

~~CONTAINS PROPRIETARY INFORMATION WITHHOLD UNDER 10 CFR § 2.396~~
(NOT PROPRIETARY WITHOUT ENCLOSURES 1P AND 2P ATTACHED)

50-302
72-1035



Crystal River Nuclear Plant
15760 W. Power Line Street
Crystal River, FL 34428
Docket 50-302
Docket 72-1035
Operating License No. DPR-72

10 CFR 50.80
10 CFR 50.90
10 CFR 72.50

June 14, 2019
3F0619-01

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

Subject: Application for Order Consenting to Direct Transfer of Control of
Licenses and Approving Conforming License Amendment

Dear Sir:

In accordance with Section 184 of the Atomic Energy Act, 10 CFR 50.80, and 10 CFR 72.50, Duke Energy Florida, LLC (DEF), on behalf of itself and ADP CR3, LLC (ADP CR3) (together, Applicants), respectfully requests that the U.S. Nuclear Regulatory Commission (NRC) consent to the direct transfers to ADP CR3 of DEF's licensed authority under Facility Operating License No. DPR-72 for the Crystal River Unit 3 Nuclear Generating Plant (CR-3) (the Facility License) and the general license for the CR-3 Independent Spent Fuel Storage Installation (ISFSI) (the Licenses) to possess, maintain, and decommission CR-3 and the ISFSI (collectively, the CR-3 Facility). The Applicants request that the NRC consent to these transfers so as to implement expedited decommissioning at CR-3. DEF will remain named as the NRC owner licensee. In addition, Applicants request that the NRC approve a conforming administrative amendment to the Facility License to reflect the proposed direct transfer of authority under the Facility License from DEF to ADP CR3.

ADP CR3 is a wholly owned subsidiary of Accelerated Decommissioning Partners, LLC (ADP), which is a joint venture of NorthStar Group Services, Inc. (NorthStar) (75%) and Orano Decommissioning Holdings LLC (Orano) (25%). Orano is owned by Orano USA LLC, which was formerly AREVA Nuclear Materials, LLC. NorthStar and Orano formed ADP to leverage their substantial collective experience relevant to decommissioning

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commercial nuclear reactors, to acquire control of reactor sites, and to execute prompt decommissioning.

DEF has entered into a Decommissioning Services Agreement (DSA) with ADP CR3, which provides that ADP CR3 will assume the role of licensee responsible for all activities conducted under the Licenses, upon NRC approval of the transfers to ADP CR3. ADP CR3 has agreed that it will decommission the CR-3 Facility under the terms of the DSA, and ultimately obtain termination of the Licenses, pursuant to a fixed price services arrangement. The fixed price is equal to a specified amount, and earnings thereon, in a segregated account being created in DEF's nuclear decommissioning trust fund (NDT). The NDT account will be used to decommission the CR-3 Facility, other than the ISFSI, and to achieve partial license termination on an accelerated schedule. DEF has agreed that it will direct the trustee of the NDT to disburse payments from this account each month based upon certifications from ADP CR3 that it has completed various scopes of decommissioning work up to the total amount available in the account. DEF will maintain a separate decommissioning reserve account within its NDT that will likely exceed \$100 million.

The parties have also agreed that ADP SF1, LLC (ADP SF1), an affiliate of ADP CR3 also wholly owned by ADP, will enter into a Purchase and Sale Agreement with DEF, pursuant to which ADP SF1 will acquire the ISFSI and its associated equipment, and title to the CR-3 spent nuclear fuel, the high-level waste, and the greater than Class C waste at the CR-3 Facility. DEF will also assign to ADP SF1 its Standard Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste with the U.S. Department of Energy (DOE). ADP SF1 will own, but not possess, the ISFSI and its associated equipment, the spent fuel and waste pursuant to the general license provided in 10 CFR 72.6(b). ADP CR3 will possess the ISFSI and its associated equipment, the spent fuel and waste under the Licenses. ADP SF1 will enter into an agreement with ADP CR3, under which ADP SF1 will pay ADP CR3 for all costs of operating, maintaining, and decommissioning the ISFSI, and for ultimately removing all material owned by ADP SF1 from the CR3 site. ADP SF1 intends to recover a substantial portion of these costs from DOE. ADP SF1 also will have access to funds provided by its parent companies to pay ADP CR3 for such costs pending ADP SF1's recovery of those costs from DOE.

ADP SF1 estimates that the current cost of decommissioning the ISFSI is \$3.7 million, and ADP SF1 will establish a nuclear decommissioning trust fund for purposes of holding funds to decommission the ISFSI. At the time of the license transfer, ADP SF1 will provide financial assurance for ISFSI decommissioning using one of the methods set forth in 10 CFR 72.30(e). ADP SF1 may propose to deposit \$3.95 million in the trust, which at the allowed 2% real rate of return would be projected to grow to the \$5.4 million by 2037, when the ISFSI is expected to be decommissioned.

A simplified organization chart reflecting the current CR-3 licensee, DEF, and its owner is provided in Figure 1 following this letter. A simplified organization chart reflecting ADP CR3 and ADP SF1 is depicted in Figure 2. These organization charts are "simplified" in that they only show the companies in the chain of ownership of the licensee entities. After

the proposed transfers, DEF will continue to own the CR-3 Facility, as well as its associated assets and real estate (including its NDT), except for the ISFSI, the spent nuclear fuel, the high level waste, the greater than Class C waste and the associated storage canisters, which will be owned but not possessed by ADP SF1.

Information supporting this request for consent and approval is included in the attached "Application for Consent to Direct Transfer of Control of Licenses and Approval of Conforming License Amendment" (Application), which is provided as Attachment 1. In addition, a proposed conforming amendment is provided as a mark-up version in Attachment 2 and a clean version in Attachment 3. A no significant hazards consideration analysis is provided in Attachment 4.

These transfers are desirable and of considerable benefit to the citizens of Florida, because they will result in the decommissioning of the CR-3 Facility, and the release of all portions of the site other than the ISFSI on an accelerated schedule. Currently, DEF has selected the SAFSTOR method of decommissioning CR-3, and its current decommissioning plans, as described in its 2013 Post Shutdown Decommissioning Activities Report (PSDAR), assume the completion of radiological decommissioning by 2073 and site restoration by 2074. Under the terms of the proposed transaction, ADP CR3 would become responsible under the Licenses for all licensed activities at the CR-3 Facility. ADP CR3 would begin decommissioning activities promptly and would plan to complete radiological decommissioning and restoration of the non-ISFSI portions of the CR-3 site in 2027.

ADP CR3 has analyzed the remaining expected costs of decommissioning, including the expected annual cash flows, and it believes that with conservative NDT investments that are designed to assure the preservation of the fund to be available for prompt decommissioning, the funds available to ADP CR3 in the NDT account will be sufficient to pay all of the annual expected costs of decommissioning the CR-3 Facility. This is based on the estimate of the remaining expected costs of decommissioning. Further, the major decommissioning work will be performed under fixed price or fixed unit contracts, subject to performance bonds (or insurance, where appropriate) issued by qualified surety companies to guarantee the performance of the tasks, and with withdrawals from the NDT limited under a decommissioning pay-item approach, which reasonably assures completion of the work within the cost estimates. In addition, under this approach, any cost overruns on one task do not affect the funds remaining in the NDT to pay for the completion of other tasks.

The financial assurance required by 10 CFR 50.75 and 10 CFR 50.82(a)(8)(vi) for decommissioning the CR-3 Facility will be provided by DEF using the prepayment method in accordance with 10 CFR 50.75(e)(1)(i). In addition, NorthStar and Orano will provide parental financial Support Agreements to ADP CR3 in the total amount of \$140 million to assure that ADP CR3 is able to meet its financial and regulatory obligations to possess, maintain, and decommission the CR-3 Facility within the fixed price agreement and to comply with all NRC requirements until the Licenses are terminated. The \$140 million Support Agreements will also assure ADP SF1's ability to fund its obligations to ADP

CR-3. Based upon its ability to fund decommissioning from the NDT under the terms of the DSA, the pay-item approach, performance bonds, the parental Support Agreements, and funds provided by ADP SF1, ADP CR3 will be financially qualified to perform its obligations under the Facility Licenses.

The information in the attached Application demonstrates: (1) the proposed transfer of DEF's possession, maintenance, and decommissioning authority under the Licenses to ADP CR3 will accelerate the timely decommissioning of the CR-3 site; (2) ADP CR3 has the requisite managerial, technical, and financial qualifications to perform its obligations under the Licenses; (3) the DEF NDT provides reasonable assurance of funding for decommissioning the CR-3 Facility; (4) the material terms of the Licenses will not be affected; and (5) the transfers requested in the Application will not result in any impermissible foreign ownership, control or domination.

In parallel with the NRC's review of this Application, ADP CR3 plans to prepare and submit an updated PSDAR, reflecting ADP CR3's plans for accelerated decommissioning following the proposed transfers of authority under the Licenses that will become effective after license transfer.

The Applicants respectfully request that the NRC review and complete action expeditiously on the enclosed Application and consent to the proposed transfers. We are prepared to work closely with the NRC Staff to facilitate the review of the Application. Applicants request that the NRC issue an Order by December 31, 2019 approving the amendments to the Facility License and authorizing the transfers to take place at any time through December 31, 2020. Applicants also request that the license amendment be made effective as of the date the transfers are completed. DEF will notify the NRC staff at least 2 business days prior to the expected closing date for the transaction.

There are certain regulatory filings and approvals beyond that of the NRC which must be made and obtained prior to the closing of the proposed transaction, including Florida Public Service Commission approval. Applicants will keep the NRC informed of any significant changes in the status of other required approvals or developments that could have an impact on the closing date.

In summary, the proposed transfers will not be inimical to the common defense and security or result in any undue risk to public health and safety, and the transfers will be consistent with the requirements of the Atomic Energy Act and the NRC regulations.

Separately bound Enclosures 1P and 2P of the Application contain confidential commercial and financial information. The Applicants request that this information be withheld from public disclosure pursuant to 10 CFR § 2.390, as described in the Affidavit provided in Attachment 5. A redacted version of these documents, suitable for public disclosure, is provided as Enclosures 1 and 6 to Attachment 1.

In accordance with 10 CFR 50.91(b)(1), a copy of this submittal has been sent to the State of Florida.

In the event that the NRC has any questions about the proposed transaction described in this letter and in the Application or wishes to obtain any additional information about the proposed transfers, please contact Phyllis Dixon of DEF at 352-501-3355 or phyllis.dixon@duke-energy.com, or contact Gregory G. DiCarlo of NorthStar Group Services, Inc. at 203-222-0584 x3051 or GDiCarlo@NorthStar.com.

Service upon the Applicants of any notices, comments, hearing requests, intervention petitions, or other pleadings should be made to:

For DEF:

Tracey M. LeRoy
Duke Energy Corporation
550 South Tryon Street
Mail Code DEC45A
Charlotte, NC 28202
Phone: 704-382-8317
E-mail: Tracey.Leroy@duke-energy.com

John E. Matthews
Grant W. Eskelsen
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Ave., NW
Washington, D.C. 20005
Phone: 202-739-5524
E-mail: john.matthews@morganlewis.com
E-mail: grant.eskelsen@morganlewis.com

For ADP CR3:

Gregory G. DiCarlo
NorthStar Group Services, Inc.
Vice President & General Counsel
35 Corporate Drive, Suite 1155
Trumbull, CT 06611
Phone: 203-222-0584 x3051
E-mail: GDiCarlo@NorthStar.com

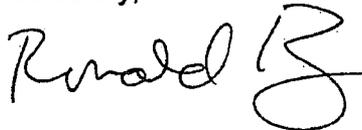
Michael G. Lepre
Timothy J.V. Walsh
Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street, NW
Washington, DC 20036
Phone: 202.663.8193
E-mail: michael.lepre@pillsburylaw.com
E-mail: timothy.walsh@pillsburylaw.com

In addition, please place the above individuals on the NRC correspondence distribution for all correspondence related to the Application.

This correspondence contains no new regulatory commitments of DEF.

I declare under penalty of perjury that the foregoing regarding DEF is true and correct.
Executed on June 14, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald Reising". The signature is written in a cursive style with a large, stylized initial "R".

Ronald Reising, Senior Vice President
Operations Support

Enclosures: Figure 1 – Simplified Organization Chart (Current)

Figure 2 – Simplified Organization Chart (Post-Transfer)

Attachment 1 – Application for Order Approving License Transfer and
Conforming License Amendments (NRC Facility
Operating License No. DPR-72)

Attachment 2 – Facility Operating License (Changes)

Attachment 3 – Facility Operating License (Clean Pages)

Attachment 4 – No Significant Hazards Determination

Attachment 5 – Affidavit Supporting Request for Withholding

xc:

NMSS Project Manager (w/ all enclosures)

Regional Administrator, Region I (w/enclosures, except Enclosures 1P and 2P)

State of Florida (w/enclosures, except Enclosures 1P and 2P)

STATE OF COLORADO)
) SS.
CITY Wrayahoe)

Scott E. State, being duly sworn according to law deposes and says:

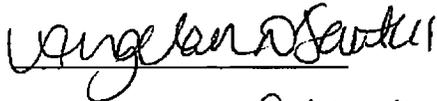
I am Chief Executive Officer, NorthStar Group Services, Inc. and Accelerated Decommissioning Partners, LLC (ADP), and as such, I am familiar with the contents of this correspondence and the attachments thereto concerning the Crystal River Unit 3, Nuclear Generating Plant and the matters set forth therein regarding ADP and its affiliated companies are true and correct to the best of my knowledge, information and belief.



Scott E. State

Subscribed and Sworn to before me

this 12 day of June, 2019



Notary Public of COLORADO

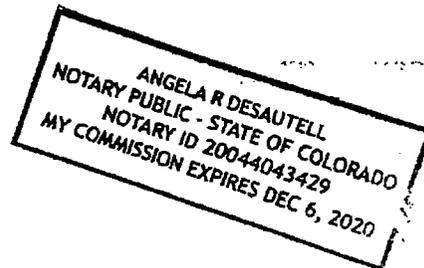


Figure 1: SIMPLIFIED ORGANIZATION CHART

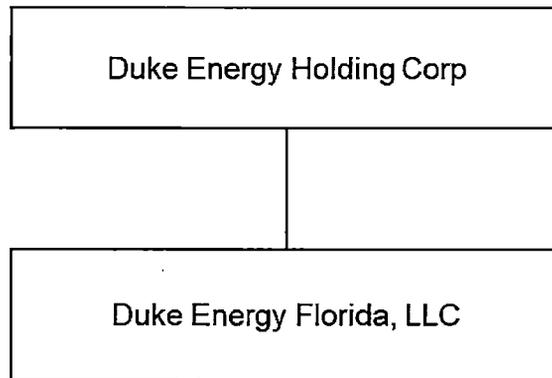
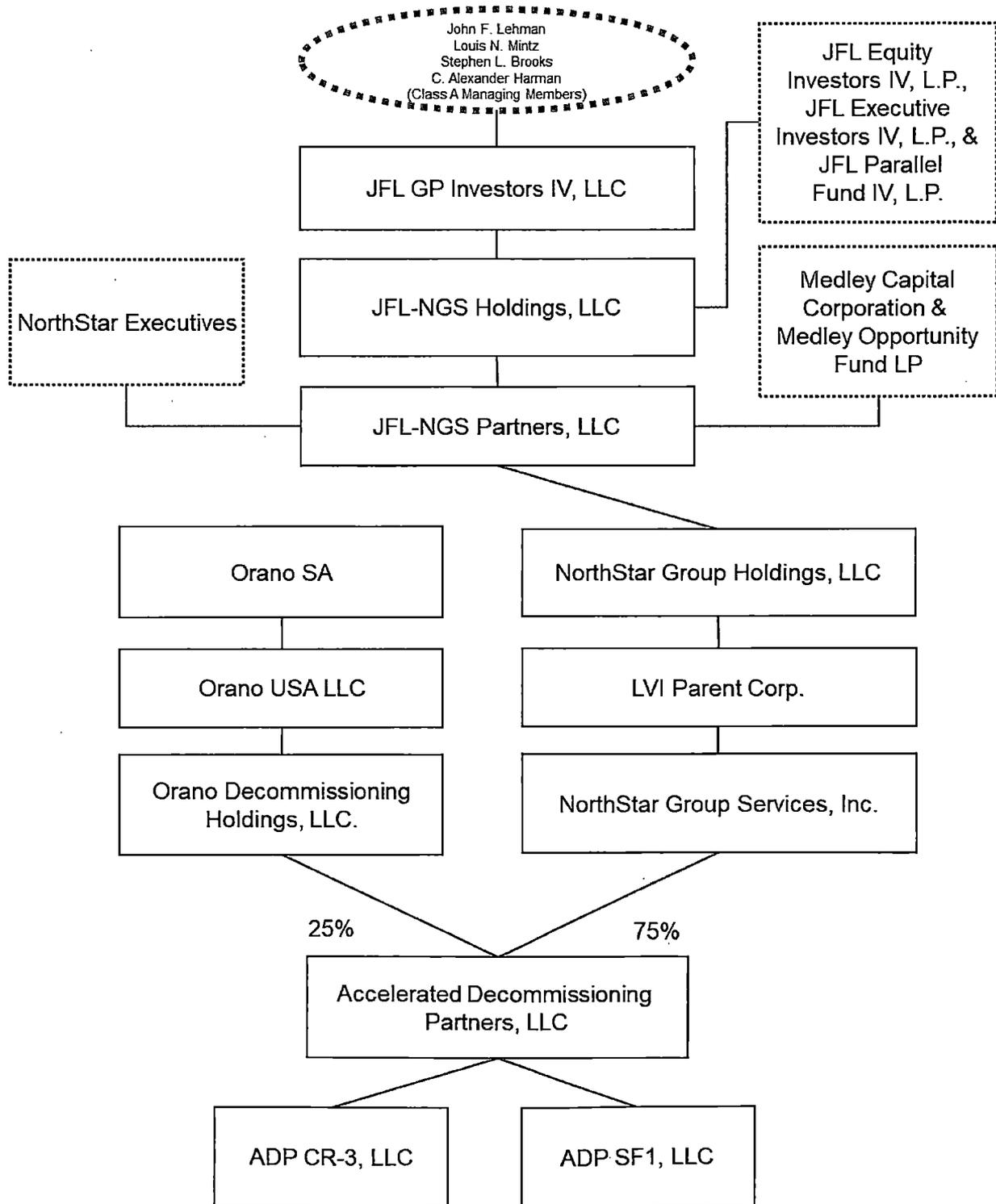


Figure 2: SIMPLIFIED ORGANIZATION CHART



DUKE ENERGY FLORIDA, LLC

**DOCKET NUMBER 50 – 302 / DOCKET NUMBER 72 – 1035
LICENSE NUMBER DPR-72**

ATTACHMENT 5

2.390 AFFIDAVITS

Affidavit of Ronald Reising

I, Ronald Reising, Senior Vice President, Operations Support Duke Energy Florida, LLC, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of Duke Energy Florida, LLC (DEF);
2. DEF requests that Enclosures 1P and 2P, which are being submitted under separate cover and labeled "CONFIDENTIAL INFORMATION SUBMITTED UNDER 10 CFR 2.390", be withheld from public disclosure under the provisions of 10 CFR 2.390(a)(4).
3. Enclosures 1P and 2P contain confidential commercial information, the disclosure of which would adversely affect DEF.
4. This information has been held in confidence by DEF. To the extent that DEF has shared this information with others, it has done so on a confidential basis.
5. DEF customarily keeps such information in confidence, and there is a rational basis for holding such information in confidence. The information is not available from public sources and could not be gathered readily from other publicly available information.
6. Public disclosure of this information would cause substantial harm to DEF's business interests because such information has significant commercial value to DEF and its disclosure could adversely affect other DEF transactions.

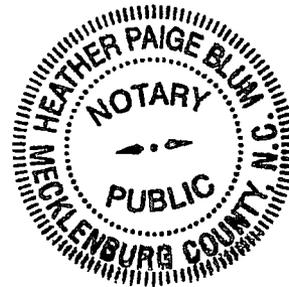
Ronald Reising

Ronald Reising
Senior Vice President
Operations Support

Subscribed and sworn before me, *Heather Paige Blum*
a Notary Public
this 14 day of June, 2019.

Heather Paige Blum

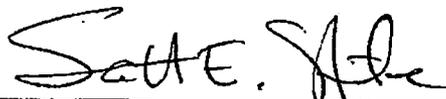
My commission expires: *1/9/2023*



Affidavit of Scott E. State

I, Scott E. State, CEO of NorthStar Group Services, Inc. and Accelerated Decommissioning Partners, LLC (collectively, ADP) do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of ADP (ADP);
2. ADP requests that Enclosure 1P and 2P, which are being submitted under separate cover and labeled "CONFIDENTIAL INFORMATION SUBMITTED UNDER 10 CFR 2.390", be withheld from public disclosure under the provisions of 10 CFR 2.390(a)(4).
3. Enclosures 1P and 2P contain confidential commercial information, the disclosure of which would adversely affect ADP.
4. This information has been held in confidence by ADP. To the extent that ADP has shared this information with others, it has done so on a confidential basis.
5. ADP customarily keeps such information in confidence, and there is a rational basis for holding such information in confidence. The information is not available from public sources and could not be gathered readily from other publicly available information.
6. Public disclosure of this information would cause substantial harm to ADP's business interests because such information has significant commercial value to ADP and its disclosure could adversely affect other ADP transactions.



Scott E. State

Subscribed and sworn before me,
a Notary Public
this 12 day of June, 2019.

