

December 2, 1997

John H. O'Neill, Jr., Esq.
Shaw, Pittman, Potts & Trowbridge
2300 N Street, N.W.
Washington, D.C. 20037

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT AND
NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION REGARDING
PROPOSED CORPORATE RESTRUCTURING CONCERNING THE INDIRECT TRANSFER OF
CONTROL OF ATLANTIC CITY ELECTRIC COMPANY'S (ACE) AND DELMARVA POWER
AND LIGHT COMPANY'S (DP&L) INTERESTS IN SALEM NUCLEAR GENERATING
STATION, UNITS 1 AND 2 (TAC NOS. M98634 AND M98635)

Dear Mr. O'Neill:

Enclosed is a copy of the Environmental Assessment and Finding of No
Significant Impact and a related Notice of Consideration of Approval of
Application Regarding Proposed Corporate Restructuring concerning the indirect
transfer of control of ACE's and DP&L's possessory interests in the Salem
Nuclear Generating Station, Units 1 and 2, licenses that would result from the
restructuring. The assessment and notice relate to an application filed by
ACE and DP&L under cover of your letter dated April 30, 1997, for consent
under 10 CFR 50.80 regarding the proposed merger of Atlantic Energy, Inc. (the
parent holding company of ACE) and DP&L, resulting in the formation of a new
holding company, Conectiv, Inc.

The assessment and notice are being forwarded to the Office of the Federal
Register for publication.

Sincerely,

/S/

Leonard N. Olshan, Senior Project Manager
Project Directorate I-2
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket Nos. 50-272 and 50-311

Enclosures: 1. Environmental Assessment
2. Notice of Corporate Restructuring

cc w/encls: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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Dear Mr. O'Neill:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact and a related Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring concerning the indirect transfer of control of ACE's and DP&L's possessory interests in the Salem Nuclear Generating Station, Units 1 and 2, licenses that would result from the restructuring. The assessment and notice relate to an application filed by ACE and DP&L under cover of your letter dated April 30, 1997, for consent under 10 CFR 50.80 regarding the proposed merger of Atlantic Energy, Inc. (the parent holding company of ACE) and DP&L, resulting in the formation of a new holding company, Conectiv, Inc.

The assessment and notice are being forwarded to the Office of the Federal Register for publication.

Sincerely,

A handwritten signature in cursive script, reading "Leonard N. Olshan", is written over a horizontal line.

Leonard N. Olshan, Senior Project Manager
Project Directorate I-2
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket Nos. 50-272 and 50-311

Enclosures: 1. Environmental Assessment
2. Notice of Corporate Restructuring

cc w/enc's: See next page

Public Service Electric & Gas
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Salem Nuclear Generating Station,
Units 1 and 2

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- 2 -

Public Service Electric & Gas
Company

Salem Nuclear Generating Station,
Units 1 and 2

cc:

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UNITED STATES NUCLEAR REGULATORY COMMISSION
PUBLIC SERVICE ELECTRIC AND GAS COMPANY
ATLANTIC CITY ELECTRIC COMPANY
PHILADELPHIA ELECTRIC COMPANY
DELMARVA POWER AND LIGHT COMPANY
DOCKET NOS. 50-272 AND 50-311
SALEM NUCLEAR GENERATING STATION, UNITS 1 AND 2
ENVIRONMENTAL ASSESSMENT AND FINDING OF
NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering approval, by issuance of an order, under 10 CFR 50.80, of the indirect transfer of control of the interests in the Salem Nuclear Generating Station (SNGS), Units 1 and 2, licenses to the extent effected by a proposed merger of Atlantic Energy, Inc. (the parent holding company of Atlantic City Electric Company (ACE) and Delmarva Power & Light Company (DP&L), resulting in the formation of a new holding company, Conectiv, Inc. ACE is co-holder of Facility Operating Licenses Nos. DPR-70 and DPR-75, along with Public Service Electric and Gas Company (PSE&G), Philadelphia Electric Company (PECo), and DP&L issued for operation of the SNGS, Units 1 and 2, located in Lower Alloways Creek Township, Salem County, New Jersey.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

The proposed action would consent to the transfer of the interests in SNGS to the extent effected by the proposed merger of Atlantic Energy, Inc. and DP&L, resulting in the formation of a new holding company, Conectiv, Inc.,

under which ACE and DP&L would become wholly owned subsidiaries. No direct transfer of the licenses as held by ACE and DP&L would occur. PSE&G, the licensed operator of the facilities, and PECO are not involved in the merger and restructuring.

The proposed action is in accordance with an application filed by ACE and DP&L under cover of a letter dated April 30, 1997, from John H. O'Neill, Jr., of Shaw, Pittman, Potts & Trowbridge, Counsel for ACE and DP&L.

The Need for the Proposed Action:

The proposed action is required to enable the proposed merger and restructuring of Atlantic Energy, Inc., ACE, and DP&L to occur to the extent indirect transfers of control of the licenses will be effected by the merger and restructuring.

Environmental Impacts of the Proposed Action:

The Commission has completed its evaluation of the proposed action and concludes that there will be no physical or operational changes as a result of the proposed action. The corporate merger and restructuring will not affect the qualifications or organizational affiliation of the personnel who operate the facilities, as PSE&G, not involved in the merger, will continue to be responsible for the operation of SNGS, Units 1 and 2.

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 proposed action will not affect nonradiological plant effluents and will 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 is no measurable environmental impact associated with 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 Statement" for Salem Nuclear Generating Station, Units 1 and 2, April 1973.

Agencies and Persons Consulted:

In accordance with its stated policy, on October 21, 1997, the staff consulted with the New Jersey State official, Mr. R. Pinney of the State of New Jersey, Department of Environmental Protection, regarding the environmental impact of the proposed action. The State official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

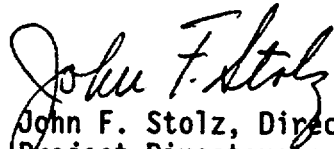
Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the

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 the application filed by ACE and DP&L under cover of a letter dated April 30, 1997, as supplemented November 7, 1997, from John H. O'Neill, Jr., of Shaw, Pittman, Potts & Trowbridge (Counsel for ACE and DP&L), 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 Salem Free Public Library, 112 West Broadway, Salem, New Jersey.

Dated at Rockville, Maryland, this 2nd day of December 1997.

FOR THE NUCLEAR REGULATORY COMMISSION



John F. Stolz, Director
Project Directorate I-2
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

UNITED STATES NUCLEAR REGULATORY COMMISSIONPUBLIC SERVICE ELECTRIC AND GAS COMPANYPHILADELPHIA ELECTRIC COMPANYDELMARVA POWER AND ELECTRIC COMPANYATLANTIC CITY ELECTRIC COMPANYSALEM NUCLEAR GENERATING STATION, UNITS 1 AND 2DOCKET NOS. 50-272 AND 50-311NOTICE OF CONSIDERATION OF APPROVAL OF APPLICATION REGARDING
PROPOSED CORPORATE RESTRUCTURING

Notice is hereby given that the U.S. Nuclear Regulatory Commission (the Commission) is considering approval, by issuance of an order, under 10 CFR 50.80 of the indirect transfer of control of Atlantic City Electric Company's (ACE) and Delmarva Power and Light Company's (DP&L) interests in the Salem Nuclear Generating Station (SNGS), Units 1 and 2, licenses to the extent effected by a proposed merger and restructuring of Atlantic Energy, Inc. (the parent holding company of ACE) and DP&L, resulting in the formation of a new holding company, Conectiv, Inc., under which ACE and DP&L would become wholly owned subsidiaries. Atlantic Energy, Inc. will cease to exist. Public Service Electric and Gas Company (PSE&G), Philadelphia Electric Company (PECo), DP&L, and ACE are co-holders of Facility Operating Licenses Nos. DPR-70 and DPR-75, issued for operation of the SNGS, Units 1 and 2, located in Lower Alloways Creek Township, Salem County, New Jersey. PSE&G, the licensed operator of the facilities, and PECO are not involved in the proposed merger and restructuring. An application filed by ACE and DP&L under cover of a letter dated April 30, 1997, from John H. O'Neill, Jr., of Shaw, Pittman,

Potts & Trowbridge (Counsel for ACE and DP&L) informed the Commission of the proposed merger and corporate restructuring.

According to the proposed plan, there will be no significant change in ownership, management, or sources of funds for operation, maintenance, or decommissioning of the SNGS, Units 1 and 2, due to the corporate restructuring. ACE and DP&L will continue to hold the licenses, and no direct transfer of the licenses will occur.

Pursuant to 10 CFR 50.80, the Commission may approve the transfer of control of a license after appropriate notice to interested persons. Such approval is contingent upon the Commission's determination that the holder of the license following the transfer is qualified to hold the license and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders of the Commission.

For further details with respect to the proposed action, see the application filed by ACE and DP&L under cover of a letter dated April 30, 1997, as supplemented November 7, 1997, from John H. O'Neill, Jr., Shaw, Pittman, Potts & Trowbridge (Counsel for ACE and DP&L), 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 Salem Free Public Library, 112 West Broadway, Salem, New Jersey.

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