

July 28, 2008

Mr. Michael R. Kansler
President & CEO/CNO
Entergy Nuclear Operations, Inc.
1340 Echelon Parkway
Jackson, MS 39213

SUBJECT: PALISADES NUCLEAR PLANT – ORDER APPROVING INDIRECT TRANSFER
OF FACILITY OPERATING LICENSE (TAC NO. MD6183)

Dear Mr. Kansler:

By application dated July 30, 2007, as supplemented by letters dated October 31, and December 5, 2007, and January 24, March 17, April 22, and May 2, 2008, Entergy Nuclear Operations, Inc. (ENO), acting on behalf of itself and Entergy Nuclear Palisades, LLC (EN-Palisades), requested that the U.S. Nuclear Regulatory Commission (NRC, the Commission), pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations*, consent to the proposed indirect transfer of control of the Renewed Facility Operating License, No. DPR-20, for the Palisades Nuclear Plant (Palisades).

EN-Palisades, the owner of the Palisades facility, is currently an indirect subsidiary of Entergy Corporation. Under a proposed corporate restructuring plan, a new holding company, Enexus Energy Corporation (Enexus), will be created and will be publicly owned. According to this plan, Enexus will acquire indirect ownership of 100 percent of EN-Palisades. In addition, ENO, the operator of the Palisades facility, is currently an indirect subsidiary of Entergy Corporation. Following the corporate restructuring, Entergy Corporation and Enexus will each have indirect control of 50 percent of ENO.

ENO will be converted from a corporation to a limited liability company and its name will be changed to Equagen Nuclear LLC. Also, EN-Palisades will undergo a name change to become Enexus Nuclear Palisades, LLC. The staff understands that ENO will request an administrative license amendment to conform the Palisades license in the near future.

The enclosed Order (Enclosure 1) approves the proposed indirect transfer of control of the license held by EN-Palisades to Enexus. The Order also approves the indirect transfer of control of the Palisades license to the extent held by ENO to Equagen LLC, a new intermediate holding company, in equal shares by two new next tier intermediate holding companies, which are subsidiaries of Entergy Corporation and Enexus.

Enclosures 2 and 3 contain the non-proprietary and proprietary versions, respectively, of the NRC staff's safety evaluation (SE) related to the preceding actions. The non-proprietary version of the SE will be placed in the NRC Public Document Room and added to the Agencywide Document Access Management System Public Electronic Reading Room Library.

M. Kansler

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The Order is being forwarded to the Office of the Federal Register for publication. If you have any questions, please contact me at (301) 415-1364.

Sincerely,

/RA/

Douglas V. Pickett, Senior Project Manager
Plant Licensing Branch I-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-255 and 72-7

Enclosures:

1. Order
2. Safety Evaluation (Non-proprietary)
3. Safety Evaluation (Proprietary)

cc w/encls. 1 and 2: See next page

M. Kansler

- 2 -

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cc w/encls. 1 and 2: See next page

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Palisades Plant

cc:

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
ENERGY NUCLEAR OPERATIONS, INC.)	
)	
ENERGY NUCLEAR PALISADES, LLC)	
)	
(Palisades Nuclear Plant))	Docket Nos. 50-255 and 72-7
)	

ORDER APPROVING INDIRECT TRANSFER OF FACILITY OPERATING LICENSE

I

Entergy Nuclear Operations, Inc. (ENO) and Entergy Nuclear Palisades, LLC (EN-Palisades) are co-holders of the Renewed Facility Operating License, No. DPR-20, which authorizes the possession, use, and operation of the Palisades Nuclear Plant (Palisades). Palisades is a pressurized water nuclear reactor that is owned by EN-Palisades and operated by ENO. The facility is located in Van Buren County, Michigan.

II

By application dated July 30, 2007, as supplemented by letters dated October 31, and December 5, 2007, and January 24, March 17, April 22, and May 2, 2008, ENO, acting on behalf of itself and EN-Palisades, requested that the U.S. Nuclear Regulatory Commission (NRC, the Commission), pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations* (10 CFR), consent to the proposed indirect transfer of control of the Palisades license, including the general license for the independent spent fuel storage installation.

EN-Palisades is currently a direct wholly owned subsidiary of Entergy Nuclear Midwest Investment Company, LLC which, in turn, is a direct wholly owned subsidiary of Entergy Nuclear Holding Company which, in turn, is a direct wholly owned subsidiary of Entergy Corporation.

Therefore, under the current corporate structure, Entergy Corporation is the indirect owner of 100 percent of EN-Palisades.

Under the proposed corporate restructuring, a new holding company, Enexus Energy Corporation (Enexus), will be created. Initially, the shareholders of Entergy Corporation will separately own the shares of Enexus and, as such, Enexus will be owned by the public. Entergy Nuclear Holding Company will become a direct wholly-owned subsidiary of Enexus. Accordingly, following the corporate restructuring, Enexus will acquire indirect control of 100 percent of EN-Palisades.

ENO, the operator of the Palisades facility, is currently a direct wholly owned subsidiary of Entergy Nuclear Holding Company #2 which, in turn, is a direct wholly owned subsidiary of Entergy Corporation. Therefore, Entergy Corporation is currently the indirect owner of 100 percent of ENO.

Under the proposed corporate restructuring, Entergy Nuclear Holding Company #2 will be eliminated and ENO will become a direct subsidiary of a new parent company called EquaGen LLC. EquaGen LLC will be owned in equal shares by two new intermediate holding companies as follows. Entergy EquaGen, Inc. is being created as a direct subsidiary of Entergy Corporation and will own 50 percent of EquaGen LLC. Similarly, Enexus EquaGen, LLC is being created as a direct subsidiary of Enexus and will also own 50 percent of EquaGen LLC. Accordingly, following the corporate restructuring, Entergy Corporation and Enexus will each have indirect control of 50 percent of ENO.

Finally, ENO will be converted from a corporation to a limited liability company and its name will be changed from Entergy Nuclear Operations, Inc. to EquaGen Nuclear LLC. Under Delaware law, EquaGen Nuclear LLC will assume all of the rights and responsibilities of ENO, and it will be the same company (legal entity) both before and after the conversion and name change. Also, EN-Palisades will undergo a name change to become Enexus Nuclear

Palisades, LLC. The staff understands that ENO will request an administrative license amendment to conform the Palisades license in the near future.

Notice of the request for approval and an opportunity for a hearing was published in the *Federal Register* on January 16, 2008 (73 FR 2948). By petition dated February 5, 2008, Locals 369 and 590, Utility Workers Union of America (UWUA), American Federation of Labor-Congress of Industrial Organization, representing plant workers at the Pilgrim Nuclear Power Station located in Plymouth, Massachusetts, responded to the *Federal Register* notice and requested a hearing and leave to intervene as a party in the Palisades proceeding. On June 12, 2008, Local 369 filed a notice of withdrawal of its petition to intervene. The notice of withdrawal did not apply to Local 590.

The request for a hearing is currently pending before the Commission. Pursuant to 10 CFR 2.1316, during the pendency of a hearing, the staff is expected to promptly proceed with the approval or denial of license transfer requests consistent with the staff's findings in its safety evaluation. Notice of the staff's action shall be promptly transmitted to the presiding officer and parties to the proceeding. Commission action on the pending hearing requests is being handled independently of this action.

Pursuant to 10 CFR 50.80(a), no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application as supplemented and other information before the Commission, and relying upon the representations and agreements in the application as supplemented, the NRC staff concludes that the proposed indirect transfer of control of the license held by EN-Palisades to Enexus, as described herein, will not affect the qualifications of EN-Palisades as holder of the Palisades license. The indirect transfer of control of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the NRC. Furthermore, the NRC staff concludes that the proposed corporate

restructuring involving new intermediate and ultimate parent companies over ENO, as described herein, will not affect the qualifications of ENO as holder of the Palisades license. The indirect transfer of control of the license as held by ENO, to the extent affected by the proposed restructuring, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission.

The NRC staff concludes that the conversion of Entergy Nuclear Operations, Inc. to Equagen Nuclear LLC would not constitute a direct transfer of the licenses to the extent held by ENO. Therefore, no consent to the proposed conversion is necessary.

The findings set forth above are supported by the NRC's safety evaluation dated July 28, 2008.

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; and 10 CFR 50.80, IT IS HEREBY ORDERED that the application regarding the indirect license transfer discussed above related to the proposed corporate restructuring and establishment of Enexus is approved, subject to the following conditions:

- 1 EN-Palisades shall enter into the \$700 million Support Agreement with Enexus Energy Corporation as described in the application, no later than the time the proposed transactions and indirect license transfer occurs. EN-Palisades shall take no action to cause Enexus Energy Corporation, or its successors and assigns, to void, cancel, or modify the Support Agreement or cause it to fail to perform, or impair its performance under the Support Agreement, without prior written consent of the NRC. The Support Agreement may not be amended or

modified without 30 days prior written notice to the Director of the Office of Nuclear Reactor Regulation or his designee. An executed copy of the Support Agreement shall be submitted to the NRC no later than 30 days after the completion of the proposed transactions and the indirect license transfer.

EN-Palisades shall inform the NRC in writing anytime it draws upon the Support Agreement.

- 2 The ten separate support guarantees from various Entergy subsidiaries, which total \$315 million, including the support guarantee relating to Palisades, may be revoked when, and conditioned upon, implementation of the new \$700 million Support Agreement at the time the proposed restructuring and indirect license transfer are completed.
- 3 Should the proposed corporate restructuring and establishment of Enexus not be completed within one year from the date of this Order, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by Order.

This Order is effective upon issuance.

For further details with respect to this Order, see the application dated July 30, 2007, as supplemented by letters dated October 31, and December 5, 2007, and January 24, March 17, April 22, and May 2, 2008, and the NRC's safety evaluation dated July 28, 2008, which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland and accessible electronically from the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>.

Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209, 301-415-4737, or by e-mail to pdr@nrc.gov.

Dated at Rockville, Maryland this 28th day of July 2008.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Timothy J. McGinty, Acting Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation