



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

March 27, 1989

Docket No. 50-461

Mr. Dale L. Holtzscher
Acting Manager - Licensing and Safety
Clinton Power Station
P. O. Box 678
Mail Code V920
Clinton, Illinois 61727

Dear Mr. Holtzscher:

SUBJECT: LICENSE CHANGE REQUEST CONCERNING THE PROPOSED MERGER OF SOYLAND
POWER COOPERATIVE AND WESTERN ILLINOIS POWER COOPERATIVE
(TAC NO. 71064)

The Commission has issued the enclosed Amendment No. 20 to Facility Operating License No. NPF-62 for the Clinton Power Station, Unit No. 1. This amendment consists of changes to the License in response to your application dated November 2, 1988.

The amendment consists of a proposed change to the Operating License to reflect an adjustment of the ownership interests in Clinton Power Station (CPS) which would occur if Soyland Power Cooperative (Soyland) merges with Western Illinois Power Cooperative (WIPCO) and WIPCO ceases to exist as a separate entity. Soyland and WIPCO are minority owners of CPS with a combined ownership share of less than 15%. WIPCO and Soyland, in addition to Illinois Power Company are currently licensees for CPS. Therefore, the merger of Soyland and WIPCO will not result in the transfer of the license to any entity not currently a licensee for CPS. Soyland will assume full responsibility for all CPS obligations currently being discharged by WIPCO. The proposed license amendment will not change the share of ownership that IP has in CPS, will not change IP's commitments related to capital and operating and maintenance costs, and will not affect IP's role as project manager.

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Mr. Dale L. Holtzscher

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A copy of our Safety Evaluation is also enclosed. Notice of Issuance is being filed with the Office of the Federal Register for publication.

Sincerely,


John B. Hickman, Project Manager
Project Directorate III-2
Division of Reactor Projects - III,
IV, V and Special Projects

Enclosures:

1. Amendment No. 20 to
License No. NFP-62
2. Safety Evaluation

cc w/enclosures:
See next page

March 27, 1989

Mr. Dale L. Holtzscher

- 2 -

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John B. Hickman, Project Manager
Project Directorate III-2
Division of Reactor Projects - III,
IV, V and Special Projects

Enclosures:

- 1. Amendment No. 20 to License No. ~~20~~ NFP-62
- 2. Safety Evaluation

cc w/enclosures:
See next page

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Mr. Dale L. Holtzscher
Illinois Power Company

Clinton Power Station
Unit 1

cc:

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Chairman of DeWitt County
c/o County Clerk's Office
DeWitt County Courthouse
Clinton, Illinois 61727



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

ILLINOIS POWER COMPANY ET AL.

DOCKET NO. 50-461

CLINTON POWER STATION, UNIT NO. 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 20
License No. NPF-62

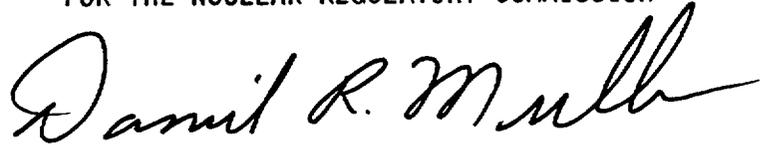
1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Illinois Power Company* (IP), Soyland Power Cooperative, Inc., and Western Illinois Power Cooperative, Inc. (the licensees) dated November 2, 1988, complies with the standards and requirements 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.

*Illinois Power Company is authorized to act as agent for Soyland Power Cooperative, Inc. and Western Illinois Power Cooperative, Inc. and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

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2. Accordingly, Facility Operating License No. NPF-62 is amended by changes to the title, paragraph 1.A., footnote *, paragraph 2., paragraph 2.A., and paragraph 2.B.(2) as shown on the attachment to this license amendment.
3. This license amendment is effective as of its date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Daniel R. Muller, Director
Project Directorate III-2
Division of Reactor Projects - III,
IV, V and Special Projects

Attachment:
Changes to the Technical
Specifications

Date of Issuance: March 27, 1989

ATTACHMENT TO LICENSE AMENDMENT NO. 20

FACILITY OPERATING LICENSE NO. NPF-62

DOCKET NO. 50-461

Replace the following pages of the Operating License No. NPF-62 with the attached pages. The revised pages contain vertical lines indicating the area of change.

Remove

1

2

Insert

1

2



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

ILLINOIS POWER COMPANY

SOYLAND POWER COOPERATIVE, INC.

DOCKET NO. 50-461

CLINTON POWER STATION, UNIT NO. 1

FACILITY OPERATING LICENSE

License No. NPF-62

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for license filed by Illinois Power Company* (IP), acting on behalf of itself and as agent for Soyland Power Cooperative, Inc. (licensees) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's 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 Clinton Power Station, Unit No. 1 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-137 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
 - D. There is reasonable assurance: (i) that the activities authorized by this 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 Commission's regulations set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);
 - E. Illinois Power Company is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," of the Commission's regulations;

*Illinois Power Company is authorized to act as agent for Soyland Power Cooperative, Inc. and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

- G. The issuance of this 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 and other costs and considering available alternatives, the issuance of Facility Operating License No. NPF-62, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied; and
 - I. The receipt, possession, and use of source, byproduct 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.
2. Based on the foregoing findings regarding this facility, and pursuant to approval by the Nuclear Regulatory Commission at a meeting on April 10, 1987, Facility Operating License No. NPF-62, which supersedes the license for fuel loading and low power testing, License No. NPF-55, issued on September 29, 1986, is hereby issued to Illinois Power company and Soyland Power Cooperative, Inc. (the licensees), to read as follows:
- A. This license applies to the Clinton Power Station, Unit No. 1, a boiling water nuclear reactor and associated equipment (the facility), owned by Illinois Power Company and Soyland Power Cooperative, Inc. The facility is located in Harp Township, DeWitt County, approximately six miles east of the city of Clinton in east-central Illinois and is described in the licensees' Final Safety Analysis Report, as supplemented and amended, and in the licensees' Environmental Report-Operating License Stage, as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Illinois Power Company (IP), pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Harp Township, DeWitt County, Illinois, in accordance with the procedures and limitations set forth in this license;
 - (2) Soyland Power Cooperative, Inc., pursuant to Section 103 of the Act and 10 CFR Part 50, to possess the facility at the above designated location in accordance with the procedures and limitations set forth in this license;
 - (3) IP, pursuant to the Act and 10 CFR Part 70, to receive, possess and to 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;



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
SUPPORTING AMENDMENT NO. 20 TO FACILITY OPERATING LICENSE NO. NPF-62
CLINTON POWER STATION, UNIT NO. 1
ILLINOIS POWER COMPANY
DOCKET NO. 50-461

1.0 INTRODUCTION

By letter from D. P. Hall, Illinois Power Company (IP), to USNRC, dated November 2, 1988 (Ref. 1), license changes were proposed for the Clinton Power Station (CPS) to support the proposed merger of Soyland Power Cooperative (Soyland) and Western Illinois Power Cooperative (WIPCO). Enclosed were copies of the most recent financial statements from Soyland and WIPCO, a copy of the agreement under which Soyland's merger with WIPCO will take place, and a description of the financial structure of Soyland following its merger with WIPCO. In addition, copies of IP's most recent Securities and Exchange Commission 8-K, 10-Q, and 10-K forms and copies of IP's, Soyland's and WIPCO's most recent Annual Reports were provided.

The requested changes to the license are administrative in nature, deleting references to WIPCO in the Operating License for the Clinton Power Station. The change will consolidate the interests that the current two minority owners of CPS have into one operating company. IP's ownership share in CPS will not change nor will IP's role as project manager.

2.0 EVALUATION - FINANCIAL QUALIFICATIONS

The Staff's concern from a financial qualifications standpoint is that the merger not have a negative impact on the availability of the cooperative's share of all costs of safe plant operation and maintenance. The cooperatives have confirmed to the staff that the new, merged Soyland will continue to set its own rates for service as at present and that such rates are established at a level to cover all costs of service, including safe nuclear plant operation. The U.S. Rural Electrification Administration reviews the cooperative's rates to assure that they are sufficient to cover all of the cooperative's financial obligations, including the pro rata share of Clinton costs in this case.

The licensees state in their application that the merger of WIPCO and Soyland (into Soyland) will not result in the transfer of the Clinton license to any entity not currently a Clinton licensee. They also commit that the new Soyland will assume full responsibility for all Clinton financial obligations currently being discharged by WIPCO. The proposed merger will not affect the ownership share of the lead licensee, Illinois Power Company, and will not

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affect its role as project manager. The new Soyland will continue to make payment of its combined pro rata share of all Clinton expenses to Illinois Power under the provisions of the existing joint ownership participation agreement.

In accordance with our review, we have concluded that the proposed merger will not have a negative effect on funds available for Clinton. The proposal provides for the full satisfaction of the combined Clinton obligations of Soyland and WIPCO. Therefore, the Staff's financial qualifications concerns regarding the proposed merger are satisfied.

3.0 EVALUATION - ANTITRUST CONSIDERATIONS

In its antitrust review of nuclear plant licensees, the staff is concerned with activities by licensees or prospective licensees that may create or maintain inconsistencies with the antitrust laws. Both Soyland and WIPCO have been reviewed by the staff during the operating license review of Clinton which was completed in February 1982. The initial operating license antitrust review of the two minority co-owners addressed each licensee as individual entities; however, the prospective combination of the two minority co-owners that would result from the proposed merger of Soyland and WIPCO was addressed by the staff in its "Updated Finding of No Significant Antitrust Changes" (Updated Review) in September of 1985. In its Updated Review, the staff concluded that,

"The combination of the two systems should result in cost efficiencies normally associated with membership in an operating pool once Soyland becomes a generating entity, i.e., when Clinton comes on line. The more efficient Soyland/WIPCO has the potential to provide stronger competition in the Illinois bulk power industry, particularly in its dealings with larger more fully integrated power systems." (Updated Review, p. 18)

In its review of the amendment request, the staff considered whether or not the merger would spawn a new licensee with added market power (i.e., more than Soyland or WIPCO individually) and whether or not the new licensee would abuse any newfound market power. The staff addressed what, if any, competitive impact this new entity may have on the production and allocation of power and energy from Clinton as well as any corollary effect upon bulk power supply resulting from the changes in the new entity's competitive activities. Based upon the existing market structure and the projected structure of the Illinois electric bulk power market after the merger in question, as well as the performance and current market positions of each of the merging parties, it appears that the surviving power entity, Soyland Power Cooperative, will gain additional market power and be better able to compete in a market characterized by large, fully integrated electric power systems. In arriving at this conclusion, the staff considered the following factors:

1. WIPCO has been financially unstable over the last several years and is not in a position to aggressively seek new customers on its own (i.e., a strong competitor is not being eliminated by the merger).
2. No instances of abuse of market power were attributed to Soyland or WIPCO during the operating license antitrust review.
3. Soyland and WIPCO signed a joint pooling agreement in January of 1985. The pooling agreement combined personnel, electric power loads and power supplies of the two coops. Since the consummation of the pooling agreement, the two coops have operated as one entity. The Soyland/WIPCO combination has strengthened the market position of new Soyland Power Cooperative in the Illinois electric bulk power market.
4. Illinois Power Company is still the major supplier of bulk power services in the area of the state served by Soyland and WIPCO. Moreover, new Soyland will not be a major player in the electric bulk power market in a state that is presently served by four large privately owned electric utility systems -- Illinois Power Company, Central Illinois Public Service Company, Commonwealth Edison Company and Central Illinois Light Company.
5. Notice of the proposed merger and request for amendment was published in the Federal Register in November 1988 with a request for public comment. No comments were received.

We believe the combination of Soyland and WIPCO into one entity will provide economies of production and administration to the surviving entity and also provide added impetus to the competitive process in the Illinois electric power industry by strengthening new Soyland's position vis-a-vis more dominant power systems operating in the state. For the reasons discussed above, we believe the proposed amendment requesting approval of the merger of Soyland and WIPCO and the deletion of WIPCO from the Clinton operating license is acceptable from an antitrust point of view.

4.0 ENVIRONMENTAL CONSIDERATION

Pursuant to 10 CFR 51.21., 51.32, and 51.35, an environmental assessment and finding of no significant impact have been prepared and published in the Federal Register on March 27, 1989 (54 FR 12511). Based upon the environmental assessment, the Commission has determined that the issuance of this amendment will not have a significant effect on the quality of the human environment and that no environmental impact statement need be prepared.

5.0 CONCLUSION

We have 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, and (2) such activities will be conducted in compliance with the Commission's regulations and the issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public.

6.0 REFERENCES

1. Letter from D.P. Hall (IP) to USNRC dated November 2, 1988 "Clinton Power Station Request for Amendment to Facility Operating License NPF-62."

Principal Contributor: William Lambe, PTSB

Dated: March 27, 1989