

DRAFT REQUEST FOR ADDITIONAL INFORMATION

OFFICE OF NUCLEAR REACTOR REGULATION

APPLICATION FOR APPROVAL OF INDIRECT TRANSFER OF CONTROL

SUSQUEHANNA NUCLEAR, LLC

ALLEGHENY ELECTRIC COOPERATIVE, INC.

SUSQUEHANNA STEAM ELECTRIC STATION UNITS 1 AND 2

DOCKET NUMBERS 50-387, 50-388, AND 72-28

By letter dated June 29, 2016,<sup>1</sup> Susquehanna Nuclear, LLC (the licensee), on behalf of itself and Riverstone Holdings, LLC, (Riverstone), submitted an application for approval of Indirect Transfer of Control of the licenses for the Susquehanna Steam Electric Station, Units 1 and 2 (SSES), pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.80, "Transfer of licenses" and 10 CFR 72.50, "Transfer of license." The indirect transfer of control results from a transaction in which Talen will become wholly owned by the portfolio companies of Riverstone.

The U.S. Nuclear Regulatory Commission (NRC) staff has reviewed the information submitted by the licensee and determined that additional information is required to complete its review. The specific request for additional information (RAI) is related to the financial qualifications requirements of 10 CFR 50.80 and 50.33(f) for the facility.

The NRC staff apply guidance in NUREG-1577, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance",<sup>2</sup> Revision 1, issued March 1999, to evaluate whether the financial qualifications of the licensee would be affected by the proposed transfer. Under 10 CFR 50.33(f), a non-utility applicant must provide information sufficient to demonstrate its financial qualifications to carry out the activities for which the license is being sought. The information must show that the applicant possesses, or has reasonable assurance of obtaining, the funds necessary to cover estimated operating costs for the period of the license. In making this showing, the applicant must submit estimated total annual operating costs for the first five years of facility operations and indicate the source(s) of funds to cover these costs. For license transfers, direct or indirect, the relevant five-year period is that time immediately following the proposed merger. For indirect license transfers, the information submitted must demonstrate that the proposed merger and indirect transfers will not affect the financial qualifications of the licensees.

**RAI**

On page 12 of 21 of the licensee's application, the licensee provided a projected five year income statement for SSES, in accordance with 10 CFR 50.33(f)(2), and stated that the licensee's anticipated sources of revenue from sales of energy, capacity and ancillary services

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<sup>1</sup> Agencywide Documents Access and Management System (ADAMS) Accession No. ML16181A414.

<sup>2</sup> ADAMS Accession No. ML013330264.

would provide reasonable assurance of an adequate source of funds to meet the licensee's share of expenses for the plan.

The NRC staff observed that the line item expense "Intercompany Charges," reported by the licensee in its July 11, 2014<sup>3</sup> application for an indirect license transfer, approved by the NRC in an Order dated on April 10, 2015, was not included in the five-year financial statements provided by the applicant in the June 29, 2016 application. Provide an explanation as to why "Intercompany Charges" and affiliated expenses are not identified as a line item within the financial statements of the current transfer application. Such line item expense would contribute to the "Total Expenses" line of each SSES unit as presented in the application, and would impact the "Net Income (Loss)" line item.

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<sup>3</sup> ADAMS Accession No. ML14195A110.