

Indiana Michigan  
Power Company  
500 Circle Drive  
Buchanan, MI 49107 1373



March 28, 2002

AEP:NRC:2080  
10 CFR 50.80

Docket Nos.: 50-315  
50-316

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Mail Stop O-P1-17  
Washington, DC 20555-0001

Donald C. Cook Nuclear Plant Unit 1 and Unit 2  
FORMATION OF INTERMEDIATE PARENT COMPANY

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.80, Indiana Michigan Power Company (I&M), the owner and licensed operator of Donald C. Cook Nuclear Plant (CNP) Units 1 and 2, hereby requests the consent of the Nuclear Regulatory Commission (NRC) to the proposed corporate restructuring and resulting indirect transfer of control of the above captioned NRC licenses that will occur in connection with this reorganization.

The proposed restructuring will result in an affiliate company, Central and South West Corporation, becoming an intermediate parent company of I&M. Creation of this intermediate parent company will have no adverse financial, technical, or safety implications, and NRC's review and approval of the attached Application will enable American Electric Power Company, Inc. (AEP), I&M's ultimate parent company, to enhance the competitiveness and cost-effectiveness of its utility operations. AEP will remain the ultimate parent company of I&M after the reorganization.

I&M respectfully requests that the NRC issue an order consenting to any indirect transfer of control of the Facility Operating Licenses Nos. DPR-58 and DPR-74 resulting from this reorganization. I&M requests that NRC issue its approval by September 1, 2002, to permit closing of this transaction in the third quarter of 2002. Questions regarding this Application should be directed to Jeffrey D. Cross, Esq., General Counsel, 1 Riverside Plaza, Columbus, OH

ACCI

43215-2373, (614) 223-1580; and to George L. Edgar at Morgan, Lewis & Bockius, LLP, 1111 Pennsylvania Avenue, N.W., Washington, D.C. 20004, (202) 739-5459 or gedgar@morganlewis.com.

This letter contains no new commitments.

Sincerely,



Michael W. Rencheck  
Vice President, Strategic Business Improvements

/dmb

Attachment

c: K. D. Curry, w/o attachment  
J. E. Dyer  
MDEQ – DW & RPD, w/o attachment  
NRC Resident Inspector  
R. Whale, w/o attachment

AFFIRMATION

I, Michael W. Rencheck, being duly sworn, state that I am Vice President of Indiana Michigan Power Company (I&M), that I am authorized to sign and file this document with the Nuclear Regulatory Commission on behalf of I&M, and that the statements made and the matters set forth herein pertaining to I&M are true and correct to the best of my knowledge, information, and belief.

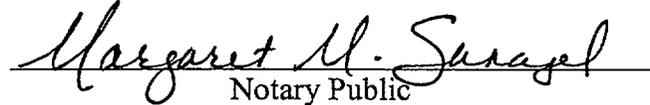
Indiana Michigan Power Company



Michael W. Rencheck  
Vice President, Strategic Business Improvements

SWORN TO AND SUBSCRIBED BEFORE ME

THIS 29 DAY OF March, 2002

  
Notary Public

My Commission Expires 11/23/2005

MARGARET MARY SUNAGEL  
Notary Public, Berrien County, MI  
My Commission Expires Nov 23, 2005

bc: G. P. Arent  
A. C. Bakken  
P. B. Cowan  
R. W. Gaston  
S. A. Greenlee  
S. B. Haggerty  
D. W. Jenkins  
W. E. Johnson  
P. J. Nelson  
J. E. Pollock  
M. W. Rencheck  
J. F. Stang, Jr., - NRC Washington, DC  
T. R. Stephens

ATTACHMENT TO AEP:NRC:2080

APPLICATION FOR ORDER CONSENTING TO INDIRECT TRANSFER  
OF CONTROL OF LICENSES

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## I. INTRODUCTION

This Application requests the consent of the Nuclear Regulatory Commission (NRC) to the proposed indirect transfer of control of Indiana Michigan Power Company's (I&M) interests in the Donald C. Cook Nuclear Plant (CNP), Units 1 & 2. Pursuant to Facility Operating License Nos. DPR-58 and DPR-74, I&M is licensed to operate and to possess a 100% undivided ownership interest in CNP.

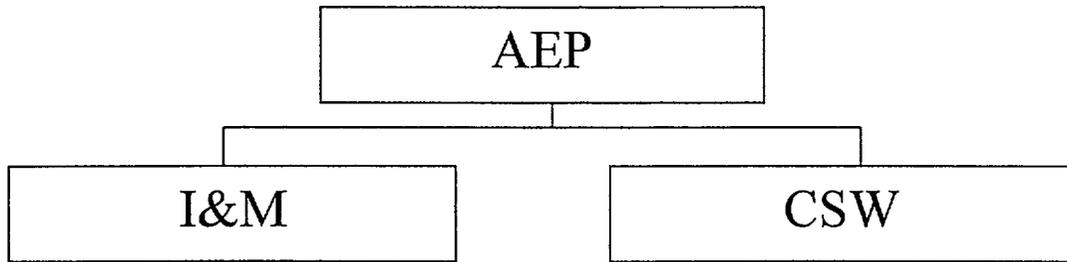
The proposed transfer involves an internal reorganization of the corporate structure of the parent holding company of I&M, which will result in an affiliate company, Central and South West Corporation (CSW), becoming an intermediate parent company of I&M. The proposed transfer will not involve any changes to I&M, will not involve any transfer of assets to or from I&M, will have no effect upon the management, organization, or day-to-day operations of CNP, and will not involve any amendments to the CNP licenses. In short, the proposed indirect transfer of control of the CNP licenses does not present any issue of safety or other regulatory significance to the NRC.

I&M and CSW are currently wholly-owned, direct subsidiaries of American Electric Power Company (AEP). AEP is a registered holding company under the Public Utility Holding Company Act of 1935, as amended, (PUHCA) whose shares of common stock are widely-held and publicly-traded on the New York Stock Exchange (Symbol AEP). Upon the completion of the reorganization, CSW will remain wholly-owned, direct subsidiary of AEP; I&M will be a wholly-owned, direct subsidiary of CSW. Thus, I&M will become a wholly-owned indirect subsidiary of AEP. Figure 1 reflects the relevant elements of the corporate structure before and after the proposed reorganization.

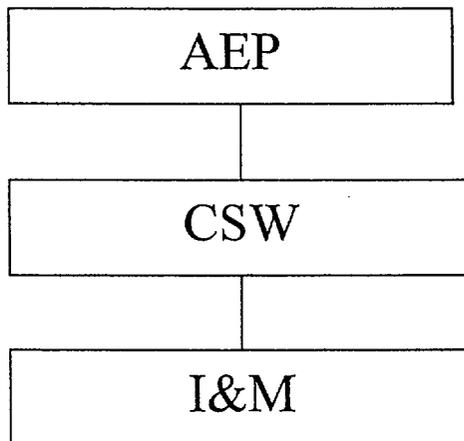
**FIGURE 1**

**SIMPLIFIED ORGANIZATIONAL DIAGRAMS**

**Current Organization**



**After Proposed Reorganization**



**II. STATEMENT OF PURPOSE OF THE TRANSFER AND NATURE OF THE TRANSACTION MAKING THE TRANSFER NECESSARY OR DESIRABLE**

The proposed reorganization will enable AEP to better conduct its generation business and other businesses currently owned by AEP in a competitive and cost-effective manner. I&M anticipates that CSW will obtain investment-grade securities ratings on its senior unsecured debt, which will be used to the advantage of its various directly and indirectly owned subsidiaries, including I&M.

**III. GENERAL CORPORATE INFORMATION REGARDING CENTRAL AND SOUTH WEST CORPORATION**

There will be no change to any of the general corporate information regarding I&M and AEP. The proposed reorganization will not result in any change in the name, address, business, organization or management of I&M or AEP, or in any change in the directors or officers of I&M or AEP. Thus, the only additional corporate information relevant to this application relates to CSW.

**A. Name of Proposed Intermediate Parent Company**

The name for the proposed indirect parent company is "Central and South West Corporation."

**B. Address**

1 Riverside Plaza, Columbus, Ohio 43215-2373

**C. Description of Business or Occupation**

CSW is a Delaware corporation engaged in owning the shares of electric utility companies and other energy related businesses. CSW will serve as an intermediate holding company for the transmission and distribution affiliates that are created through state restructuring and certain other AEP public-utility subsidiary companies that are not required to restructure, including, subject to state approval, I&M and other AEP vertically-integrated companies. CSW may engage in financings, issue securities, issue guarantees, enter into hedging transactions, and acquire debt and other securities for any affiliated public utility company.

**D. Organization and Management**

**1. State of Establishment and Place of Business**

CSW is a Delaware corporation whose principal place of business is Columbus, Ohio.

**2. Board of Directors and Principal Officers**

The names of the members of the Board of Directors of CSW and its principal officers, all of whom are U.S. citizens with the same mailing address as CSW, are as follows:

Board of Directors

- E. Linn Draper, Jr.
- Henry W. Fayne
- Armando A. Pena
- Robert P. Powers
- Thomas V. Shockley, III
- Susan Tomasky
- J. H. Vipperman

Principal Officers

- |                         |                                       |
|-------------------------|---------------------------------------|
| E. Linn Draper, Jr.     | President and Chief Executive Officer |
| Henry W. Fayne          | Vice President                        |
| Thomas V. Shockley, III | Chief Operating Officer               |
| Armando A. Pena         | Treasurer                             |
| Thomas S. Ashford       | Secretary                             |

**IV. FOREIGN OWNERSHIP, CONTROL, OR DOMINATION**

The proposed reorganization is entirely internal to the AEP holding company system. Shares of common stock of AEP are widely held and publicly traded and will remain so after the reorganization. The reorganization will not result in any change in the direct or indirect ownership or control of AEP, the ultimate parent company of the licensee. Neither AEP nor I&M is currently owned, controlled or dominated by an alien, a foreign corporation or a foreign government, and the reorganization resulting in CSW as intermediate holding company will not have any impact on this status. As noted above, the members of the Board of Directors and principal officers of CSW are all citizens of the United States, and CSW will remain a wholly-owned subsidiary of AEP.

**V. TECHNICAL QUALIFICATIONS**

I&M will continue to be the plant operator, and the technical qualifications of I&M will not be affected by the proposed reorganization. There will be no physical changes to CNP in connection with the reorganization, no changes in the day-to-day operations of CNP, and no changes to the CNP licenses or technical specifications. The CNP nuclear organization will continue to have clear and direct lines of responsibility and authority. The introduction of CSW as an intermediate parent company of I&M will have no impact on the management of I&M, and it will not result in any personnel changes in the I&M nuclear organization.

## VI. FINANCIAL QUALIFICATIONS

The financial qualifications of I&M will not be adversely affected by the proposed indirect transfer. The introduction of CSW as an intermediate parent company will not result in any change to I&M's financial qualifications or to the existing decommissioning funding arrangements for CNP.

I&M is and will remain a regulated "electric utility" within the meaning of 10 CFR 50.2 upon the completion of the reorganization and will remain financially qualified to hold CNP licenses pursuant to 10 CFR 50.33(f). I&M's current arrangements for the collection of decommissioning funding will remain in effect and will not be affected by the proposed indirect license transfer. I&M has filed its decommissioning funding reports with the NRC under 10 CFR 50.75(b) and 10 CFR 50.75(f)(1) and is providing financial assurance for decommissioning its ownership interests in CNP in accordance with NRC's regulations through an external sinking fund in which deposits are made monthly. After the proposed indirect license transfer, I&M will remain responsible for the decommissioning liabilities associated with its ownership interests in CNP and will continue to fund its decommissioning trusts for CNP in accordance with 10 CFR 50.75. The proposed indirect license transfer will have no effect upon I&M's decommissioning funding.

It is anticipated that CSW will obtain investment-grade securities ratings on its senior unsecured debt, which will be used to the advantage of their various directly and indirectly owned subsidiaries, including I&M. Thus, if anything, the proposed transfer will serve to enhance I&M's financial qualifications.

## VII. ANTITRUST INFORMATION

This Application post-dates the issuance of the CNP's operating licenses, and therefore, no antitrust review is required or authorized. The Atomic Energy Act does not require or authorize antitrust reviews of post-operating license transfer applications. *See Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999).

## VIII. RESTRICTED DATA AND CLASSIFIED NATIONAL SECURITY INFORMATION

This Application for proposed indirect transfer does not contain any Restricted Data or other Classified National Security Information and does not involve any change in access to such Restricted Data or Classified National Security Information. I&M's existing restrictions on access to Restricted Data and Classified National Security Information are unaffected by the proposed transfer.

### **VIII. ENVIRONMENTAL CONSIDERATIONS**

The requested consent to indirect transfer of control of the CNP licenses is exempt from environmental review because it falls within the categorical exclusion contained in 10 CFR 51.22 (c)(21) for which neither an Environmental Assessment nor an Environmental Impact Statement is required. Moreover, the proposed transfer does not involve any amendment to the facility operating licenses or other change that would directly affect the actual operation of CNP in any substantive way. The proposed transfer does not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site, and involves no increase in the amounts or change in the types of non-radiological effluents that may be released off-site. Further, there is no increase in the individual or cumulative operational radiation exposure, and the proposed transfer has no environmental impact.

### **X. PRICE-ANDERSON INDEMNITY AND NUCLEAR INSURANCE**

The proposed indirect transfer will have no effect on the existing Price-Anderson Indemnity and nuclear insurance for CNP.

### **XI. OTHER REQUIRED REGULATORY APPROVALS**

Other major regulatory approvals and rulings that may be required in connection with the proposed corporate restructuring and resulting indirect transfer of control include approvals and rulings from the Securities and Exchange Commission under PUHCA, the Federal Energy Regulatory Commission, and the Internal Revenue Service. I&M anticipates that other required approvals and rulings will be obtained by the third quarter of 2002.

### **XII. EFFECTIVE DATES**

I&M requests that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the transfer of licenses as promptly as possible, and in any event by September 1, 2002. I&M also requests that the NRC permit the close of the restructuring transaction to occur at any time within 90 days after NRC issues its approval. I&M will inform the NRC if there are any significant changes in the status of the other developments that have an impact on the schedule.

### **XIII. CONCLUSION**

Based upon the forgoing information, I&M respectfully requests that the NRC issue an Order consenting to the indirect transfer of control of the Facility Operating Licenses, Nos. DPR-58 and DPR-74, for its operating authority and 100% undivided ownership interests in CNP. I&M requests that NRC's consent be provided by September 1, 2002.