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Omaha NE 68102-2247

W. Gary Gates
President & CEO

September 10, 2012

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555-0001

**RE: Management Change
Fort Calhoun Station, NRC Docket 50-285, DPR-40**

The purpose of this letter is to inform the Nuclear Regulatory Commission (“NRC”) of pertinent provisions of an Operating Services Agreement Between Exelon Generation Company, LLC (as Contractor) and Omaha Public Power District (as Owner), dated as of August 17, 2012 (“the OSA”).

Under the terms of the OSA, Exelon Generation Company (“Exelon”) will serve as an independent contractor of Omaha Public Power District (“OPPD”) and provide all services necessary for the day-to-day management, operation, and maintenance of Fort Calhoun Station (“FCS”) on behalf of OPPD. In this regard, Exelon will provide a team of Exelon employees, consisting initially of ten members, to provide management services at FCS (“the OSA Team”). The OSA Team includes a FCS Site Vice President and Plant Manager, as described in more detail in letters dated September 6 submitted simultaneously with this letter, as well as lower level management positions. The OSA Team is subject to prior approval, and serves at the discretion, of the OPPD Chief Executive Officer (an OPPD employee). Members of the OSA Team will be assigned full-time to and become integrated into FCS operations, and will have day-to-day operational authority at FCS, subject to oversight by OPPD and OPPD’s approval of certain activities as specified in the OSA.

The OSA Team will provide services in accordance with OPPD’s nuclear quality assurance program and in compliance with the terms of the OSA and applicable law. OPPD retains authority and control for licensed activities under the OSA and retains the final decision-making authority for operation of FCS. As reflected by pertinent provisions of the OSA, which are included with this letter as Attachment A, the OSA precludes Exelon or the OSA Team from undertaking certain actions that are reserved exclusively to OPPD. In other areas, the OSA requires the written approval of the OPPD CEO or his designee prior to the OSA Team taking certain actions that are reserved to OPPD. This approach is consistent with the regulatory requirements of 10 CFR 50.80 and does not trigger a review pursuant to NRC Regulatory Issue Summary 2001-06, “Criteria for Triggering A Review Under 10 CFR 50.80 For Non-Owner Operator Service Companies.”

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The term of the OSA is 20 years. OPPD may terminate the OSA at any time during the term upon 180 days prior notice.

If you have any questions or require additional information, then please contact me at (402) 636-3210.

Sincerely,

A handwritten signature in black ink that reads "W. Gary Gates". The signature is written in a cursive, flowing style.

W. Gary Gates
President and CEO

cc: Regional Administrator, USNRC - Region IV
Senior Project Manager, USNRC - NRR Project Directorate IV-1
Senior Resident Inspector, USNR

Attachment A
Pertinent Provisions Of OSA Regarding Control
Of Operations and Decision-Making Authority

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3.1 SERVICES. Subject to the terms of this Agreement, Owner has retained Contractor to provide all services necessary to manage, operate and maintain the Facility on behalf of Owner in a timely and good and workmanlike manner consistent with Good Utility Practices, the terms of this Agreement and seeking in good faith to comply therewith, the Exelon Nuclear Management Model and as set forth on Exhibit "A", (the "**Services**" and collectively, the "Scope of Services").

3.2 NUCLEAR QUALITY ASSURANCE PROGRAM/APPLICABLE LAW. The Services performed by Contractor will be performed in compliance with the terms of this Agreement, under the Owner's nuclear quality assurance program and in compliance with any Applicable Law.

3.3 RELATIONSHIP OF THE PARTIES.

3.3.1 In performing the Services, Contractor shall be an independent contractor of Owner. No employee or agent of Contractor or any Subcontractor shall be, or shall be deemed to be, an employee of Owner or its Affiliates, and no employee or agent of Owner or its Affiliates shall be, or shall be deemed to be, an employee of Contractor or any Subcontractor. Nothing herein shall be interpreted to create a master-servant relationship between Contractor (or any of its Subcontractors) and Owner or its Affiliates. This Agreement shall not be interpreted or construed to create any association, joint venture or partnership among the Parties or to impose any partnership obligation or liability on any Party.

3.3.2 With the express prior written consent of Owner and subject to the restrictions in Sections 4.17 and 5.12, Contractor may from time to time act as Owner's agent on Owner's behalf with respect to managing and overseeing the Owner's Other Contracts, LTSA Contract(s) and Nuclear Fuel Supply Contract(s).

3.3.3 For sake of clarity, the ultimate responsibility, authority and control of the Facility operations and activities required to be retained by Owner as the licensed operator of the Facility under the Operating License and the ultimate control intended by this Agreement shall be retained by Owner. Notwithstanding any term of this Agreement or the Exelon Nuclear Management Model to the contrary, Owner shall remain the owner, operator and licensee for the Facility and shall retain authority and control for licensed activities and final decision-making authority for the operation of the Facility.

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3.13.1 Owner Approval. The OSA Team, including the initial key management personnel positions described in Exhibit A1, shall be subject to prior approval by the Owner CEO and shall serve at the discretion of the Owner CEO as set forth in this Agreement. Notwithstanding the foregoing, in the event that the Chief Nuclear Officer for the Facility is an OSA Team member, to the extent such person also acts as an officer of Owner under Applicable Law, such person shall be subject to the prior approval by the Board of Directors of Owner and shall serve at the discretion of the Board of Directors of Owner. Any changes to the number of key management personnel positions to be supplied by Contractor as set forth on Exhibit A1 shall be subject to mutual agreement of the Parties. Contractor agrees to use its best efforts to retain each of the key management personnel positions, once filled, through startup of the Facility and through the first outage after the Commencement Date. The Parties agree that the concurrent status of Site Vice President/Chief Nuclear Officer as an officer of Owner and employee and/or officer of Contractor shall not be held to violate either of the Parties' codes of conduct nor be the basis for any claim or right of termination under this Agreement. In the event that the Chief Nuclear Officer for the Facility is an OSA Team member, Owner shall provide director and officer coverage for such individual to the extent permitted by Owner's existing director and officer insurance.

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4.1 TURNOVER OF FACILITY. On the Commencement Date, Owner shall transition to Contractor day-to-day management activities of the Facility, provided that Owner has all Governmental Approvals required of it for Contractor to perform the Services and all other equipment, materials, spare parts and consumables necessary for Contractor to provide the Services for and at the Facility. Reasonably after the Commencement Date, Owner shall provide Contractor with access to all original equipment manufacturer instructions and manuals relating to the equipment at the Facility and all specifications, analyses, operating manuals and instructions, drawings (including as-built drawings), all information necessary to comply with Owner's quality assurance plan, and records related to the construction of the Facility necessary for Contractor to perform the Services.

4.2 GENERAL MANAGEMENT OVERSIGHT. Owner shall be responsible at all times for providing general management oversight of the Facility, including Contractor employees assigned to provide on-site Services. Owner shall cooperate with and support Contractor in performing the Services for the operation of the Facility as set forth in this Agreement.

4.3 LICENSEE. Owner is and shall be the "licensee" under the Operating License and shall be responsible for and control all "licensed activities" at the Facility. The term "licensed activities" for the purposes of this Agreement shall mean all activities authorized under or required by the licenses issued by the NRC including the possession or use of radioactive material; the handling and storage of Nuclear Fuel; the care, custody and control of Nuclear Fuel and Spent Nuclear Fuel associated with the Facility whether or not located on the Site; or the possession, use or operation of the nuclear reactor at the Facility. Owner shall have care and custody, and shall be responsible for security and safety, of such portions of the Site as necessary to control any such licensed activities. Contractor acknowledges that only individuals who are employees of Owner may act as licensed operators in the Facility's control room. At all times during the term of this Agreement, Owner shall assure that it satisfies and is in compliance with all license requirements of the Facility and Site. To the extent that Contractor provides Services relating to the licensed activities, Contractor shall remain solely responsible and liable for its actions or omissions with respect to the Services relating to same.

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4.17 RESTRICTIONS ON CONTRACTOR'S DELEGATED RESPONSIBILITIES. Notwithstanding anything set forth in this Article 4 to the contrary (and except for Section 3.8 (Emergency Actions) with respect to 4.17.3 and 4.17.8), under no circumstances shall Contractor or any Contractor Personnel or Subcontractors have the authority to undertake any of the following acts for or on behalf of Owner or with respect to the Facility or Site, as to which Owner retains exclusive authority:

4.17.1 incurring any indebtedness;

4.17.2 pledging, mortgaging or otherwise encumbering any of the assets of the Owner;

4.17.3 incurring any obligations or making any capital or operating expenditures other than such as are authorized pursuant to the Operating Budget or Capital Expenditure Budget approved by Owner and which expenditures Owner has authorized Contractor in writing to incur and which are incurred consistent with applicable Owner policies and procedures;

4.17.4 making any change in Owner's employment or severance policies and practices, except as approved in advance by the Owner's Board of Directors;

4.17.5 taking any action to modify any of Owner's bylaws, or resolutions, or to unilaterally modify the Operating Budget, or Capital Expenditure Budget applicable to the Site or the Facility;

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- 4.17.6** releasing any material claims of Owner or waiving or otherwise impairing any material contractual or other legal rights on behalf of Owner;
- 4.17.7** initiating any material legal or administrative proceedings on behalf of Owner in absence of prior written approval from Owner;
- 4.17.8** taking any action that would constitute a material breach or default under any agreement, law or regulation to which Owner is a party or by which it is bound;
- 4.17.9** entering into any agreement or taking any other actions that would materially restrict the manner in which Owner conducts its nuclear business;
- 4.17.10** entering into any agreement or activity relating to the brokering, marketing, dispatch, sale or pricing of capacity or energy generated by the Facility;
- 4.17.11** any activity not directly pertaining to the Facility operations and within the scope of Services authorized pursuant to this Agreement; and
- 4.17.12** any duties or responsibilities that Owner determines it may not, or has not legally delegated to Contractor.

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5.12 REQUIRED CONSENT FROM OWNER. Notwithstanding anything to the contrary herein and in addition to the general restrictions set forth in Section 4.17 (and except for Section 3.8 (Emergency Actions) with respect to 5.12.10 and 5.12.11), in order to assure that Owner retains ultimate decision making authority for the Facility, prior approval in writing by the Owner's CEO or other Owner designee must be obtained for the following actions:

- 5.12.1** changing staffing levels, employment terms or organizational changes for licensed Facility personnel or positions required by the Facility's technical specifications;
- 5.12.2** Facility start-up
- 5.12.3** deferral of repairs on Facility safety-related equipment beyond the first practical opportunity;
- 5.12.4** planned outage scheduling and decisions to shut down or continue operations for repairs required for reasons other than safety;
- 5.12.5** changes to established quality assurance (QA) policies, programs or goals or implementation of a QA program for the Facility that is different from that approved in advance by Owner;
- 5.12.6** making any changes to design control, emergency preparedness plans or procedures for the Facility;
- 5.12.7** final determination as to when 10 CFR 50.59 approval is required or 10 CFR 50.72, 10 CFR 72.74, and/or 10 CFR 72.75 reports should be made;
- 5.12.8** filing and substance of Licensee event reports;
- 5.12.9** changes to the operating license for the Facility;

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5.12.10 modifications to the security plan, emergency plan or responses to NRC orders regarding security;

5.12.11 communicate directly with INPO or any NRC regulators on behalf of Owner with respect to the Facility;

5.12.12 communication of any change in position regarding plant material condition or license extension; and

5.12.13 authorization of the provision of significant program services for: health physics, chemistry, fire protection, engineering work on safety-related systems, maintaining design basis documentation maintenance, and compliance engineering or licensing engineering.