

Dominion Nuclear Connecticut, Inc.  
Millstone Power Station  
Rope Ferry Road  
Waterford, CT 06385

October 8, 2003



Re: 10 C.F.R. § 50.80(a)

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, DC 20555

Serial No.: 03-487/B18994  
L&OS/PRW: Rev. 0  
Docket Nos.: 50-245  
50-336  
50-423

**Dominion Nuclear Connecticut, Inc. (DNC)**  
**Millstone Power Station, Units 1, 2 and 3**  
**Realignment of Intermediate Subsidiaries**

Dominion Nuclear Connecticut, Inc. (DNC) hereby notifies the U. S. Nuclear Regulatory Commission (NRC) of planned changes to certain intermediate subsidiaries of Dominion Resources, Inc., affecting the chain of ownership of DNC. These changes reflect an internal realignment and consolidation of energy marketing functions within the Dominion companies. DNC will remain an indirect, wholly owned subsidiary of Dominion Resources, Inc. and of its directly owned subsidiary, Dominion Energy, Inc. To the extent that this internal corporate realignment might be considered an indirect transfer of control of the licenses held by DNC, which include license nos. DPR-21, DPR-65, and NPF-49 for Millstone Power Station Units 1, 2 and 3 (the Millstone units), DNC hereby requests NRC's consent pursuant to 10 C.F.R. § 50.80(a).

As was described in the August 31, 2000 Application for Order and Conforming Amendments for License Transfer, related to DNC's acquisition of the Millstone Station,<sup>1</sup> Dominion Nuclear Connecticut is an indirect wholly-owned subsidiary of Dominion Energy, Inc. (DEI), which is a wholly-owned subsidiary of Dominion Resources, Inc. (DRI). DNC is owned directly by Dominion Nuclear Marketing I, Inc. (DNM I), Dominion Nuclear Marketing II, Inc. (DNM II), and Dominion Nuclear Marketing III, LLC (DNM III), which collectively own 100 percent of Dominion Nuclear Connecticut's stock. DNM I and DNM II are in turn direct, wholly-owned subsidiaries of Dominion Nuclear, Inc. (DNI), which is a direct, wholly-owned subsidiary of DEI. At the time of acquisition, DNM III was owned by DNI and Dominion Nuclear Holdings, Inc. (DNH), collectively. DNH is wholly-owned by DNI. This chain of ownership as described in the August 31, 2000 application is shown on Exhibit A. In addition, other subsidiaries of DRI, existing at the time of the original license transfer, are shown for clarification.

On June 1, 2001, DNI transferred a portion of its interest in DNM III to Dominion Retail, Inc. Dominion Retail, Inc. is a direct, wholly owned subsidiary of Consolidated Natural Gas Company, which is in turn a direct, wholly-owned subsidiary of DRI. The corporate ownership of DNC after this intra-corporate transaction is shown on Exhibit B.<sup>2</sup>

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<sup>1</sup>Letter from James P. O'Hanlon and Bruce D. Kenyon to U.S. Nuclear Regulatory Commission, "Application for Order and Conforming Amendments for License Transfer," dated August 31, 2000.

<sup>2</sup> Dominion Retail acquired a 25 percent interest in DNM III. Because DNM III holds only a five percent interest in DNC, Dominion Retail acquired only a 1.25 percent indirect ownership interest in DNC. DNC has not considered Dominion Retail's acquisition of this small indirect ownership interest as a transfer of control, because DNM III hold no licenses and does not control or direct the licensed activities of the Millstone units, and Dominion Retail did not acquire

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The further realignment now proposed will eliminate DNI, DNM I, and DNM II. After the realignment, the interests in DNC currently held by DNM I and DNM II will be held by Dominion Energy Marketing, Inc. (DEMI), a direct and wholly owned subsidiary of DEI. The interest held by DNI in DNM III will be combined with the interest held by DNH. The corporate ownership of DNC after the transfer is shown on Exhibit C.<sup>3</sup>

The purpose of these internal changes is to centralize energy marketing of non-system assets and simplify the corporate structure. These changes will not result in any direct transfer or amendment of the facility licenses for the Millstone units which are and will remain held by DNC and, in the case of Millstone Unit 3, certain unaffiliated co-owners. Following the restructuring, DNC will continue to operate and (in conjunction with the unaffiliated co-owners of Unit 3) own the Millstone units.

These corporate changes will have no effect on the management or technical qualifications of DNC. The change will not alter DNC's organization, staff, officers, or directors, or any of DNC's programs, procedures, or conduct of operations. DNC's directors and principal officers are and will remain U.S. citizens. DNC is not now and will not after restructuring be owned, controlled, or dominated by an alien, foreign corporation, or foreign government.

Likewise, the corporate changes will have no effect on the financial qualifications of DNC. This change will not alter DNC's costs, revenues, or decommissioning funding. The financial qualifications of DNC as described in DNC's August 31, 2000, application and the NRC's Safety Evaluation for the associated transfer of facility operating licenses to Dominion Nuclear Connecticut, Inc.<sup>4</sup> will not be affected. In addition, the restructuring will not affect or alter the decommissioning funding, including the parent company guaranties currently issued by DRI for decommissioning funding of Millstone Units 1 and 2. Similarly, the restructuring will not affect or alter the support agreement between DRI and DNC. Both the guaranty and support agreement are provided by DRI as the ultimate parent above subsidiaries that are being realigned.

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such control with its acquisition of a small interest in DNM III. Compare Letter from S. Collins to Hopkins & Sutter, Subject: "Review of Direct and Indirect Transfer of Ownership Interests in Seabrook Station, Vermont Yankee Nuclear Power Station, Yankee-Rowe Nuclear Power Station, Maine Yankee Atomic Power Station, and Haddam Neck Plant From Montaup Electric Company to New England Power Company (TAC Nos. MA5897, MA5901, MA5936, MA5949 and MA6019)" dated February 24, 2000.

<sup>3</sup> This corporate realignment is expected to occur in a number of steps that will be executed essentially simultaneously. First, DNM I and DNM II will be merged (via tax-free liquidation) into DNI, with DNI as the surviving corporation. Then DNI will be merged (via tax-free liquidation) into DEI, with DEI as the surviving corporation. DEI will then contribute its direct interest in DNC (held as a result of the mergers described above) to DEMI. Finally, DEI will contribute its direct interest in DNM III to DNH. DNC requests that the NRC consent to these steps, or any other essentially simultaneous steps, that result in the final realignment described in this letter.

<sup>4</sup> Letter from Daniel S. Collins, U.S. Nuclear Regulatory Commission, to R. G. Lizotte, "Millstone Nuclear Power Station, Unit Nos. 1, 2 and 3 - Order Approving the Transfer of Licenses from Northeast Nuclear Energy Company, et. al., to Dominion Nuclear Connecticut, Inc., and Approving Conforming Amendments (TAC Nos. MA9876, MA9877, MA9899)," dated March 9, 2001.

The NRC has found that antitrust reviews of post-operating license transfer applications are neither required nor authorized by the Atomic Energy Act.<sup>5</sup> Accordingly, no antitrust review is required with respect to any indirect transfer of control of DNC's licenses that may result from the corporate changes described in this letter.

The corporate changes described in this letter do not involve any changes to the nuclear plant operations or equipment of the Millstone units. Furthermore, the NRC has determined that direct or indirect license transfers are categorically exempt from environmental review in accordance with 10 C.F.R. § 51.22(c)(21). Therefore, NRC approval of the corporate change as an indirect transfer of control involves no significant environmental impact.

DNC requests that the NRC consent by December 15, 2003, to any indirect transfer of control of DNC's licenses that the NRC may deem will occur as a result of the corporate changes described in this letter.

There are no regulatory commitments contained within this letter.

If you have any questions concerning this submittal, please contact Mr. Paul Willoughby at (804) 273-3572.

Very truly yours,

DOMINION NUCLEAR CONNECTICUT, INC.

  
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William R. Matthews  
Senior Vice President - Nuclear Operations

cc: H. J. Miller, Region I Administrator  
J. B. Hickman, NRC Project Manager, Millstone Unit No. 1  
J. Wray, NRC Inspector, Region I, Millstone Unit No. 1  
R. Ennis, NRC Project Manager, Millstone Unit No. 2  
NRC Senior Resident Inspector, Millstone  
V. Nerses, NRC Senior Project Manager, Millstone Unit No. 3  
Director, Office of Nuclear Material Safety and Safeguards

<sup>5</sup> Kansas Gas and Electric Co. (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 N.R.C. 441 (1999).



EXHIBIT A

Corporate Ownership of Dominion Nuclear Connecticut  
At Acquisition on March 31, 2001

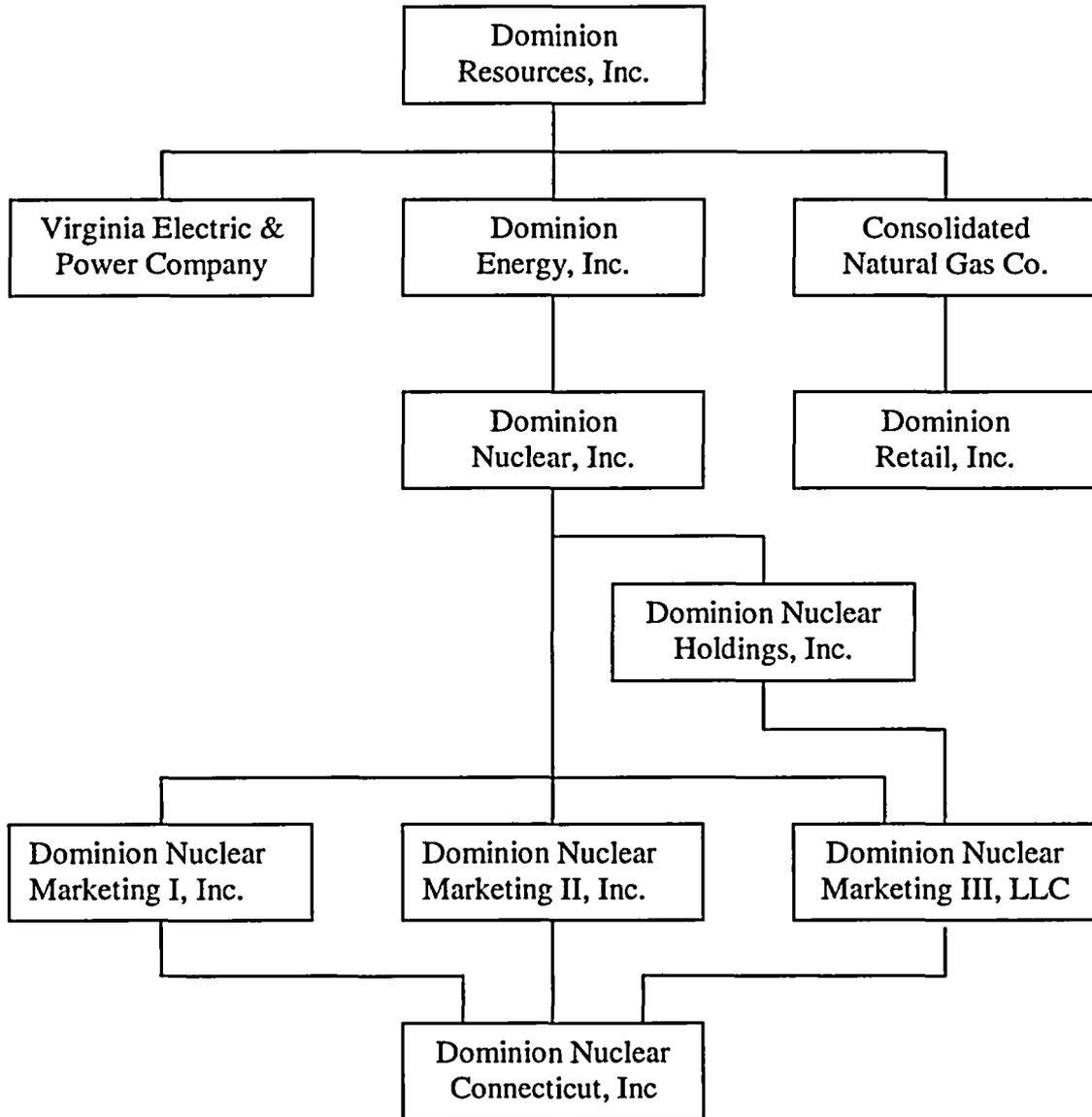


EXHIBIT B

Current Corporate Ownership of Dominion Nuclear Connecticut

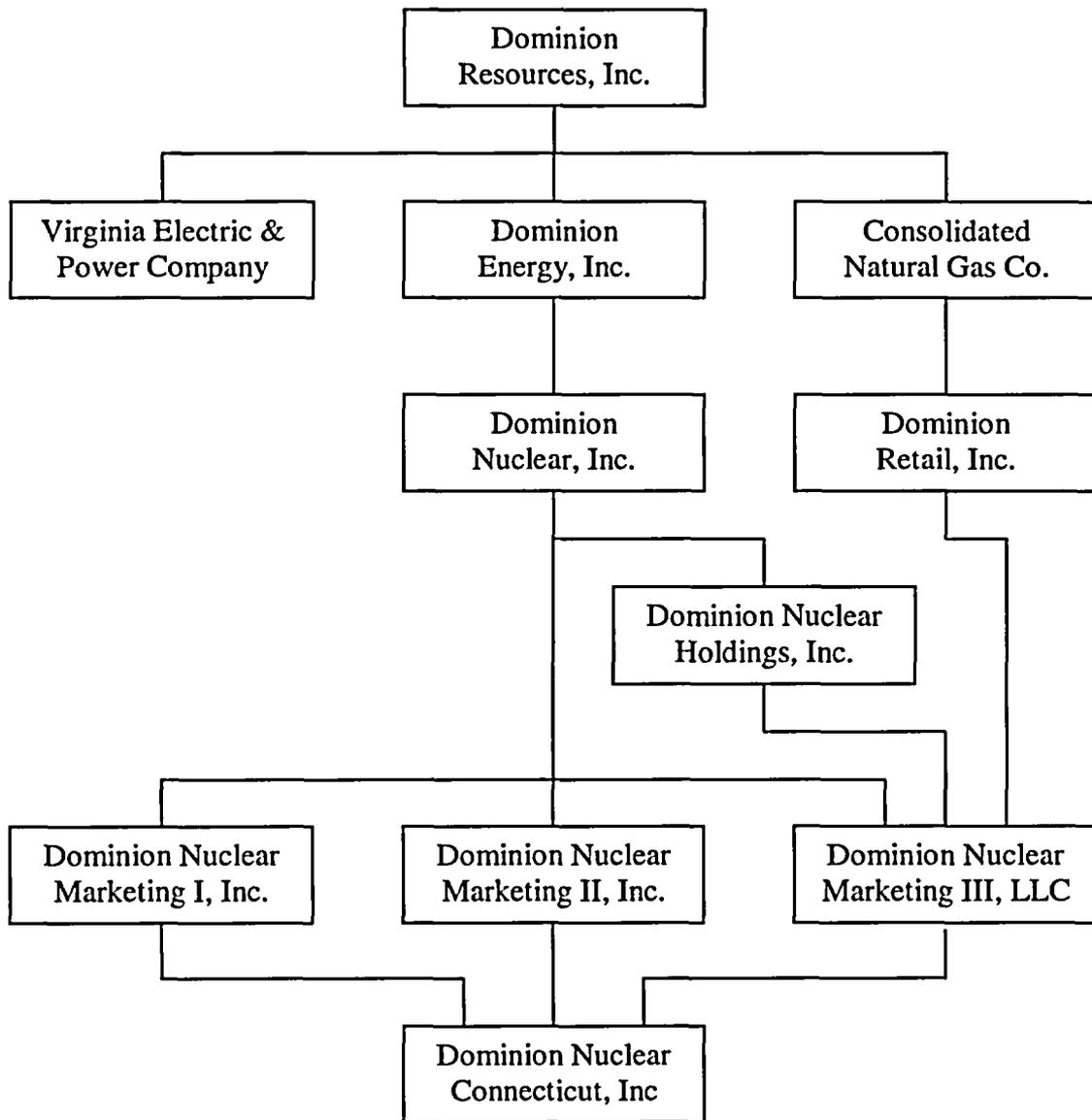


EXHIBIT C

Corporate Ownership of Dominion Nuclear Connecticut  
After Proposed Realignment

