary. Under this restructuring, Applicant will sell at auction its fossil-fueled electric generation facilities at its Danskammer Steam Generating Plant and its partial interest in the Roseton Electric Generation Plant (hereafter, collectively referred to as "Generation Assets"). However, Applicant will continue to be an "electric utility" as defined in 10 CFR 50.2 engaged in the transmission, distribution, and generation of electricity at NMP2, combustion turbine facilities, hydroelectric facilities, and (until structurally separated or divested), the Generation Assets. Applicant 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 will result from the proposed restructuring. The transaction would not involve any change to either the management organization or technical personnel of Niagara Mohawk Power Corporation, which is responsible for operating and maintaining NMP2 and is not involved in the restructuring of Applicant. The proposed action is in accordance with Applicant's application dated April 8, 1998, as supplemented April 22, 1998.

The Need for the Proposed Action:

The proposed action is required to enable Applicant 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 NMP2. 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 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 would not affect nonradiological plant effluents and would 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 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 June 19, 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 Applicants's application dated April 8, as supplemented by letter dated April 22, 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 19th day of June 1998.

FOR THE NUCLEAR REGULATORY COMMISSION



Guy S. Vissing, Acting Director
Project Directorate I-1
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation