

April 29, 1997

Mr. Lee Liu
Chairman of the Board and
Chief Executive Officer
IES Utilities Inc.
200 First Street, SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT -
DUANE ARNOLD ENERGY CENTER (TAC NO. M96747)

Dear Mr. Liu:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to your application, dated September 27, 1996, for NRC approval in connection with the proposed merger of IES Industries with and into Interstate Energy Corporation.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

Original signed by:

Glenn B. Kelly, Senior Project Manager
Project Directorate III-3
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosure: Environmental Assessment

cc w/encl: See next page

DISTRIBUTION:

Docket File ACRS
PUBLIC OGC
PD3-3 R/F JCaldwell, RIII
JRoe

NRC FILE CENTER COPY

1/1
DF01

DOCUMENT NAME: G:\DUANEARN\LIC_XFER\LIC_XFER.EA

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures
"N" = No copy *See previous concurrence.

OFFICE	LA:PD3-3	<input checked="" type="checkbox"/>	PM:PD3-3	<input checked="" type="checkbox"/>	PM:PD3-3	<input checked="" type="checkbox"/>	OGC	<input type="checkbox"/>	D:PD3-3	<input type="checkbox"/>
NAME	CBoyle	<input checked="" type="checkbox"/>	DWeaver	<input checked="" type="checkbox"/>	GKelly	<input checked="" type="checkbox"/>	SHom*	<input type="checkbox"/>	GMarcus	<input checked="" type="checkbox"/>
DATE	04/28/97		4/28/97		4/28/97		1/97		4/29/97	

OFFICIAL RECORD COPY

9705020029 970429
PDR ADDCK 05000331
P PDR

April 29, 1997

Mr. Lee Liu
Chairman of the Board and
Chief Executive Officer
IES Utilities Inc.
200 First Street, SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

SUBJECT: ENVIRONMENTAL ASSESSMENT AND FINDING OF NO SIGNIFICANT IMPACT -
DUANE ARNOLD ENERGY CENTER (TAC NO. M96747)

Dear Mr. Liu:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to your application, dated September 27, 1996, for NRC approval in connection with the proposed merger of IES Industries with and into Interstate Energy Corporation.

The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

Original signed by:

Glenn B. Kelly, Senior Project Manager
Project Directorate III-3
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosure: Environmental Assessment

cc w/encl: See next page

DISTRIBUTION:

Docket File ACRS
PUBLIC OGC
PD3-3 R/F JCaldwell, RIII
JRoe

DOCUMENT NAME: G:\DUANEARN\LIC_XFER\LIC_XFER.EA

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures
"N" = No copy *See previous concurrence.

OFFICE	LA:PD3-3	<i>C</i>	PM:PD3-3	<i>E</i>	PM:PD3-3	<i>E</i>	OGC		D:PD3-3	
NAME	CBoyle	<i>CB</i>	DWeaver	<i>DW</i>	GKelly	<i>GK</i>	SHom*		GMarcus	<i>GM</i>
DATE	04/28/97		4/28/97		4/28/97		1/97		4/29/97	

OFFICIAL RECORD COPY

Mr. Lee Liu
IES Utilities Inc.

Duane Arnold Energy Center

cc:

Jack Newman, Esquire
Kathleen H. Shea, Esquire
Morgan, Lewis, & Bockius
1800 M Street, NW.
Washington, DC 20036-5869

Mr. Bill Franz
Environmental Review Coordinator
77 West Jackson Blvd.
Chicago, IL 60604-3590

Chairman, Linn County
Board of Supervisors
Cedar Rapids, Iowa 52406

IES Utilities Inc.
ATTN: Gary Van Middlesworth
Plant Superintendent, Nuclear
3277 DAEC Road
Palo, Iowa 52324

Mr. John F. Franz, Jr.
Vice President, Nuclear
Duane Arnold Energy Center
3277 DAEC Road
Palo, Iowa 52324

Mr. Ken Peveler
Manager, Nuclear Licensing
Duane Arnold Energy Center
3277 DAEC Road
Palo, Iowa 52324

U. S. Nuclear Regulatory Commission
Resident Inspector's Office
Rural Route #1
Palo, Iowa 52324

Regional Administrator, RIII
U. S. Nuclear Regulatory Commission
801 Warrenville Road
Lisle, Illinois 60532-4531

Ms. Parween Baig
Utilities Division
Iowa Department of Commerce
Lucas Office Building, 5th floor
Des Moines, Iowa 50319

UNITED STATES NUCLEAR REGULATORY COMMISSIONIES UTILITIES INC.CENTRAL IOWA POWER COOPERATIVECORN BELT POWER COOPERATIVEDOCKET NO. 50-331DUANE ARNOLD ENERGY CENTERENVIRONMENTAL ASSESSMENT AND FINDING OFNO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order approving, under 10 CFR 50.80, an application regarding the proposed merger involving IES Industries (IESI), WPL Holdings, Inc., and Interstate Power Corporation (IPC). IESI is the parent company of IES Utilities Inc. (IESU). IESU is the licensee for the Duane Arnold Energy Center (DAEC) located in Linn County, Iowa.

ENVIRONMENTAL ASSESSMENTIdentification of the Proposed Action:

By letter dated September 27, 1996, IESU informed the Commission that under a merger agreement between IESI, WPL Holdings, Inc., and IPC, IESI will merge with and into WPL Holdings, Inc., to be renamed Interstate Energy Corporation (IEC), of which IESU would become a wholly-owned subsidiary. IESU will remain the holder of its license for DAEC. Under the restructuring, current stockholders of IESI will become stockholders of IEC pursuant to a formula stipulated in the merger agreement. IESU requested the Commission's approval, pursuant to 10 CFR 50.80. IESU would remain an electric utility as defined in 10 CFR 50.2, engaged in the generation, transmission, and

distribution of electric energy for wholesale and retail sale, subject to the rate regulation of the Iowa Utilities Board and the Federal Energy Regulatory Commission.

The Need for the Proposed Action:

Approval under 10 CFR 50.80 is needed to the extent the proposed transactions effect an indirect transfer of control of the DAEC license. IESI believes the proposed combination will offer significant strategic and financial benefits, including: (1) maintenance of competitive rates that will improve the combined entity's ability to meet the challenges of the increasingly competitive environment in the utility industry; (2) reduced operating costs resulting from integration of corporate and administrative functions; (3) reduced electric production costs through the joint dispatch of systems; (4) greater purchasing power for goods and services; (5) more efficient pursuit of diversification into non-utility areas; (6) increased customer diversity and geographic diversity of service territories; and (7) expanded management resources and ability to select leadership from a larger and more diverse management pool.

Environmental Impacts of the Proposed Action:

The Commission has reviewed the proposed action and concludes that there will be no changes to the facility or its operation as a result of the proposed action. Accordingly, the NRC staff concludes that there are no significant radiological environmental impacts associated with the proposed action. With regard to potential non-radiological impacts, the proposed action will not affect non-radiological plant effluents and will have no other environmental impact. Accordingly, the NRC staff concludes that there are no

significant non-radiological environmental impacts associated with the proposed action.

Alternatives to the Proposed Action:

As an alternative to the proposed action, the staff considered denial of the proposed action. Denial of the application would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are identical.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the Final Environmental Statement for the DAEC dated March 1973.

Agencies and Persons Consulted:

In accordance with NRC policy, on February 21, 1997, the staff consulted with an official of the Iowa Utilities Board regarding the environmental impact of the proposed action. The state official had no comments.

FINDING OF NO SIGNIFICANT IMPACT

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to this proposed action, see the licensee's letter dated September 27, 1996, with the following exhibits:

(A) Information to support the request for the Commission's consent; and (B) A copy of the merger agreement executed among IESI, WPL Holdings, Inc., and IPC. These documents 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 Cedar Rapids Public Library, 500 First Street, SE., Cedar Rapids, Iowa 52401.

Dated at Rockville, Maryland, this 29th day of April 1997.

FOR THE NUCLEAR REGULATORY COMMISSION

Gail H Marcus

Gail Marcus, Director
Project Directorate III-3
Division of Reactor Projects III/IV
Office of Nuclear Reactor Regulation