



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

April 4, 1996

Mr. B. Ralph Sylvia
Executive Vice President, Nuclear
Niagara Mohawk Power Corporation
Nine Mile Point Nuclear Station
P.O. Box 63
Lycoming, NY 13093

SUBJECT: POTENTIAL CORPORATE STRUCTURE CHANGES

Dear Mr. Sylvia:

The management and staff of the U.S. Nuclear Regulatory Commission (NRC) understands that the Niagara Mohawk Power Corporation (NMPC) has taken or intends to take actions shortly with respect to restructuring and deregulation that may include significant divestiture of assets, formation of a holding company and/or other new companies, and other initiatives that may change NMPC's status as an "electric utility" or otherwise alter the basis under which NMPC received its operating licenses for the Nine Mile Point units. The NRC staff believes that asset divestiture, in and of itself, is not of significant concern to the NRC as long as a licensee retains a substantial asset base or retains access to adequate regulated rate recovery, particularly with respect to assuring that adequate decommissioning funds will be available.

Nevertheless, the NRC requires that its licensees inform and obtain advance approval from the NRC of any changes that would constitute a direct or indirect transfer of control of the NRC license pursuant to Section 50.80 of Title 10 of the Code of Federal Regulations (10 CFR). These changes would also be subject to NRC license amendment approval procedures pursuant to 10 CFR 50.90.

We ask that you submit information relevant to recent or impending changes to NMPC's corporate structure. Specifically, has NMPC created any "newly-formed entities?" Does it propose to create any "newly-formed entities" in the near future? What types of "newly-formed entity" or entities have been or will be created? Will the creation of any "newly-formed entities" result in the direct or indirect transfer of control of the licenses for the Nine Mile Point units? Will any "newly-formed entity" be an "electric utility" as defined by the NRC in 10 CFR 50.2, and will it remain as such? Will NMPC remain an "electric utility" under 10 CFR 50.2? Has NMPC prepared and submitted information required by the U.S. Securities and Exchange Commission relating to the creation of any "newly-formed entity?" We request that you to submit copies of this information to us within 30 days of the date of this letter.

Any appropriate amendment and license transfer requests required under the Commission's regulations should be promptly submitted. The requirement affects nine or fewer respondents and, therefore, is not subject to the Office of Management and Budget review under P.L. 96-511.

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NUCLEAR REGULATORY COMMISSION
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April 4, 1996

Mr. B. Sylvia

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You may obtain additional information concerning this request from Robert Wood of my staff at (301) 415-1255.

Sincerely,

ORIGINAL SIGNED BY:

William T. Russell, Director
Office of Nuclear Reactor Regulation

Docket Nos. 50-220
and 50-410

cc: See next page

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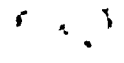
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Mr. B. Sylvia

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Sincerely,



William T. Russell, Director
Office of Nuclear Reactor Regulation

Docket Nos. 50-220
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Niagara Mohawk Power Corporation

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