

October 18, 2001

Mr. Oliver D. Kingsley, President
Exelon Nuclear
Exelon Generation Company, LLC
200 Exelon Way, KSA 3-E
Kennett Square, PA 19348

SUBJECT: PEACH BOTTOM ATOMIC POWER STATION, UNITS 2 AND 3 - ISSUANCE OF AMENDMENT RE: TRANSFER OF LICENSES TO THE EXTENT HELD BY ATLANTIC CITY ELECTRIC COMPANY, TO EXELON GENERATION COMPANY, LLC, AND PSEG NUCLEAR LLC (TAC NOS. MB3129 AND MB3130)

Dear Mr. Kingsley:

By application dated December 21, 1999, as supplemented February 11, March 2, and March 16, 2000, PECO Energy Company (PECO), PSEG Nuclear LLC (PSEG Nuclear), Atlantic City Electric Company (ACE), and Delmarva Power and Light Company (DP&L) requested U.S. Nuclear Regulatory Commission (NRC) approval to transfer Facility Operating Licenses Nos. DPR-44 and DPR-56 for the Peach Bottom Atomic Power Station (PBAPS), Units 2 and 3, to the extent the licenses are held by ACE and DP&L, to PECO and PSEG Nuclear. The application also requested NRC approval of conforming license amendments. On April 21, 2000, the NRC issued an Order approving the transfer. This Order, with an expiration date of December 31, 2000, was premised in part on the DP&L and ACE transfers occurring concurrently. The Order also approved conforming license amendments, to be issued at the time the transfers were completed.

On October 10, 2000, PECO submitted an application that notified the NRC of developments that changed the schedule for closing the ACE and DP&L transactions, and requested NRC approval of revised operating license amendments consistent with independent transfers of the minority ownership interests held by DP&L and ACE in two phases. The application requested the NRC to modify prior conditions of approval concerning decommissioning fund amounts to be transferred to be consistent with the transfers occurring in two phases, and to extend the expiration date of the April 21, 2000, Order to December 31, 2001. The application also requested that the NRC issue other approvals that might be necessary to allow the transfers to occur in two phases.

By Order dated December 27, 2000, the NRC supplemented the April 21, 2000, Order and expressly approved the transfer of the Peach Bottom licenses, to the extent they are held by DP&L and ACE, to PSEG Nuclear and to PECO (or to Exelon Generation Company, LLC (EGC), if the license transfer from PECO to EGC had been completed) and to occur in two phases, with DP&L transferring its ownership interests independently of ACE.

By license amendments dated December 29, 2000, the NRC transferred the Peach Bottom licenses, to the extent held by DP&L, to PSEG Nuclear and PECO.

By license amendments dated January 12, 2001, the NRC transferred the Peach Bottom licenses, to the extent held by PECO, to EGC. EGC is currently the licensed operator of PBAPS Units 2 and 3. By letter dated January 30, 2001, EGC requested that the NRC staff continue to process and disposition licensing actions previously docketed and requested by PECO.

In a letter dated October 9, 2001, EGC notified the NRC that the closing of the license transfer for ACE's interests in Peach Bottom was anticipated to occur on October 18, 2001.

Accordingly, the Commission has issued the enclosed Amendments Nos. 241 and 245 to Facility Operating License Nos. DPR-44 and DPR-56 for PBAPS Units 2 and 3. The conforming amendments reflect the transfer of ACE's ownership of PBAPS Units 2 and 3, to EGC and PSEG Nuclear. The safety evaluation supporting the conforming amendments was enclosed with the Order issued on December 27, 2000.

Enclosure 3 contains four copies of Indemnity Agreement No. B-28 Amendment No. 26, which is required in connection with the transfer of the license. Please have all the listed licensees sign all copies. Please return one fully signed copy to me, and have each licensee retain one fully signed copy.

Notice of Issuance will be included in the Commission's Biweekly *Federal Register* Notice.

Sincerely,

/RA/

John P. Boska, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-277 and 50-278

Enclosures: 1. Amendment No. 241 to DPR-44
2. Amendment No. 245 to DPR-56
3. Indemnity Agreements

cc w/encls: See next page

By license amendments dated January 12, 2001, the NRC transferred the Peach Bottom licenses, to the extent held by PECO, to EGC. EGC is currently the licensed operator of PBAPS Units 2 and 3. By letter dated January 30, 2001, EGC requested that the NRC staff continue to process and disposition licensing actions previously docketed and requested by PECO.

In a letter dated October 9, 2001, EGC notified the NRC that the closing of the license transfer for ACE's interests in Peach Bottom was anticipated to occur on October 18, 2001.

Accordingly, the Commission has issued the enclosed Amendments Nos. 241 and 245 to Facility Operating License Nos. DPR-44 and DPR-56 for PBAPS Units 2 and 3. The conforming amendments reflect the transfer of ACE's ownership of PBAPS Units 2 and 3, to EGC and PSEG Nuclear. The safety evaluation supporting the conforming amendments was enclosed with the Order issued on December 27, 2000.

Enclosure 3 contains four copies of Indemnity Agreement No. B-28 Amendment No. 25, which is required in connection with the transfer of the license. Please have all the listed licensees sign all copies. Please return one fully signed copy to me, and have each licensee retain one fully signed copy.

Notice of Issuance will be included in the Commission's Biweekly *Federal Register* Notice.

Sincerely,

/RA/

John P. Boska, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-277 and 50-278

Enclosures: 1. Amendment No. 241 to DPR-44
2. Amendment No. 245 to DPR-56
3. Indemnity Agreements

cc w/encls: See next page

DISTRIBUTION:

MO'Brien	MDavis	OPA
PUBLIC	JBoska	ACRS
PDI-2 R/F	OGC	BPlatchek, RGN-I
GHill (4)	JClifford	WBeckner
EAdensam	CCarpenter	IDinitz

ADAMS ACCESSION NUMBER: ML012850478

* Concurrence given on NRC order dated December 27, 2000

OFFICE	PM/PD1-2	LA/PD1-2	OGC*	SC/PD1-2	D/PDI	D/DLPM	D/NRR
NAME	JBoska	MO'Brien	SHom	JClifford	EAdensam	TMarsh for JZwolinski	BSheron for SCollins
DATE	10/16/01	10/16/01	12/27/00	10/16/01	10/16/01	10/18/01	10/18/01

OFFICIAL RECORD COPY

Peach Bottom Atomic Power Station
Units 2 and 3

cc:

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Vice President & General Counsel
Exelon Generation Company, LLC
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Kennett Square, PA 19348

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Site Vice President
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Delta, PA 17314

Mr. G. Johnston
Plant Manager
Peach Bottom Atomic Power Station
1848 Lay Road
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Mr. A. Winter
Regulatory Assurance Manager
Peach Bottom Atomic Power Station
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Resident Inspector
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Peach Bottom Atomic Power Station
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Regional Administrator, Region I
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Mr. Roland Fletcher
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Baltimore, MD 21224

Correspondence Control Desk
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Chief-Division of Nuclear Safety
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Harrisburg, PA 17105-8469

Board of Supervisors
Peach Bottom Township
R. D. #1
Delta, PA 17314

Public Service Commission of Maryland
Engineering Division
Chief Engineer
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Baltimore, MD 21202-6806

Mr. Richard McLean
Power Plant and Environmental
Review Division
Department of Natural Resources
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Annapolis, MD 21401

Dr. Judith Johnsrud
National Energy Committee
Sierra Club
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State College, PA 16803

Manager-Financial Control & Co-Owner
Affairs
Public Service Electric and Gas Company
P.O. Box 236
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Peach Bottom Atomic Power Station
Units 2 and 3

cc:

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EXELON GENERATION COMPANY, LLC

PSEG NUCLEAR LLC

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-277

PEACH BOTTOM ATOMIC POWER STATION, UNIT 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 241
License No. DPR-44

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by PECO Energy Company, et al., dated October 10, 2000, 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, Facility Operating License No. DPR-44 is hereby amended as indicated in the attachments hereto.

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

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation

Attachment: Changes to License DPR-44

Date of Issuance: October 18, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 241

FACILITY OPERATING LICENSE NO. DPR-44

DOCKET NO. 50-277

Replace the following pages of the Facility Operating License with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

Remove Pages

1
2

Insert Pages

1
2

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC (Exelon Generation Company), and PSEG Nuclear LLC (the licensees), 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 and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 and the application, as amended, the provisions of the Act and the rules and regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - D. There is reasonable assurance: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - G. The issuance of this amended operating license will not be inimical to the common defense and security or to the health and safety of the public;

- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Amendment No. 1 to Facility Operating License No. DPR-44 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
 - I. The receipt, possession, and use of source, by-product and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the Exelon Generation Company, and PSEG Nuclear LLC (PSEG Nuclear), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania and is described in the "Final Safety Analysis Report" as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Exelon Generation Company, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, pursuant to the Act and 10 CFR Part 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;
 - (3) Exelon Generation Company, pursuant to the Act and 10 CFR parts 30, 40, and 70 to receive, possess and use at any time any byproduct, source and 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;
 - (4) Exelon Generation Company, 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

EXELON GENERATION COMPANY, LLC

PSEG NUCLEAR LLC

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-278

PEACH BOTTOM ATOMIC POWER STATION, UNIT 3

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 245
License No. DPR-56

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by PECO Energy Company, et al., dated October 10, 2000, 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, Facility Operating License No. DPR-56 is hereby amended as indicated in the attachment hereto:

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

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation

Attachment: Changes to License DPR-56

Date of Issuance: October 18, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 245

FACILITY OPERATING LICENSE NO. DPR-56

DOCKET NO. 50-278

Replace the following pages of the Facility Operating License with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

Remove Pages

1
2

Insert Pages

1
2

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC (Exelon Generation Company), and PSEG Nuclear LLC (the licensees), 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 and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 and the application, as amended, the provisions of the Act and the rules and regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
 - D. There is reasonable assurance: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;
 - G. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;

- H After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-56 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
 - I. The receipt, possession, and use of source, by-product and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the Exelon Generation Company, and PSEG Nuclear LLC (PSEG Nuclear) is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania and is described in the "Final Safety Analysis Report" as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Exelon Generation Company, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility and PSEG Nuclear to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, pursuant to the Act and 10 CFR Part 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;
 - (3) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30, 40, and 70 to receive, possess and use at any time any byproduct, source and 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

October 18, 2001

Docket Nos. 50-171
50-277
50-278

AMENDMENT TO INDEMNITY AGREEMENT NO. B-28
AMENDMENT NO. 26

Effective October 18, 2001, Indemnity Agreement No. B-28, between PSEG Nuclear, LLC, Exelon Generation Company, LLC, and Atlantic City Electric Company, and the Atomic Energy Commission, dated December 31, 1964, as amended, is hereby further amended as follows:

Delete the name "Atlantic City Electric Company"

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

/RA/
Eugene V. Imbro, Acting Chief
Operational Experience and
Non-Power Reactors Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Accepted _____, 2001

Accepted _____, 2001

By _____
Atlantic City Electric Company

By _____
PSEG Nuclear, LLC

Accepted _____, 2001

By _____
Exelon Generation Company, LLC