

Mr. Theodore A. Sullivan
 Vice President Nuclear and Generation Director
 Boston Edison Company
 Pilgrim Nuclear Power Station
 RFD #1 Rocky Hill Road
 Plymouth, MA 02360

Jerry W. Yelverton
 President and Chief Executive Officer
 Entergy Nuclear Generation Company
 1340 Echelon Parkway
 Jackson, LA 39213

April 29, 1999

SUBJECT: ORDER APPROVING THE TRANSFER OF FACILITY OPERATING LICENSE AND MATERIALS LICENSE FOR PILGRIM NUCLEAR POWER STATION, FROM BOSTON EDISON COMPANY TO ENTERGY NUCLEAR GENERATION COMPANY, AND APPROVING CONFORMING AMENDMENTS (TAC NO. MA4447)

Dear Mr. Sullivan and Mr. Yelverton:

The enclosed Order is in response to the application dated December 21, 1998, as supplemented on January 28, February 18, April 2, April 15, and April 16, 1999, requesting approval of the transfer of Operating License DPR-35 and NRC Materials License No. 20-07626-04 for the Pilgrim Nuclear Power Station (Pilgrim) from Boston Edison Company (Boston Edison) to Entergy Nuclear Generation Company (Entergy Nuclear), and approval of conforming amendments. The enclosed Order provides consent to the proposed transfer, pursuant to Sections 30.34, 40.41, 50.80, and 70.32, of Title 10 of the Code of Federal Regulations, subject to the conditions set forth therein. The Order also approves conforming license amendments pursuant to 10 CFR 30.38, 40.44, 50.90, and 70.34, to be issued and made effective at the time the transfer is completed.

The Order has been forwarded to the Office of the Federal Register for publication.

Sincerely,

ORIGINAL SIGNED BY:

Alan B. Wang, Project Manager, Section 2
 Project Directorate I
 Division of Licensing Project Management
 Office of Nuclear Reactor Regulation

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 PDR ADOCK 05000293
 P PDR

Docket No. 50-293

- Enclosures: 1. Order
 2. Conforming Amendments
 3. Safety Evaluation (Non-Proprietary)
 4. Safety Evaluation (Proprietary)

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cc w/encls: See next page

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

April 29, 1999

Mr. Theodore A. Sullivan
Vice President Nuclear and Station Director
Boston Edison Company
Pilgrim Nuclear Power Station
RFD #1 Rocky Hill Road
Plymouth, MA 02360

Jerry W. Yelverton
President and Chief Executive Officer
Entergy Nuclear Generation Company
1340 Echelon Parkway
Jackson, LA 39213

SUBJECT: ORDER APPROVING THE TRANSFER OF FACILITY OPERATING LICENSE AND MATERIALS LICENSE FOR PILGRIM NUCLEAR POWER STATION, FROM BOSTON EDISON COMPANY TO ENTERGY NUCLEAR GENERATION COMPANY, AND APPROVING CONFORMING AMENDMENTS (TAC NO. MA4447)

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Sincerely,

Alan B. Wang, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-293

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2. Conforming Amendments
3. Safety Evaluation (Non-Proprietary)
4. Safety Evaluation (Proprietary)

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cc w/Enclosures 1, 2, & 3:

Pilgrim Nuclear Power Station

cc:

Mr. Ron Ledgett
Executive Vice President
800 Boylston Street
Boston, MA 02199

Resident Inspector
U. S. Nuclear Regulatory Commission
Pilgrim Nuclear Power Station
Post Office Box 867
Plymouth, MA 02360

Chairman, Board of Selectmen
11 Lincoln Street
Plymouth, MA 02360

Chairman, Duxbury Board of Selectmen
Town Hall
878 Tremont Street
Duxbury, MA 02332

Office of the Commissioner
Massachusetts Department of
Environmental Protection
One Winter Street
Boston, MA 02108

Office of the Attorney General
One Ashburton Place
20th Floor
Boston, MA 02108

Mr. Robert M. Hallisey, Director
Radiation Control Program
Massachusetts Department of
Public Health
305 South Street
Boston, MA 02130

Regional Administrator, Region I
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King of Prussia, PA 19406

Ms. Jane Fleming
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Duxbury, MA 0233

Mr. James Keyes
Acting Licensing Division Manager
Boston Edison Company
600 Rocky Hill Road
Plymouth, MA 02360-5599

Mr. Jack Alexander
Manager, Reg. Relations and Quality
Assurance
Pilgrim Nuclear Power Station
RFD #1 Rocky Hill Road
Plymouth, MA 02360

Mr. David F. Tarantino
Nuclear Information Manager
Pilgrim Nuclear Power Station
RFD #1, Rocky Hill Road
Plymouth, MA 02360

Ms. Kathleen M. O'Toole
Secretary of Public Safety
Executive Office of Public Safety
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Boston, MA 02108

Mr. Peter LaPorte, Director
Attn: James Muckerheide
Massachusetts Emergency Management
Agency
400 Worcester Road
P.O. Box 1496
Framingham, MA 01701-0317

Chairman, Citizens Urging
Responsible Energy
P.O. Box 2621
Duxbury, MA 02331

Citizens at Risk
P.O. Box 3803
Plymouth, MA 02361

W.S. Stowe, Esquire
Boston Edison Company
800 Boylston St., 36th Floor
Boston, MA 02199

Chairman
Nuclear Matters Committee
Town Hall
11 Lincoln Street
Plymouth, MA 02360

Mr. William D. Meinert
Nuclear Engineer
Massachusetts Municipal Wholesale
Electric Company
P.O. Box 426
Ludlow, MA 01056-0426

Ms. Mary Lampert, Director
Massachusetts Citizens for Safe Energy
148 Washington Street
Duxbury, MA 02332

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April 29, 1999

MEMORANDUM TO: Rules and Directives Branch
 Division of Administrative Services
 Office of Administration

FROM: Office of Nuclear Reactor Regulation

SUBJECT: **BOSTON EDISON COMPANY -- PILGRIM NUCLEAR POWER STATION**

One signed original of the *Federal Register* Notice identified below is attached for your transmittal to the Office of the Federal Register for publication. Additional conformed copies (**FIVE**) of the Notice are enclosed for your use.

- Notice of Receipt of Application for Construction Permit(s) and Operating License(s).
- Notice of Receipt of Partial Application for Construction Permit(s) and Facility License(s): Time for submission of Views on Antitrust matters.
- Notice of Consideration of Issuance of Amendment to Facility Operating License. (Call with 30-day insert date).
- Notice of Receipt of Application for Facility License(s); Notice of Availability of Applicant's Environmental Report; and Notice of Consideration of Issuance of Facility License(s) and Notice of Opportunity for Hearing.
- Notice of Availability of NRC Draft/Final Environmental Statement.
- Notice of Limited Work Authorization.
- Notice of Availability of Safety Evaluation Report.
- Notice of Issuance of Construction Permit(s).
- Notice of Issuance of Facility Operating License(s) or Amendment(s).
- Order.
- Exemption.
- Notice of Granting Exemption.
- Environmental Assessment.
- Notice of Preparation of Environmental Assessment.
- Receipt of Petition for Director's Decision Under 10 CFR 2.206.
- Issuance of Final Director's Decision Under 10 CFR 2.206.
- Other: _____

DOCKET NO. 50-293

030008

Attachment(s): As stated

Contact: **A. Wang**
 Telephone: **415-1445**

DOCUMENT NAME: ORD4447.WPD

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OFFICE	PDI-2/A													
NAME	TClark													
DATE	4/30/99													

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
BOSTON EDISON COMPANY)	Docket No. 50-293
)	
(Pilgrim Nuclear Power Station, Unit No. 1))	

ORDER APPROVING TRANSFER OF LICENSES AND CONFORMING AMENDMENTS

I.

Boston Edison Company (Boston Edison) is owner of the Pilgrim Nuclear Power Station (Pilgrim), and is authorized to possess, use, and operate the facility as reflected in Operating License No. DPR-35. Boston Edison also is the holder of Materials License No. 20-07626-04, which authorizes Boston Edison to possess, use, and transport certain materials in the form of contamination on reactor components. The Atomic Energy Commission issued Operating License No. DPR-35 on September 15, 1972, pursuant to Part 50 of Title 10 of the *Code of Federal Regulations* (10 CFR Part 50). Materials License No. 20-07626-04 was issued on March 21, 1997, pursuant to 10 CFR Parts 30, 40, and 70. The facility is located in Plymouth County, on the southeast coast of the State of Massachusetts.

II.

Under cover of a letter dated December 21, 1998, Boston Edison and Entergy Nuclear Generation Company (Entergy Nuclear) jointly submitted an application requesting approval of the proposed transfer of Operating License No. DPR-35 and Materials License No. 20-07626-04 from Boston Edison to Entergy Nuclear. The application also requested approval of conforming amendments to reflect the transfer. The application was supplemented by

submittals dated January 28, February 18, April 2, April 15, and April 16, 1999. The initial application and the supplements are hereinafter collectively referred to as "the application" unless otherwise indicated.

Boston Edison is a wholly-owned subsidiary of BEC Energy, a Massachusetts business trust. Entergy Nuclear, a Delaware corporation, is an indirect wholly owned subsidiary of Entergy Corporation. According to the application, Boston Edison has agreed to sell its ownership interest in Pilgrim to Entergy Nuclear, subject to obtaining all necessary regulatory approvals. After the completion of the proposed sale and transfer, Entergy Nuclear would be the sole owner and operator of Pilgrim. The conforming amendments, which would be issued pursuant to 10 CFR 30.38, 40.44, 50.90, and 70.34, would remove references to Boston Edison from the Operating License and Materials License, and replace them with references to Entergy Nuclear, as well as make miscellaneous changes to the Operating License, administrative in nature, to reflect the transfer.

Notice of the initial application and an opportunity for a hearing was published in the *Federal Register* on January 26, 1999 (64 FR 3984) and supplemented on February 5, 1999 (64 FR 5841). Pursuant to such notice, the Attorney General of the Commonwealth of Massachusetts and Local Unions 369 and 387 filed hearing requests. By letter dated April 7, 1999, Local Unions 369 and 387 formally withdrew their request. Similarly, on April 16, 1999, the Attorney General of the Commonwealth of Massachusetts withdrew his request. The Commission, in light of the withdrawals, terminated the pending proceeding on April 26, 1999, Boston Edison Co. (Pilgrim Nuclear Power Station), CLI-99-17, 49 NRC _____, slip op. (April 26, 1999). Certain municipalities which purchase power from Pilgrim filed written comments, and Citizens Urging Responsible Energy filed written comments and requested a

public hearing. The written comments have been considered by the staff in connection with the issuance of this Order.

Under 10 CFR 50.80, no license for a production or utilization facility, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Under 10 CFR 30.34, 40.41, and 70.32, no byproduct, source, or special nuclear material license shall be transferred in violation of the provisions of the Atomic Energy Act of 1954, as amended, which require, inter alia, Commission consent. Upon review of the information in the application by Boston Edison and Entergy Nuclear, and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that Entergy Nuclear is qualified to hold the licenses, and that the transfer of the licenses to Entergy Nuclear is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission. The NRC staff has further found that the application for the proposed license amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I; the facility will operate in conformity with the application, the provisions of the Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendments can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendments will not be inimical to the common defense and security or to the health and safety of the public; and the issuance of the proposed amendments will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied. The foregoing findings are supported by a Safety Evaluation dated April 29, 1999.

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), and 2234, and 10 CFR 30.34, 40.41, 50.80, and 70.32, IT IS HEREBY ORDERED that the Commission consents to the transfer of the licenses as described herein to Entergy Nuclear, subject to the following conditions:

- (1) For purposes of ensuring public health and safety, Entergy Nuclear shall provide decommissioning funding assurance of no less than \$396 million, after payment of any taxes, in the decommissioning trust fund for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear.
- (2) Entergy Nuclear shall maintain the decommissioning trust funds in accordance with the application, this Order, and the related Safety Evaluation dated April 29, 1999, supporting this Order.
- (3) Entergy Nuclear shall provide a Provisional Trust fund in the amount of \$70 million, after payment of any taxes, in the Provisional Trust for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear. The Provisional Trust shall be established and maintained in conformance with the representations made in the application.
- (4) The Decommissioning Trust agreement(s) shall be in a form which is acceptable to the NRC and shall provide, in addition to any other clauses, that:
 - a) Investments in the securities or other obligations of Entergy Nuclear, Entergy Corporation, their affiliates, subsidiaries or associates, 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 is prohibited.

- b) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement(s).
- (5) Entergy Nuclear shall have access to a contingency fund of not less than fifty million dollars (\$50m) for payment, if needed, of Pilgrim operating and maintenance expenses, the cost to transition to decommissioning status in the event of a decision to permanently shut down the unit, and decommissioning costs. Entergy Nuclear will take all necessary steps to ensure that access to these funds will remain available until the full amount has been exhausted for the purposes described above. Entergy Nuclear shall inform the Director, Office of Nuclear Reactor Regulation, in writing, at such time that it utilizes any of these contingency funds. This provision does not affect the NRC's authority to assure that adequate funds will remain available in the plant's separate decommissioning trust fund(s), which Entergy Nuclear shall maintain in accordance with NRC regulations. Once the plant has been placed in a safe-shutdown condition following a decision to decommission, Entergy Nuclear will use any remainder of the \$50m contingency fund that has not been used to safely operate and maintain the plant to support the safe and prompt decommissioning of the plant, to the extent such funds are needed for safe and prompt decommissioning.
- (6) Entergy Nuclear shall, prior to completion of the sale and transfer of Pilgrim to it, provide the Director, Office of Nuclear Reactor Regulation, satisfactory documentary evidence that Entergy Nuclear has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

- (7) After receipt of all required regulatory approvals of the transfer of Pilgrim, Boston Edison and Entergy Nuclear shall inform the Director, Office of Nuclear Reactor Regulation, in writing of the date of the closing of the sale and transfer of Pilgrim no later than one business day prior to the date of closing. Should the transfer of the licenses not be completed by December 31, 1999, this Order shall become null and void, provided, however, on written application and for good cause shown, such date may in writing be extended.

IT IS FURTHER ORDERED that, consistent with 10 CFR 2.1315(b), license amendments that makes changes, as indicated in Enclosure 1 to this Order, to conform the licenses to reflect their transfer are approved. Such amendments shall be issued and made effective at the time the proposed license transfers are completed.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated December 21, 1998, and application supplements dated January 28, February 18, April 2, April 15, and April 16, 1999, 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 Plymouth Public Library, 132 South Street, Plymouth, Massachusetts 02360.

Dated at Rockville, Maryland, this 29th day of April 1999.

FOR THE NUCLEAR REGULATORY COMMISSION


Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

U.S. NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p style="text-align: center;">Licensee</p> <p>1. Entergy Nuclear Generation Company Pilgrim Nuclear Power Station</p> <p>2. 600 Rocky Hill Road Plymouth, Massachusetts 02360-5599</p>	<p>In accordance with letter received December 23, 1998</p> <p>3. License number 20-07626-04 is amended in its entirety to read as follows:</p> <hr/> <p>4. Expiration date February 28, 2003</p> <hr/> <p>5. Docket No. 030-34378/20-07626-02 Reference No.</p>
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<p>6. Byproduct, source, and/or special nuclear material</p> <p>A. Any byproduct material with atomic numbers 1 through 83 inclusive</p> <p>B. Any byproduct, source or special nuclear material with atomic numbers 84 through 96</p> <p>C. Chromium-51</p> <p>D. Manganese-54</p> <p>E. Iron-55</p> <p>F. Iron-59</p> <p>G. Cobalt-58</p> <p>H. Cobalt-60</p>	<p>7. Chemical and/or physical form</p> <p>A. Contamination on reactor components</p> <p>B. Contamination on reactor components</p> <p>C. Contamination on reactor components</p> <p>D. Contamination on reactor components</p> <p>E. Contamination on reactor components</p> <p>F. Contamination on reactor components</p> <p>G. Contamination on reactor components</p> <p>H. Contamination on reactor components</p>	<p>8. Maximum amount that licensee may possess at any one time under this license</p> <p>A. Not to exceed 30 millicuries per nuclide and 3 curies total</p> <p>B. Not to exceed 10 microcuries per nuclide and 100 microcuries total</p> <p>C. 75 millicuries</p> <p>D. 150 millicuries</p> <p>E. 1620 millicuries</p> <p>F. 45 millicuries</p> <p>G. 45 millicuries</p> <p>H. 830 millicuries</p>
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**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number
20-07626-04

Docket or Reference Number
030-34378/20-07626-02

Amendment No. 01

- | | | |
|---|--|--|
| 6. Byproduct, source, and/or special nuclear material | 7. Chemical and/or physical form | 8. Maximum amount that licensee may possess at any one time under this license |
| I. Nickel-63 | I. Contamination on reactor components | I. 65 millicuries |
| J. Cesium-137 | J. Contamination on reactor components | J. 130 millicuries |
| K. Plutonium-241 | K. Contamination on reactor components | K. 95 microcuries |

9. Authorized use:

A. through K. Decontamination, repair and testing of reactor components.

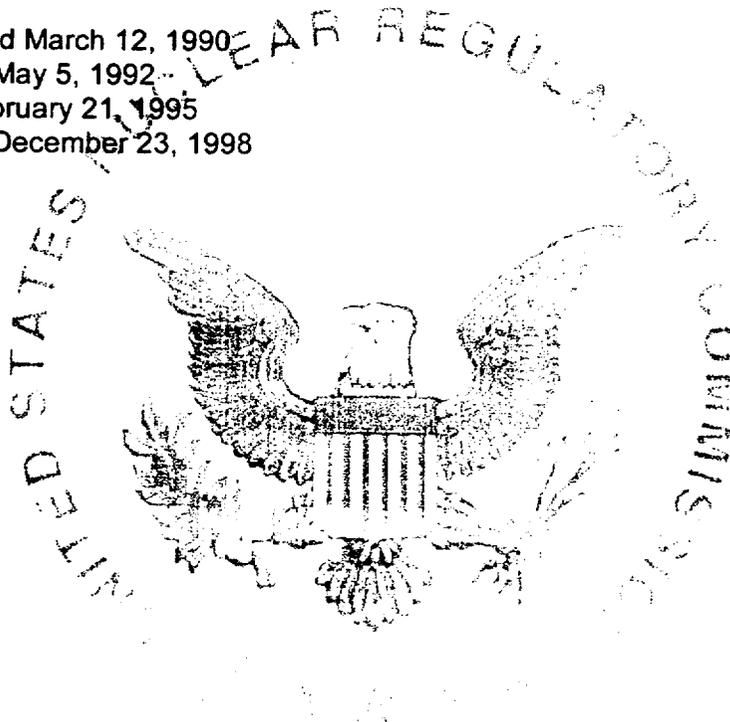
CONDITIONS

10. Licensed material may be used only at temporary job sites of the licensee anywhere in the United States where the Nuclear Regulatory Commission maintains jurisdiction for regulating the use of licensed material.
11. A. Licensed material shall be used by, or under the supervision of, Susan R. Landahl.
- B. The Radiation Safety Officer for this license is Susan R. Landahl.
12. In addition to the possession limits in Item 8, the licensee shall further restrict the possession of licensed material so that at no time is a quantity of radioactive material is possessed in excess of a quantity which requires consideration of the need for an emergency plan for responding to a release of licensed material in accordance with 10 CFR 30.72.
13. The licensee may transport licensed material in accordance with the provisions of 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**License Number
20-07626-04Docket or Reference Number
030-34378/20-07626-02

Amendment No. 01

14. Except as specifically provided otherwise in this license, the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, listed below. The Nuclear Regulatory Commission's regulations shall govern unless the statements, representations, and procedures in the licensee's application and correspondence are more restrictive than the regulations.
- A. Application dated March 12, 1990
 - B. Letter received May 5, 1992
 - C. Letter dated February 21, 1995
 - D. Letter received December 23, 1998



For the U.S. Nuclear Regulatory Commission

Date _____ 1999 _____

By _____

Duncan White
Division of Nuclear Materials Safety
Region I
King of Prussia, Pennsylvania 19406

84136475



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

BOSTON EDISON COMPANY

DOCKET NO. 50-293

PILGRIM NUCLEAR POWER STATION

AMENDMENT TO FACILITY OPERATING LICENSE

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment filed by the Boston Edison Company and Entergy Nuclear Generation Company, dated December 21, 1998, as supplemented January 28, February 18, April 2, April 15, and April 16, 1999, 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;
 - 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 license is amended as indicated in the attachment to this license amendment, and paragraph 3.B of Facility Operating License No. DPR-35 is hereby amended to read as follows:

3.B Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. [to be determined at time of transfer], are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

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

FOR THE NUCLEAR REGULATORY COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the Facility Operating License*
& Technical Specifications

Date of Issuance:

*Pages 1 - 6 are attached, for convenience, for the composite license to reflect these changes.

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, DC 20545

ENTERGY NUCLEAR GENERATION COMPANY*

(PILGRIM NUCLEAR POWER STATION)

DOCKET NO. 50-293

FACILITY OPERATING LICENSE

License No. DPR-35

The Atomic Energy Commission (the Commission) having found that:

- a. Except as stated in condition 5, construction of the Pilgrim Nuclear Power Station (the facility) has been substantially completed in conformity with the application, as amended, the Provisional Construction Permit No. CPPR-49, the provisions of the Atomic Energy Act of 1954, as amended (the Act), and the rules and regulations of the Commission as set forth in Title 10, Chapter 1, CFR; and
- b. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- c. There is reasonable assurance (i) that the activities authorized by the 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; and
- d. The Entergy Nuclear Generation Company (Entergy Nuclear) is technically and financially qualified to engage in the activities authorized by this operating license, in accordance with the rules and regulations of the Commission; and
- e. Entergy Nuclear has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of the Commission's regulations; and
- f. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public; and
- g. In accordance with the requirements of Appendix D to 10 CFR Part 50, the operating license should be issued subject to conditions for protection of the environment set forth herein.

Facility Operating License No. DPR-35, dated June 8, 1972, issued to the Boston Edison Company (Boston Edison) is hereby amended in its entirety, pursuant to an Initial Decision dated September 13, 1972, by the Atomic Safety and Licensing Board, to read as follows:

*The Nuclear Regulatory Commission approved the transfer of the license from Boston Edison Company to Entergy Nuclear Generation Company on April 29, 1999.

Revision 177,
Amendment 4,

9502070284 Spp

1. This license applies to the Pilgrim Nuclear Power Station, a single cycle, forced circulation, boiling water nuclear reactor and associated electric generating equipment (the facility). The facility is located on the western shore of Cape Cod Bay in the town of Plymouth on the Entergy Nuclear site in Plymouth County, Massachusetts, and is described in the "Final Safety Analysis Report," as supplemented and amended.
2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Entergy Nuclear:
 - A. Pursuant to the Section 104b of the Atomic Energy Act of 1954, as amended (the Act) and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility as a utilization facility at the designated location on the Pilgrim site;
 - B. Pursuant to the Act and 10 CFR 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;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use at any time any byproduct, source or 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;
 - D. 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
 - E. 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.
3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations; 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR Part 40, Sections 50.54 and 50.59 of 10 CFR Part 50 and Section 70.32 of 10 CFR 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 below:
 - A. Maximum Power Level

Entergy Nuclear is authorized to operate the facility at steady state power levels not to exceed 1998 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. , are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. Records

Entergy Nuclear shall keep facility operating records in accordance with the requirements of the Technical Specifications.

D. Equalizer Valve Restriction - DELETED.

E. Recirculation Loop Inoperable

The reactor shall not be operated with one recirculation loop out of service for more than 24 hours. With the reactor operating, if one recirculation loop is out of service, the plant shall be placed in a hot shutdown condition within 24 hours unless the loop is sooner returned to service.

F. Fire Protection

Entergy Nuclear shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated December 21, 1978 as supplemented subject to the following provision:

Entergy Nuclear may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

G. Physical Protection

The licensee shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10CFR73.55 (51FR27817 and 27822) and to the authority of 10CFR50.90 and 10CFR50.54(p). The plans, which contain Safeguards Information protected under 10CFR73.21, are entitled: "Pilgrim Nuclear Power Station Physical Security Plan," with revisions submitted through September 18, 1987; "Pilgrim Nuclear Power Station Guard Training and Qualification Plan," with revisions submitted through September 24, 1984; and "Pilgrim Nuclear Power Station Safeguards Contingency Plan," with revisions submitted through February 15, 1984. Changes made in accordance with 10CFR73.55 shall be implemented in accordance with the schedule set forth therein.

H. Long Term Program

- (1) The "Plan for the Long Term Program for Pilgrim Nuclear Power Station" (the Plan) submitted on May 7, 1984, is approved.
 - a) The Plan shall be followed by the licensee from and after the effective date of this amendment.
 - b) Changes to dates for completion of items identified in Schedule B of the Plan do not require a license amendment. Dates specified in Schedule A shall be changed only in accordance with applicable NRC procedure.

I. Post-Accident Sampling System, NUREG-0737, Item II.B.3, and Containment Atmospheric Monitoring System, NUREG-0737, Item II.F.1(6)

The licensee shall complete the installation of a post-accident sampling system and a containment atmospheric monitoring system as soon as practicable, but no later than June 30, 1985.

J. Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 177, are hereby incorporated into this license. Entergy Nuclear shall operate the facility in accordance with the Additional Conditions.

K. Conditions Related to the Sale and Transfer

- (1) For purposes of ensuring public health and safety, Entergy Nuclear shall provide decommissioning funding assurance of no less than \$396 million, after payment of any taxes, in the decommissioning trust fund for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear.
- (2) Entergy Nuclear shall maintain the decommissioning trust funds in accordance with the application, this Order and the related Safety Evaluation dated April 29, 1999, supporting this Order.
- (3) Entergy Nuclear shall provide a Provisional Trust fund in the amount of \$70 million, after payment of any taxes, in the Provisional Trust for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear. The Provisional Trust shall be established and maintained in conformance with the representations made in the application.

Revision 177,
Amendment 75, 85, 143, 177,

- (4) Entergy Nuclear shall have access to a contingency fund of not less than fifty million dollars (\$50m) for payment, if needed, of Pilgrim operating and maintenance expenses, the cost to transition to decommissioning status in the event of a decision to permanently shut down the unit, and decommissioning costs. Entergy Nuclear will take all necessary steps to ensure that access to these funds will remain available until the full amount has been exhausted for the purposes described above. Entergy Nuclear shall inform the Director, Office of Nuclear Reactor Regulation, in writing, at such time that it utilizes any of these contingency funds. This provision does not affect the NRC's authority to assure that adequate funds will remain available in the plant's separate decommissioning fund(s), which Entergy Nuclear shall maintain in accordance with NRC regulations. Once the plant has been placed in a safe-shutdown condition following a decision to decommission, Entergy Nuclear will use any remainder of the \$50m contingency fund that has not been used to safely operate and maintain the plant to support the safe and prompt decommissioning of the plant, to the extent such funds are needed for safe and prompt decommissioning.
 - (5) The Decommissioning Trust agreement(s) shall be in a form which is acceptable to the NRC and shall provide, in addition to any other clauses, that:

 - a) Investments in the securities or other obligations of Entergy Nuclear, Entergy Corporation, their affiliates, subsidiaries or associates, 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 is prohibited.
 - b) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement(s).
4. This license is subject to the following condition for the protection of the environment: Boston Edison shall continue, for a period of five years after initial power operation of the facility, an environmental monitoring program similar to that presently existing with the Commonwealth of Massachusetts (and described generally in Section C-III of Boston Edison's Environmental Report, Operating License Stage dated September, 1970) as a basis for determining the extent of station influence on marine resources and shall mitigate adverse effects, if any, on marine resources.
 5. Boston Edison has not completed as yet construction of the Rad Waste Solidification System and the Augmented Off-Gas System. Limiting conditions concerning these systems are set forth in the Technical Specifications.

6. Pursuant to Section 105c(8) of the Act, the Commission has consulted with the Attorney General regarding the issuance of this operating license. After said consultation, the Commission has determined that the issuance of this license, subject to conditions set forth in this subparagraph 6., in advance of consideration of and findings with respect to matters covered in Section 105c of the Act, is necessary in the public interest to avoid unnecessary delay in the operation of the facility. At the time this operating license is being issued an antitrust proceeding has not been noticed. The Commission, accordingly, has made no determination with respect to matters covered in Section 105c of the Act, including conditions, if any, which may be appropriate as a result of the outcome of any antitrust proceeding. On the basis of its findings made as a result of an antitrust proceeding, the Commission may continue this license as issued, rescind this license or amend this license to include such conditions as the Commission deems appropriate. Boston Edison and others who may be affected hereby are accordingly on notice that the granting of this license is without prejudice to any subsequent licensing action, including the imposition of appropriate conditions, which may be taken by the commission as a result of the outcome of any antitrust proceeding. In the course of its planning and other activities, Boston Edison will be expected to conduct itself accordingly.
7. This license is effective as of the date of issuance and shall expire June 8, 2012.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by A. Giambusso

A. Giambusso, Deputy Director for Reactor
Projects
Directorate of Licensing

Attachments:
Appendix A - Technical Specifications
(Radiological)

Date of Issuance: September 15, 1972

ATTACHMENT TO LICENSE AMENDMENT

FACILITY OPERATING LICENSE NO. DPR-35

DOCKET NO. 50-293

Replace the following pages of the Appendix A Technical Specifications with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

Remove

Title Page Appendix A
Appendix B
4.0-1
5.0-2

Insert

Title Page Appendix A
Appendix B
4.0-1
5.0-2

APPENDIX A
TO
FACILITY OPERATING LICENSE DPR-35
TECHNICAL SPECIFICATION AND BASES
FOR
PILGRIM NUCLEAR POWER STATION
PLYMOUTH, MASSACHUSETTS
ENTERGY NUCLEAR
DOCKET NO. 50-293

4.0 DESIGN FEATURES

4.1 Site Location

Pilgrim Nuclear Power Station is located on the western shore of Cape Cod Bay in the Town of Plymouth, Plymouth County, Massachusetts and contains approximately 517 acres owned by Entergy Nuclear as shown on FSAR Figures 2.2-1 and 2.2-2. The site boundary is posted and a perimeter security fence provides a distinct security boundary for the protected area of the station.

The reactor (center line) is located approximately 1800 feet from the nearest property boundary.

4.2 Reactor Core

The reactor vessel core design shall be as described in the CORE OPERATING LIMITS REPORT and shall be limited to those fuel assemblies which have been analyzed with NRC approved codes and methods and approved by the NRC in its acceptance of Amendment 22 of GESTAR II.

4.3 Fuel Storage

4.3.1 Criticality

- 4.3.1.1 The spent fuel storage racks are designed and shall be maintained with:
- a. Fuel assemblies having a maximum k-infinity of 1.32 for standard core geometry, calculated at the burnup of maximum bundle reactivity, and an average U-235 enrichment of 4.6 % averaged over the axial planar zone of highest average enrichment; and
 - b. $K_{eff} \leq 0.95$ if fully flooded with unborated water, which includes an allowance for uncertainties as described in Section 10.3.5 of the FSAR.

(continued)

5.0 ADMINISTRATIVE CONTROLS

5.2 Organization

5.2.1 Onsite and Offsite Organizations

Onsite and offsite organizations shall be established for unit operation and corporate management, respectively. The onsite and offsite organizations shall include the positions for activities affecting safety of the nuclear power plant.

- a. Lines of authority, responsibility, and communication shall be defined and established throughout highest management levels, intermediate levels, and all operating organization positions. These relationships shall be documented and updated, as appropriate, in organization charts, functional descriptions of departmental responsibilities and relationships, and job descriptions for key personnel positions, or in equivalent forms of documentation. These requirements shall be documented in the Pilgrim Station Final Safety Analysis Report (FSAR);
- b. The Station Director shall be responsible for overall safe operation of the plant and shall have control over those onsite activities necessary for safe operation and maintenance of the plant;
- c. The Vice President - Operations for Pilgrim shall have corporate responsibility for overall plant nuclear safety and shall take any measures needed to ensure acceptable performance of the staff in operating, maintaining, and providing technical support to the plant to ensure nuclear safety; and
- d. The individuals who train the operating staff, carry out health physics, or perform quality assurance functions may report to the appropriate onsite manager; however, these individuals shall have sufficient organizational freedom to ensure their independence from operating pressures

5.2.2 Unit Staff

The unit staff organization shall include the following:

- a. A non-licensed operator shall be on site when fuel is in the reactor and an additional non-licensed operator shall be assigned when the reactor is in an operational mode other than Cold Shutdown or Refueling.

(continued)



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
PROPOSED TRANSFER OF OPERATING LICENSE AND MATERIALS LICENSE FOR
PILGRIM NUCLEAR POWER STATION
TO ENTERGY NUCLEAR GENERATION COMPANY

DOCKET NO. 50-293

LICENSE NO. DPR-35

1.0 INTRODUCTION

By application dated December 21, 1998, as supplemented January 28, February 18, April 2, April 15, and April 16, 1999, Boston Edison Company (Boston Edison) and Entergy Nuclear Generation Company (Entergy Nuclear) requested that the United States Nuclear Regulatory Commission (NRC) consent to the transfer of Operating License No. DPR-35 and Materials License No. 20-07626-04 for the Pilgrim Nuclear Power Station (Pilgrim). The applicants requested the transfer as a result of the Purchase and Sale Agreement signed by Boston Edison and Entergy Nuclear on November 18, 1998, under which Entergy Nuclear will purchase the Boston Edison Nuclear Business Unit, principally consisting of Pilgrim. Upon approval of the license transfers and consummation of the sale, control of the licenses for Pilgrim will be transferred from Boston Edison to Entergy Nuclear. The closing date for this sale is anticipated to be between April 1, 1999, and June 30, 2000, depending upon the applicants receiving various favorable regulatory approvals. The applicants also requested the approval of conforming license amendments to reflect the transfer of the licenses.

A meeting was held between Boston Edison, Entergy Nuclear and the NRC staff on December 9, 1998, to discuss the proposed transfer. Subsequently, based on a preliminary review of the initial application, the NRC staff determined that additional information regarding the technical qualifications of the new corporate management of Entergy Nuclear that would oversee the operation of Pilgrim was needed to complete the review. On January 22, 1999, the staff sent a Request for Additional Information (RAI) to Boston Edison. On January 28, 1999, Boston Edison and Entergy Nuclear responded to the RAI and expanded on previous information provided. A phone call was held between Boston Edison, Entergy Nuclear and the NRC staff on February 8, 1999, to discuss proposed changes to personnel titles in the Technical Specifications and the reporting structure between various Pilgrim onsite

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managers and the new Entergy Nuclear corporate level management. In a letter dated February 18, 1999, Boston Edison and Entergy Nuclear supplemented their application for conforming license amendments to request a proposed change to Technical Specification 5.2.1.c to further reflect the proposed transfer and Entergy Nuclear's management organization. As requested by the NRC staff, a copy of the Inter-Company Credit Agreement By and Between Entergy International Ltd. LLC (Entergy International) and Entergy Nuclear, dated March 31, 1999, was submitted on April 2, 1999, as proof of a \$50 million credit line for exclusive use by Entergy Nuclear at Pilgrim. On April 15, 1999, Entergy Nuclear submitted information regarding the financial qualifications of Entergy International. The supplemental information and changes did not expand the scope of the application as originally noticed in the Federal Register.

This sale and transfer of Pilgrim is being undertaken by Boston Edison as part of the divestiture of all of its generating assets consistent with the restructuring of the electric utility industry occurring in Massachusetts. Boston Edison became a wholly owned subsidiary of BEC Energy, a Massachusetts business trust as a result of a corporate restructuring in 1997. Notwithstanding the restructuring, Boston Edison continued to be the holder of the Pilgrim operating license and the sole owner and operator of Pilgrim, and remained an electric utility as defined in 10 CFR 50.2.

As stated above, on November 18, 1998, Boston Edison entered into a purchase and sale agreement under which it will sell its interest in Pilgrim to Entergy Nuclear. Major issues addressed in the Purchase and Sale Agreement include:

The final purchase price for Pilgrim is between \$80 and \$121 million, depending on the actual closing date, certain tax implications, and final fuel inventories at the time of closing.

Upon closing and subject to the NRC's consent, Entergy Nuclear will assume title to the facility including all equipment, spare parts, fixtures, inventory, and other property necessary for the operation and maintenance of Pilgrim, and will take title to all spent nuclear fuel and other licensed materials at Pilgrim, and will assume all responsibility for the operation, maintenance, and eventual decommissioning of the unit.

Upon closing, most, if not all, employees with Boston Edison Nuclear Business Unit will be offered employment with Entergy Nuclear.

As part of the transaction, Boston Edison, Commonwealth Electric Company, and Montaup Electric Company have entered into power purchase agreements through the year 2004 with Entergy Nuclear under which Boston Edison, Commonwealth Electric Company and Montaup Electric Company will purchase capacity and electric energy from Pilgrim.

At closing, Boston Edison will make additional deposits to the Pilgrim decommissioning trust fund to fully fund the radiological decommissioning costs consistent with the amounts determined in accordance with 10 CFR 50.75. Upon closing, Entergy Nuclear will be responsible for all Pilgrim decommissioning costs and activities, and Boston Edison's obligations shall be extinguished.

At closing, Boston Edison will transfer its currently held decommissioning trust fund to Entergy Nuclear.

Pilgrim Nuclear Power Station is a 670 megawatt electric, single unit, boiling water reactor. Upon purchase, Entergy Nuclear will operate, maintain and own Pilgrim, and will assume full liability and responsibility for decommissioning.

The relevant regulatory provisions governing the approval of the transfer of the operating license and materials license are 10 CFR 30.34, 40.41, 50.80, and 70.32. The Commission's regulations at 10 CFR 30.38, 40.44, 50.90, and 70.34 address the issuance of conforming license amendments.

2.0 FINANCIAL QUALIFICATIONS ANALYSIS

Entergy Nuclear does not qualify as an electric utility under 10 CFR 50.2. Therefore, to qualify to own and operate a nuclear power plant, Entergy Nuclear must provide information to demonstrate financial qualifications in accordance with 10 CFR 50.33(f).

The information must show:

1. As a non-electric utility applicant for an operating license, the applicant possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operating costs for the period of the license. Also, it must submit estimated total annual operating costs for the first 5 years of facility operation and indicate the source(s) of funds to cover these costs.
2. As a newly formed entity organized primarily for the purpose of operating a nuclear power plant, the applicant must show (a) the legal and financial relationship it has or proposes to have with its stockholders or owners; (b) its financial ability to meet any contractual obligations to the entity which they have incurred or propose to incur; and (c) any other information considered necessary by the Commission to enable it to determine the applicant's financial qualification.

Entergy Nuclear provided financial information including a 5 year projection income statement and balance sheet, in its initial December 21, 1998, application.

The following financial qualifications analysis was conducted by the staff using and relying upon information provided by Entergy Nuclear in its application, which included Entergy Corporation annual reports for 1994 through 1997, and the Boston Edison Purchase and Sales Agreement. The licensee also responded to a written request and several oral requests for additional information by letters dated January 28, April 2, April 15, and April 16, 1999.

In its application, Entergy Nuclear states that it is an indirect, wholly owned subsidiary of Entergy Corporation, and is headquartered in New Orleans, Louisiana. Entergy Nuclear is a wholly owned subsidiary of Entergy Power Generation Corporation, which in turn is a wholly owned subsidiary of Entergy Corporation. Entergy Corporation is a U.S. based global energy company with power production, distribution operations and related diversified services. Entergy Corporation owns, manages or invests in power plants generating nearly 30,000

megawatts of electricity. Through its subsidiaries, Entergy Corporation indirectly owns and operates five nuclear power plants; Arkansas Nuclear One Units 1 & 2, Grand Gulf Nuclear Station, River Bend Station, and Waterford 3 Steam Electric Station. Entergy Corporation through its subsidiaries distributes energy to more than 2.5 million customers in the United States. As of September 30, 1998, Entergy Corporation has total assets of \$27.4 billion. Over the past 3 years Entergy Corporation's standing with Moody's and Standard & Poors bond ratings have been between Baa3 to Baa2 and BBB- to BBB+ respectively. These bond ratings are considered "investment grade." In support of its claim that its third tier parent company, Entergy Corporation, is financially qualified to meet its commitments to Entergy Nuclear, the applicant submitted, as part of the license transfer application, annual reports for Entergy Corporation for the past 5 years and Moody's and Standard & Poor's bond ratings for the past 3 years. The staff finds that Entergy Nuclear's parent company is financially qualified to meet the commitments to Entergy Nuclear as specified in the application.

Entergy Nuclear was newly formed in 1998 as a subsidiary of Entergy Power Generation Corporation. In the application, Entergy Nuclear, stated that either through the parent company, associate company or affiliated company, it will provide the necessary funds with a guarantee, letter of credit or similar financial arrangement, to purchase Pilgrim. Through these same associations, Entergy Nuclear stated that it has assurance of obtaining the funds necessary to cover estimated operating costs of Pilgrim, if projected revenues should be temporarily lost due to an outage or similar event. In support of these claims, Entergy Nuclear has included, as part of the application, a guarantee which obligates Entergy International, another wholly owned subsidiary of Entergy Corporation, to irrevocably and unconditionally guarantee payment of all of Entergy Nuclear's obligations under the purchase and sale agreement of November 18, 1998, between Entergy Nuclear and Boston Edison, up to the amount of 50 million dollars. In addition, by letter dated April 2, 1999, Entergy Nuclear has provided an Inter-Company Credit Agreement between Entergy Nuclear and Entergy International, which obligates Entergy International to advance funds to Entergy Nuclear in an aggregate amount not to exceed \$50 million for the purpose of providing financial assurance of sufficient funds for operation and maintenance of Pilgrim. The agreement provides that "in no event shall this Agreement be terminated, nor shall Entergy International Ltd. [LLC], cease to make advances under this Agreement, until the earlier of: (i) such time that Entergy Nuclear has permanently ceased operations at Pilgrim; or (ii) the NRC has given written approval of the discontinuance or termination of this Agreement", (Inter-Company Credit Agreement dated March 31, 1999).

On April 15, 1999, Entergy Nuclear submitted information to the NRC staff regarding the financial qualifications of Entergy International to meet its commitments to Entergy Nuclear. Entergy International is a wholly-owned subsidiary of Entergy Corporation. Entergy International was formed for the purpose of holding other subsidiaries involved in foreign electric utility businesses. The principal subsidiaries of Entergy International include Entergy London Investments plc, CitiPower Pty. and Entergy Power Edesur Holding, Ltd. Entergy International is a registered public utility holding company under the Public Utility Holding Company Act of 1935, as amended (PUHCA), and is subject to the broad regulatory provisions of PUHCA. This requires, among other things, Security and Exchange Commission (SEC) approval for certain transactions. For United States tax purposes, Entergy International is an affiliate of Entergy Corporation, and as such, its operations are included in the filing of Entergy Corporation's United States consolidated federal income tax return.

The NRC staff has reviewed the report of the independent accountants Coopers & Lybrand, dated March 4, 1999, along with the 1997 and 1998 consolidated financial statements of Entergy International, and concludes that Entergy International has sufficient cash and near-cash assets to fulfill its financial obligation to Entergy Nuclear if called upon, as stated in the Inter-Company Credit Agreement dated March 31, 1999.

Entergy Nuclear states that it will be able to call upon these funds, if necessary, to meet its expenses and obligations to safely operate and maintain the plant. These obligations include the costs of nuclear property damage insurance and any retrospective premium pursuant to 10 CFR 140.21. In the event of an extended shutdown, Entergy Nuclear would cover fixed operating expenses through its retained earnings, as available, or by funds provided as described above. In support of its claim that it would be able to meet fixed operating expenses for an extended shutdown, the license application included an estimate of fixed operating costs for a 6-month period for each year from 1999 to 2004.

(Shaded area contains proprietary information.)

In additional support of these claims that it has assurance of obtaining the funds necessary to cover the estimated operating costs of Pilgrim, Entergy Nuclear submitted as part of its license transfer application, copies of signed power purchase agreements with Boston Edison, Commonwealth Electric and Montaup Electric Company. Under these contracts, Entergy Nuclear states that it will sell 100 percent of Pilgrim's output at fixed prices "take or pay" through 2001. Beyond 2001, the contracted volumes begin to decline through 2004. (Pursuant to 10 CFR 50.33(f)(2), Entergy Nuclear submitted such projections over the 5-year period.) Entergy Nuclear will pursue other firm contracts or sell any uncommitted power into the New England market.

The following table summarizes the terms of the power purchase agreement and Entergy Nuclear's expected market prices for uncommitted power, as stated in the license transfer application:

YEAR	OUTPUT TO CONTRACT	CONTRACT PRICE (kWh)	MARKET PRICE (kWh)
1999	100%	3.50¢	
2000	100%	3.80¢	
2001	100%	3.52¢	
2002	80%	3.89¢	
2003	50%	4.35¢	
2004	50%	4.72¢	

(Shaded area contains proprietary information.)

Based on Pilgrim's current operating performance and Entergy Nuclear's program operating experience (from Entergy Corporation and Entergy Power Generation Corporation), Entergy Nuclear claims that it expects to operate Pilgrim at an average annual capacity factor of 85 percent and sell all power generated through firm contracts or into the New England market. The average capacity factor for Pilgrim from 1992 to 1997 was 76.6 percent. Entergy Nuclear expects to improve upon this historical capacity factor at Pilgrim based on its performance during refueling outages conducted at Entergy Corporation's other five nuclear units. In addition, Entergy Nuclear states that, at projected prices, based on independent market studies performed for it by ICF KAISER, and Entergy Power Marketing Group, these sales are expected to provide a margin of additional income over and above Pilgrim's operating costs.

The following table demonstrates, according to Entergy Nuclear, the ability of projected power sales to cover expected operating expenses:

(\$000)	1999	2000	2001	2002	2003	2004
Contract Power Sales	126,180	200,874	175,490	164,014	95,810	124,804
Market Power Sales	0	0	0			
Total Revenue:	126,180	200,874	175,490			
O & M *						
Fuel						
Depreciation						
Admin & Other						
Total Expenses:						
Operating Profit:						
Interest Expense:						
Income Taxes:						
Net Income/(Loss):						

(Shaded area contains proprietary information.)

*In the above table, "Admin & Other" pertains to administrative expenses, fringe benefits, payroll taxes, and ad valorem taxes.

(Shaded area contains proprietary information.)

At the closing of the Pilgrim purchase, Entergy Nuclear states that it will provide additional financial assurance up to \$50 million by means of the Inter-Company Credit Agreement dated March 31, 1999, as discussed above.

The NRC staff conducted sensitivity analyses on the projected income statement provided by the applicant in order to judge the financial resiliency of Entergy Nuclear to weaker-than-projected revenue. Although expense projections are the domain of the applicant, the staff believes that the applicant's assumptions are reasonable. For example, based on Entergy Corporation's annual reports for 1994 through 1997, these projected expenses fall in line with historical trends. However, the revenue projections are sensitive to the unit's capacity factor and projected market prices in the years 2002 to 2004.

One set of sensitivity analyses adopted the assumption that capacity factors dropped by 10 percentage points below those assumed by Entergy Nuclear. With all other assumptions held constant, the staff found that Entergy Nuclear would be able to sustain the reduced revenues over the 5 ½-year projection period submitted (1999 to 2004) and would have the financial capability of maintaining the unit in a safe manner.

In another set of sensitivity analyses, projected market prices for the years 2002 through 2004, were assumed to be 10 dollars less per megawatt-hour than projected by the applicant. With all other assumptions held constant, the results showed that Entergy Nuclear would be capable of sustaining such a drop in market prices. However, the staff's assumption, for sensitivity purposes only, is that this seems to be highly unlikely given the North American Electric Reliability Council's (NERC) Reliability Assessment for 1998 through 2007, dated October 1998. In the Reliability Assessment report, NERC predicts that the Northeast Power Coordinating Council (United States) (NPCC(US)), which includes Pilgrim, will see generating capacity margins dropping from 17.3 percent in 1998 to 5.0 percent in 2007. Such a trend would indicate that market prices are subject to upward pricing pressure. Therefore, the staff finds that the applicant's assumptions for market prices are reasonable, as shrinking generating capacity margins should cause market prices of electricity to increase in the area, assuming other factors remain equal.

Although these sensitivity analyses indicate lower earnings for Entergy Nuclear, if lower capacity or lower market prices are experienced compared to their forecast, Entergy Nuclear should still be able to remain financially stable through the use of retained earnings, or either through the parent, associate, or affiliate company guarantee, letter of credit, or similar financial arrangement to provide additional necessary funds, as described above.

The staff concludes that attempting to forecast the growth rate, or even the direction of change, for market-based prices in the Pilgrim market area is too speculative, given the uncertainty of deregulation, and other unknown factors potentially affecting electricity capacity or prices, to be useful for its contingency analysis. The staff's conclusion from this analysis is that, even if prices for Pilgrim power were to change at an average annual rate much lower than anticipated by Entergy Nuclear, this does not preclude Entergy Nuclear from operating and maintaining Pilgrim in a manner that would protect public health and safety.

2.1 NRC Staff Conclusions With Respect To Financial Qualifications

On the basis of the information provided in the application, along with the independent sensitivity analyses conducted by the NRC staff, the staff finds that Entergy Nuclear has

provided reasonable assurance that it is able to obtain adequate funding and it has provided adequate assurance that it will be able to cover estimated operating costs, as well as sufficient documentation of specific legal and financial relationships that supports this conclusion.

The staff further finds that Entergy Nuclear has fulfilled its requirements under 10 CFR 50.33(f), "to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought."

However, to ensure that adequate funds are available as necessary to cover operating costs, if necessary during operation of the facility during an extended shutdown or similar event, the NRC staff believes that the commitment stated in the Inter-Company Credit Agreement dated March 31, 1999, and in the application, to make available to Entergy Nuclear \$50 million should be made a condition of the license and of the Order approving the transfer of the Pilgrim licenses as follows:

Entergy Nuclear shall have access to a contingency fund of not less than fifty million dollars (\$50m) for payment, if needed, of Pilgrim operating and maintenance expenses, the cost to transition to decommissioning status in the event of a decision to permanently shut down the unit, and decommissioning costs. Entergy Nuclear will take all necessary steps to ensure that access to these funds will remain available until the full amount has been exhausted for the purposes described above. Entergy Nuclear shall inform the Director, Office of Nuclear Reactor Regulation, in writing, at such time that it utilizes any of these contingency funds. This provision does not affect the NRC's authority to assure that adequate funds will remain available in the plant's separate decommissioning fund(s), which Entergy Nuclear shall maintain in accordance with NRC regulations. Once the plant has been placed in a safe-shutdown condition following a decision to decommission, Entergy Nuclear will use any remainder of the \$50m contingency fund that has not been used to safely operate and maintain the plant to support the safe and prompt decommissioning of the plant, to the extent such funds are needed for safe and prompt decommissioning.

3.0 DECOMMISSIONING FUNDING ASSURANCE

The NRC has determined that the requirements to provide assurance of decommissioning funding and provision of an adequate amount of decommissioning funding are necessary to ensure the adequate protection of public health and safety.

3.1 Amount Of Decommissioning Funds

Pursuant to 10 CFR 50.75(b), each power reactor licensee must certify that it will provide decommissioning funding assurance in an amount that may be more but not less than the formulas in 10 CFR 50.75(c)(1) and (2). These formulas are based on the size and type of reactor, and on cost escalation factors for labor, energy, and low-level waste (LLW) disposal costs.

In its application for transfer of the Pilgrim operating license, Entergy Nuclear indicates that, as a condition of the sale, the current owner and licensee, Boston Edison, has agreed to fund the decommissioning trust fund for a total that will range, depending on closing date conditions, between \$396 million and \$466 million. This amount is based on a site-specific cost estimate performed for Pilgrim in 1998. The current Entergy Nuclear cost estimate is higher than the NRC minimum amount due to the inclusion of spent fuel storage costs and costs to remove non-radioactive structures. The NRC's regulations in 10 CFR 50.75(e) allow licensees to take a credit of up to a 2 percent annual real rate of return on decommissioning trust funds on deposit. This credit may be applied toward the current estimate of decommissioning funds needed for decommissioning at the time of permanent cessation of operations. At the time that Entergy Nuclear expects Pilgrim to permanently cease operations in 2012, this 2 percent credit would cause the decommissioning trust fund to grow to a range of \$512 million to \$602 million, depending on the actual decommissioning funds at the time of closing.

The LLW disposal cost factor is to be derived from the latest version of NUREG-1307, Revision 8, "Report on Waste Burial Charges." NUREG-1307 Rev. 8, allows licensees a variety of methods by which they may estimate disposal costs of LLW, including disposition by waste vendors. (See page 6, Example 3 in NUREG-1307 Rev. 8.) In supplemental information dated January 28, 1999, responding to an NRC request for additional information, Entergy Nuclear calculated the required funding using the formulas in 10 CFR 50.75(c) using NUREG-1307, Rev. 8. Based on this minimum requirement calculation, Entergy Nuclear concludes that it currently must certify that it will provide at least \$327 million to comply with the requirements of 10 CFR 50.75(b). The NRC staff has verified Entergy Nuclear's calculation and determined that this amount is accurate.

3.2 NRC Staff Conclusion On Amount Of Decommissioning Funds

On the basis of the information in the Entergy Nuclear application, as cited herein, the NRC staff concludes that Entergy Nuclear has complied with the requirements in 10 CFR 50.75(b) with respect to the amount of decommissioning funds that Entergy Nuclear must certify that it will provide. The amount that Entergy Nuclear proposes to have placed in the decommissioning fund is greater than the approximately \$327 million that is required under the generic formulas in 10 CFR 50.75(c). Additionally, Entergy Nuclear will be required to adjust the amount required to be available for decommissioning funding on an annual basis, pursuant to 10 CFR 50.75(b). However, in view of Boston Edison's commitment, included in the terms of the sale of Pilgrim, to prefund the Pilgrim decommissioning trust from between \$396 Million and \$466 Million, the NRC staff believes that the following condition should be applied as a license condition:

For purposes of ensuring public health and safety, Entergy Nuclear shall provide decommissioning funding assurance of no less than \$396 million, after payment of any taxes, in the decommissioning trust fund for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear.

3.3 Decommissioning Funding Assurance Mechanism

Pursuant to 10 CFR 50.75(b), a reactor licensee is required to provide decommissioning funding assurance by one or more of the methods described in 10 CFR 50.75(e), as determined to be acceptable to the NRC. Entergy Nuclear has chosen to provide decommissioning funding assurance by means of one or more fully-funded, external trust funds, as provided in 10 CFR 50.75(e)(1)(i).

Entergy Nuclear states in its application that on the closing date, Boston Edison will fully fund and transfer to Entergy Nuclear, in accordance with Section 5.21 of the Purchase and Sale Agreement between Boston Edison and Entergy Nuclear, an aggregate amount equal to or greater than the minimum amount required by the NRC regulations for the decommissioning of Pilgrim. Boston Edison will deposit funds into a Decommissioning Trust and a Provisional Trust sufficient to satisfy the minimum decommissioning funding requirements prescribed by 10 CFR 50.75(c) at the expiration of the current Pilgrim Facility Operating License. Based upon varying Federal income tax and closing date assumptions, the total amount of decommissioning funds to be transferred to Entergy Nuclear at closing is projected to be from \$396 million to \$466 million. The applicant states that these funds will provide sufficient funds for decommissioning by the expiration of Pilgrim's current facility operating license. In its January 28, 1999, submittal, the applicant stated that upon closing Entergy Nuclear will be solely liable for decommissioning. Any additional required decommissioning funds would be provided through a parent, associate, or affiliate company guarantee, letter of credit or similar financial arrangement. In supplemental information supplied on April 16, 1999, Entergy Nuclear indicated that any funds remaining in the \$50 million contingency fund provided by Entergy International, after Pilgrim has been placed in a safe-shutdown condition following a decision to decommission, will be used as needed to support the safe and prompt decommissioning of Pilgrim. That commitment will be made a license condition, as discussed in section 2.0, above.

In the license transfer application, Entergy Nuclear states that the Purchase and Sale agreement conditions the sale, the decommissioning trust funding, and the transfer on the absence of adverse federal income tax consequences as a result thereof on either party. Boston Edison and Entergy Nuclear have filed IRS ruling requests to allow decommissioning trust funding and transfer to occur without adverse tax consequences.

The Purchase and Sale Agreement provides for the decommissioning trust funds to be transferred at the time of closing through the transfer of two separate decommissioning trusts - a regular Decommissioning Trust and, if necessary, a Provisional Trust. In its January 28, 1999, letter to the NRC, Entergy Nuclear stated that the purpose of the Provisional Trust is to set aside a portion of the pre-paid decommissioning amount that is subject to be refunded by Entergy Nuclear to Boston Edison should changes in the tax qualification of the fund occur after closing. The applicants stated that a favorable change in the tax qualification status would increase the after-tax earnings rate on the fund, thereby reducing the required initial pre-payment. The applicant stated that if there are no intervening favorable changes in the tax law, rule or regulation prior to closing, then the amount of funds in the Provisional Trust will be \$70 million. If there are intervening changes, either before closing or between closing and

December 31, 2002, then the amount in the Provisional Trust will be reduced in accordance with Schedule 5.21 of the Purchase and Sale Agreement and the reduction will be rebated to Boston Edison in accordance with the terms of the Provisional Trust. Any reduction will be accomplished in a manner consistent with the Atomic Energy Act of 1954, as amended, IRS requirements, and any other applicable law. The Purchase and Sale Agreement provides that in no event shall the amount in the trusts available to decommission Pilgrim fall below the NRC required minimum. After December 31, 2002, all funds remaining in the Provisional Trust will be transferred to the regular Decommissioning Trust and Boston Edison shall have no further claim to those funds.

The NRC staff concludes that reasonable assurance of decommissioning funding will be provided by the method proposed by Entergy Nuclear provided that: 1) the decommissioning trust is maintained in accordance with the license transfer application, the requirements of the transfer order, and this safety evaluation and fully complies with the requirements of NRC regulations; 2) the decommissioning trust agreement is in a form acceptable to the NRC and contains certain NRC staff-required clauses; and 3) the Provisional Trust is established and maintained in accordance with the representations made in the license application.

3.3.1 NRC Staff Required Decommissioning Trust Clauses

The NRC staff requires that the following clauses be included in the trust agreement as a condition for staff approval:

- (1) Investments in the securities or other obligations of Entergy Nuclear, Entergy Corporation, their affiliates, subsidiaries or associates, 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 is prohibited.
- (2) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement.

3.3.2 NRC Staff Conclusion On Funding Assurance Mechanism

On the basis of the information in the Entergy Nuclear license application and the representations made therein, and subject to the conditions discussed above, the NRC staff concludes that the funding assurance transfer and the funding assurance mechanism meet the requirements of 10 CFR 50.75 and provide reasonable assurance of the availability of funds for decommissioning Pilgrim.

The staff further concludes that the following license conditions should be included in the license:

1. Entergy Nuclear shall maintain the decommissioning trust funds in accordance with the application, this Order and the related Safety Evaluation dated April 29, 1999, supporting this Order.

2. Entergy Nuclear shall provide a Provisional Trust fund in the amount of \$70 million, after payment of any taxes, in the Provisional Trust for Pilgrim upon the transfer of the Pilgrim licenses to Entergy Nuclear. The Provisional Trust shall be established and maintained in conformance with the representations made in the application.
3. The Decommissioning Trust agreement(s) shall be in a form which is acceptable to the NRC and shall provide, in addition to any other clauses, that:
 - a) Investments in the securities or other obligations of Entergy Nuclear, Entergy Corporation, their affiliates, subsidiaries or associates, 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 is prohibited.
 - b) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement(s).

4.0 ANTITRUST

Section 105 of the Atomic Energy Act of 1954, as amended (AEA), requires the Commission to conduct an antitrust review in connection with an application for a license to construct or operate a facility under Section 103 of the AEA. Because Pilgrim is licensed under Section 104b, it is not subject to antitrust review by the Commission.

5.0 FOREIGN OWNERSHIP, CONTROL OR DOMINATION

According to the application, all of the officers and directors of Entergy Nuclear are U.S. Citizens. Entergy Nuclear is incorporated in Delaware, and has its principal office in Jackson, Mississippi. The application states that "Entergy Nuclear Generation Company is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government". The NRC staff does not know or have reason to believe otherwise.

6.0 NUCLEAR INSURANCE

The provisions of the Price-Anderson Act (Section 170 of the AEA) and 10 CFR Part 140 require that Entergy Nuclear be added to the current Pilgrim indemnity agreement. In accordance with the Price-Anderson Act, Entergy Nuclear must provide primary insurance of \$200 million and participate in the secondary retrospective insurance pool once it becomes a licensee. These requirements can be met by purchasing insurance policies from the nuclear liability insurance pool, American Nuclear Insurers. Entergy Nuclear also will be required to maintain property insurance as specified in 10 CFR 50.54(w). The staff does not have any reason to believe that Entergy Nuclear will be unable to meet the statutory and regulatory insurance requirements applicable to all power reactor licensees.

Consistent with NRC practice, the staff will require Entergy Nuclear to provide satisfactory documentary evidence that Entergy Nuclear has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations, prior to the issuance of the amended licenses reflecting Entergy Nuclear as the licensee. Since the issuance of the amended licenses is directly tied to the consummation of the sale and transfer of Pilgrim, the order approving the transfer will contain the following condition:

Entergy Nuclear shall, prior to completion of the sale and transfer of Pilgrim to it, provide the Director, Office of Nuclear Reactor Regulation, satisfactory documentary evidence that Entergy Nuclear has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

7.0 TECHNICAL QUALIFICATIONS

7.1 Basis and Guidance for NRC Evaluation

The staff used the following regulations and guidance in making its evaluation of Entergy Nuclear's technical qualifications: 10 CFR 50.40(b), "Common Standards;" Standard Review Plan (SRP) NUREG-0800, Section 13.1.1, "Management and Technical Support Organization;" SRP, Sections 13.1.2-13.1.3, "Operating Organizations," and Section 4.6.1 of American National Standards Institute (ANSI) N18.1-1971, "Selection and Training of Nuclear Power Plant Personnel," as endorsed by Regulatory Guide 1.8, Revision 2, April 1987, "Qualification and Training of Personnel for Nuclear Power Plants."

7.2 Evaluation

The purpose of this review is to ensure that Entergy Nuclear's corporate organization and technical staff are or will be sufficiently qualified to provide support for safe plant operation.

7.2.1 Management and Technical Support Organization

SRP Section 13.1.1 criteria (underlined in the following discussion) for analyzing the management and technical support organization of Entergy Nuclear are discussed below.

The organizational groups responsible for implementation of technical support for operation of the facility are identified and described. The Boston Edison Nuclear Business Unit (not limited to site location) which includes all groups responsible for implementation of technical support for operation of Pilgrim will be maintained under Entergy Nuclear as currently described in the final safety analysis report (FSAR). These groups include those responsible for various functions such as Maintenance and Operations, and support functions such as Engineering and Business Services. Corporate support service such as Human Resources and Accounting, currently provided by Boston Edison, will be provided by Entergy Nuclear. Since the FSAR for Pilgrim identifies and describes the technical support groups for the site, Entergy Nuclear will review any changes to the site organization under and subject to 10 CFR 50.59.

The organizational structure provides for the integrated management of activities that support the operation and maintenance of Pilgrim. Currently, all plant departments (e.g., Operations, Maintenance, Chemistry, Radiation Protection, etc.) report to the Vice President-Nuclear/ Station Director. With the purchase of Pilgrim by Entergy Nuclear, the only change to the existing organization will be that the plant operating organizations will report to the Vice President-Operations for Pilgrim, who previously was the Vice President-Nuclear. Otherwise, the existing organizational structure, which has been acceptable, will not change as a result of the sale.

Clear management control and effective lines of authority and communications exist between the organizational units involved in the management, operations, and technical support for operation of Pilgrim. In a supplement to the application dated January 28, 1999, several organization charts were submitted that depict the proposed relationship between Entergy Nuclear and the current Pilgrim site organization. The submittals also described the management and communications pathways that will exist between the Entergy Nuclear corporate management and the Pilgrim plant operations and support groups. The current Pilgrim Vice President-Nuclear and Station Director will become the Station Director only and will report to the Vice President-Operations, who will be located at the Pilgrim site and will report directly to the President and Chief Executive Officer (CEO), Entergy Nuclear. The reporting and communication chain from Pilgrim operations and support groups through the Vice President-Operations, to the President, Entergy Nuclear allows Pilgrim management access to additional Entergy Nuclear resources that may be needed to support plant operation.

Substantive breadth and level of experience and availability of personnel exist to implement the responsibility for technical support for operation of Pilgrim. In the supplement to the application dated January 28, 1999, Boston Edison and Entergy Nuclear provided resumes of the persons to fill key management positions.

The two most senior Entergy Nuclear management personnel, who are assigned responsibilities in the Entergy Nuclear corporate structure, exhibit sufficient experience and nuclear knowledge to implement their individual responsibilities for technical support for the operation of Pilgrim. Both individuals have in excess of 20 years of experience in the management, operations, and maintenance of commercial nuclear power facilities. Additionally, they meet the required qualifications described in Regulatory Guide 1.8 and ANSI-N18.1-1971, "Selection and Training of Nuclear Power Plant Personnel." Existing Pilgrim licensing documents, which are not proposed to be changed, will ensure that any new management employees placed at Pilgrim will have experience in the day-to-day operation of nuclear plants and will meet all applicable technical qualifications.

The corporate level management and technical support structure should be free of ambiguous assignments of primary responsibility. A corporate officer should clearly be responsible for nuclear activities, without having ancillary responsibilities that might detract from attention to nuclear safety matters. The supplement to the application dated January 28, 1999, states that the Vice President-Operations at the site will be the officer responsible for implementing all activities associated with the overall safe and reliable operation of Pilgrim. The Vice President-Operations will be clearly responsible for nuclear activities and will not have non-nuclear

ancillary responsibilities. Based on the Vice President-Operations being the corporate officer responsible for the safe operation of Pilgrim, the staff concludes that corporate level management will not be detracted from attention to nuclear safety matters.

7.2.2 Operating Organization

Since there will be no material changes to the Pilgrim operating organization, it will continue to perform the same activities through the existing lines of authority and communication. Based on the commitment of Entergy Nuclear to maintain the personnel qualifications level, the staff concludes that the proposed Pilgrim operating organization is acceptable and meets the criteria described in SRP Section 13.1.2-13.1.3, "Operating Organization."

7.3 Staff Conclusions With Respect To Technical Qualifications

Entergy Nuclear has described its management organization and personnel qualifications for the operation of the facility after the license transfer. Entergy Nuclear has proposed no material changes to the existing organizational structure. Entergy Nuclear has stated that any changes to the organization within the first year of the sale will be reported to the staff. In addition, Entergy Nuclear has stated that most if not all employees within the Boston Edison Nuclear Business Unit will be offered employment with Entergy Nuclear. All positions that need to be refilled will be with persons who are qualified under the appropriate licensing documents. The staff concludes that Entergy Nuclear has or will have the management and technical support organization necessary to support plant operation and has an acceptable organization and adequate resources to provide technical support for the operation of Pilgrim under both normal and off-normal conditions.

Accordingly, on the basis of the foregoing discussion and the information and representations in the application, the staff finds that Entergy Nuclear is technically qualified to hold the Pilgrim license, as required under 10 CFR 50.40(b).

8.0 MATERIALS LICENSE

The application requested approval of the transfer of Materials License No. 20-07626-04 to Entergy Nuclear. The request was evaluated in light of NRC Information Notice No. 89-25, Revision 1 "Unauthorized Transfer of Ownership or Control of Licensed Activities," which attaches a listing of information that should be considered. Based on the above evaluation of technical qualifications of Entergy Nuclear and the information provided by the applicants, the NRC staff concludes that the transfer of the Materials License to Entergy Nuclear is in accordance with the provisions of the Atomic Energy Act.

9.0 CONFORMING AMENDMENT

9.1 Introduction

As stated previously, Boston Edison and Entergy Nuclear have requested approval of proposed conforming amendments to the Pilgrim Facility Operating License No. DPR-35, and

Materials License No. 20-07626-04. The requested changes for the most part replace references to Boston Edison or its organizations or officials in the licenses with references to Entergy Nuclear or its organizations or officials to reflect the proposed transfer of the licenses and change of ownership. In addition, the application included two changes, to page one of the operating license, to add a reference to the Nuclear Regulatory Commission (to update an existing reference to the Atomic Energy Commission), and a reference to the transfer approval. Supplemental information and a request for one conforming change involving Technical Specification 5.0 (Administrative Controls) subsection 5.2.1.c, to change the title of "Senior Vice President-Nuclear" (a Boston Edison title) to "Vice President-Operations for Pilgrim" (an equivalent Entergy Nuclear title), received after the initial *Federal Register* notice of the application did not affect the applicability of the Commission's generic no significant hazards consideration determination set forth in 10 CFR 2.1315.

9.2 Discussion

The changes to be made to the licenses are indicated in Enclosure 1. On page one of the Operating License, the two requested changes specifically identified above have been modified by the staff and combined into a footnote to be inserted at the bottom of the first page of the license in order to be more consistent with NRC practice. Regarding the proposed change to TS 5.2.1.c, while the title for the senior manager on site was changed, the responsibilities of this managerial position are to be maintained in accordance with the current technical specifications. The changes as indicated in Enclosure 1 do no more than accurately reflect the approved transfer action, which is subject to certain conditions set forth in the Order approving the transfer. These conditions were identified and discussed earlier in this Safety Evaluation. The amendments involve no safety questions and are administrative in nature. Accordingly, the proposed amendments are acceptable.

9.3 CONCLUSION WITH RESPECT TO THE CONFORMING AMENDMENTS

The Commission has concluded, based on the considerations discussed above, that (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

10.0 COMMENTS RECEIVED

The NRC has received comments from Citizens Urging Responsible Energy (CURE) dated February 25, 1999, and from 13 municipalities that purchase power from Boston Edison dated February 25, 1999.

10.1 CURE Comments

CURE expressed specific concerns about the operation and maintenance of Pilgrim by Boston Edison. Based on CURE's stated belief that Pilgrim has had a "seriously flawed health and safety record," CURE has requested the following:

- 1) That BECo make available to the public the site characterization study that it has,
- 2) That a review of the site, including a radiological survey, be performed to verify the site's current compliance with all applicable regulations, and
- 3) That the NRC take the necessary steps to ensure that the health and safety issues raised in Exhibits A through H of CURE's submittal are fully investigated and resolved.

CURE's comments and exhibits do not raise any issues material to the NRC's approval of a license transfer, such as the technical or financial qualifications of the proposed transferee. The NRC, of course, may not approve the transfer unless Entergy Nuclear is fully qualified to hold the license for the plant. Since a transferee takes the plant as it exists, any "seriously flawed health and safety record" will become the transferee's responsibilities to correct.

Addressing the specific requests by CURE, the NRC has performed a review of the mini-site characterization study that was performed by Boston Edison. This study was commissioned by Entergy Nuclear as a prudency report supporting the sale. Boston Edison has stated this report is the property of Entergy Nuclear and CURE should approach Entergy Nuclear for its release. The NRC review in Inspection Report 99-01 concluded that significant amounts of radioactive contamination were not present in onsite surface soils and appropriate records of spills and other unusual occurrences involving the spread of contamination were maintained in accordance with 10 CFR 50.75(g). There were no open issues raised as a result of our review.

The plant is constantly monitored in accordance with the Technical Specifications, under various safety programs and inspections, and by the resident inspectors, to ensure that the plant is in compliance with NRC Regulations. The staff is unaware of any non-compliance of any significance which, in particular, would be a bar to approving the transfer.

CURE has submitted several exhibits in support of its comments. The staff has reviewed these exhibits and determined that in general, the issues raised were the result of various NRC inspections. The regional staff tracks all open issues raised in inspection reports and attempts to close them in a timely manner. All open issues are tracked as Inspector Follow Items (IFI) or unresolved items (URI). These items are managed by an open items list maintained by the inspectors. There are no specific open items related to the exhibits provided by CURE.

In summary, CURE has raised no issues that would preclude the staff from approving the transfer of the Pilgrim operating license or materials license to Entergy Nuclear.

10.2 Comments By Thirteen Municipal Customers of Pilgrim

Thirteen municipalities which purchase power from Pilgrim (13 Municipals) have requested that the NRC make available the information redacted from the application to the 13 Municipals. According to the 13 Municipals, they have long-term contracts with Boston Edison on file with the Federal Energy Regulatory Commission (FERC) to purchase power from Pilgrim. Boston Edison has filed a petition with FERC to permit it to modify the contracts in light of the proposed transfer of the plant to Entergy Nuclear. The 13 Municipals state that they do not

oppose the transfer, but oppose the "unilateral" reformation of the long-term contracts by Boston Edison. They assert that they are seeking the redacted financial information "to access the potential impact of the proposed contract changes," and to assess whether Boston Edison's actions will affect Entergy Nuclear's financial capabilities.

The staff has fully analyzed Entergy Nuclear's financial qualifications, taking into account all facts and circumstances contained in the application, including the proprietary information withheld from the public. The staff has determined that Entergy Nuclear is financially qualified to hold the licenses, as discussed earlier. The 13 Municipals have not cited any legal basis for the staff to release the proprietary information contained in the application, or suggested that there is reason to believe that with the proprietary information they would arrive at a conclusion different from the staff concerning Entergy Nuclear's financial qualifications. Since the matter is now pending before FERC, it would appear that relief would be more appropriately sought in that forum.

11.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Massachusetts State Official was notified of the proposed issuance of the amendments. The State official had no comments.

12.0 ENVIRONMENTAL CONSIDERATION

The subject application is for approval of the transfer of licenses issued by the NRC and approval of conforming amendments. Accordingly, the action involved meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with approval of the application.

13.0 CONCLUSIONS

In view of the foregoing, the NRC staff concludes that Entergy Nuclear is technically and financially qualified to purchase, operate and decommission the Pilgrim Nuclear Power Station, and otherwise qualified to hold the operating license for Pilgrim. Also, the staff concludes that there do not appear to be any problematic antitrust or foreign ownership considerations that would arise from the proposed sale. The staff also concludes that the transfer of the materials license to Entergy Nuclear is in accordance with the provisions of the Atomic Energy Act, and that the transfer of the operating license to Entergy Nuclear is consistent with applicable provisions of law, regulations, and orders issued by the Commission. Accordingly, with the imposition of the conditions discussed above relating to funding of the Decommissioning Trust, Provisional Trust, and the \$50 million contingency fund as discussed earlier, and relating to required insurance, approval of the proposed action is acceptable.

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