

UNITED STATES OF AMERICA

NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	Docket Nos. 50-344
PORTLAND GENERAL ELECTRIC COMPANY))	
)	and 72-17
(Trojan Nuclear Plant and ISFSI))	

ORDER APPROVING APPLICATION FOR THE PROPOSED SALE OF PORTLAND GENERAL ELECTRIC COMPANY (PGE) TO OREGON ELECTRIC UTILITY COMPANY (OEUC), AND THE ASSOCIATED INDIRECT TRANSFER OF PGE'S LICENSES TO OEUC

I.

The Portland General Electric Company (PGE or the licensee) owns a 67.5 percent interest in the Trojan Nuclear Plant (TNP) located on the west bank of the Columbia River in Columbia County, Oregon, and in connection with that interest holds Facility Operating License No. NPF-1 issued by the U.S. Nuclear Regulatory Commission (NRC) pursuant to Part 50 of Title 10 of the *Code of Federal Regulations* (10 CFR Part 50) on November 21, 1975. In May 1993, the TNP license was amended to a possession-only license, and in April 1996, the NRC authorized the decommissioning of TNP. The PGE also owns a 67.5 percent interest in the TNP Independent Spent Fuel Storage Installation (ISFSI) and holds Materials License No. SNM-2509 for the TNP ISFSI. The PGE is currently a wholly owned subsidiary of Enron Corporation (Enron), which owns 100 percent of PGE's voting stock, and PGE is a registered public utility holding company under the Public Utility Holding Company Act of 1935 (PUHCA). PacifiCorp and the Eugene Water and Electric Board own the remaining 2.5 percent and 30 percent interests, respectively, in TNP, but are not involved in the transaction described below affecting PGE, which is the subject of this Order.

II.

By application dated June 14, 2004, and supplemented by letters dated September 29, 2004, and December 9, 2004, PGE, acting on its own behalf and that of Oregon Electric Utility Company, LLC (OEUC), (collectively the applicants), requested that the NRC approve the indirect transfer of Facility Operating (Possession Only) License No. NPF-1 for TNP, to the extent held by PGE in regard to PGE's 67.5 percent ownership interest in TNP, and the indirect transfer of Materials License No. SNM-2509 for the TNP ISFSI, to the extent held by PGE in regard to PGE's 67.5 percent ownership interest in the TNP ISFSI, to OEUC. This request is in connection with the proposed sale of PGE to OEUC.

On December 2, 2001, Enron filed to initiate bankruptcy proceedings under Chapter 11 of the Bankruptcy Code. The PGE is not a debtor in the bankruptcy case and its physical assets are not included in the case, but PGE's common stock held by Enron is an asset in the bankruptcy estate.

On November 18, 2003, Enron entered into a definitive agreement (the "Transaction") with OEUC under which OEUC will acquire all issued and outstanding common stock of PGE and will become the sole owner of PGE. The PGE will continue to be the licensee of TNP and the TNP ISFSI. The proposed transfer of PGE stock involves no change to any of the other ownership interests in TNP and the TNP ISFSI by PacifiCorp (2.5 percent) and the Eugene Water and Electric Board (30 percent).

The transaction is valued at approximately \$2.35 billion. This amount includes the assumption of debt projected to total approximately \$1.1 billion at closing, plus the base purchase price of \$1.25 billion. The base purchase price is subject to adjustments. The United States Bankruptcy Court for the Southern District of New York, in charge of the Enron bankruptcy proceeding, issued an Order approving the Transaction dated February 5, 2004.

After completion of the Transaction, PGE will continue to exist as an electric utility regulated by the Oregon (OPUC) and Federal Energy Regulatory Commission (FERC), with its headquarters remaining in Portland, Oregon. The current PGE executive officer team is expected to continue to operate the utility on a daily basis, including the current President and Chief Executive Officer of PGE, as well as the current Vice President, Generation, who has been the officer directly responsible for NRC licensed activities at TNP since 1994. The application states that there will be no changes to TNP's management group or operation following the Transaction and that PGE will continue to have sole authority to make all decisions to protect public health and safety, as required by the licenses and applicable laws and regulations.

The applicants request the approval of the indirect transfer of the TNP and the TNP ISFSI licenses to OEUC, pursuant to 10 CFR 50.80. Notice of the application for approval and an opportunity for a hearing was published in the FEDERAL REGISTER on August 31, 2004 (ML042380558). No hearing requests were filed.

Under 10 CFR 50.80(a), "No license for a production or utilization facility, or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission shall give its consent in writing."

Also, 10 CFR 50.80(c) states that "the Commission will approve an application for the transfer of a license, if the Commission determines: (1) That the proposed transferee is qualified to be the holder of the license; and (2) That transfer of the licensee is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto." For indirect transfers, the Commission, in addressing (1), must make a finding whether the transaction at issue will affect the qualifications of the holder of the license. In view of the foregoing, the staff finds that, subject to the condition discussed herein, the

acquisition of PGE by OEUC will not affect the qualifications of PGE to hold the TNP Operating (Possession Only) License and the TNP ISFSI Materials License to the extent now held by PGE, and that the indirect transfer of the control of the licenses to OEUC is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto. These findings are supported by a safety evaluation dated December 15, 2004.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), 2201(o), and 2234, 10 CFR 50.80, and 10 CFR 72.50, IT IS HEREBY ORDERED that the application regarding the indirect license transfers referenced above is approved, subject to the following condition:

PGE shall provide the Director of the Office of Nuclear Material Safety and Safeguards a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from PGE to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of PGE's net utility plant, as recorded on its books of account.

This Order is effective upon issuance.

IV.

For further details with respect to this Order, see the initial application dated June 14, 2004 (ML041700579 and ML041700583), the supplements thereto dated September 29, 2004 (ML042810230), and December 9, 2004 (ML0435202360), and the safety evaluation dated December 15, 2004 (ML043500167).

In accordance with 10 CFR 2.390 of the NRC's "Rules of General Applicability," a copy of this letter will be available electronically in the NRC Public Document Room or from the Publicly Available Records (PARS) component of the NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Dated at Rockville, MD, this 14th day of February, 2005

For the Nuclear Regulatory Commission.

 /RA/
Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

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Jack R. Strosnider, Director
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*See previous concurrence

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