

May 24, 1994

Docket File

Docket Nos. 50-346
and 50-440

LICENSEES: Toledo Edison Company
Cleveland Electric Illuminating Company

FACILITIES: Davis-Besse Nuclear Power Station, Unit 1
Perry Nuclear Power Plant, Unit 1

SUBJECT: SUMMARY OF MEETING HELD ON MAY 2, 1994, TO DISCUSS THE
CONTEMPLATED MERGER OF TOLEDO EDISON COMPANY AND CLEVELAND
ELECTRIC ILLUMINATING COMPANY

On May 2, 1994, NRC staff members met at Rockville, Maryland, with employees of Toledo Edison Company (TE) and Cleveland Electric Illuminating Company (CEI) to discuss the planned merger of TE and CEI. A list of attendees is included as Enclosure 1. The handout used at the meeting is included as Enclosure 2.

As shown in Enclosure 2, the items discussed during the meeting included background on the merger, required regulatory approvals, operating license amendment submittal outline, and the schedule for the merger. During the discussion, the licensees indicated that the plan is to merge TE into CEI under a new combined operating company whose name has yet to be determined. Centerior Energy Corporation will still serve as the parent holding company. Centerior Service Corporation will continue to provide administrative and management functions. Regarding the schedule, the licensees expect to submit license amendment applications in June 1994 with implementation by December 1994. The NRC is requested to complete its review of the applications by November 30, 1994.

At the conclusion of the meeting, two questions were identified that required follow-up. The first concerned whether one or two antitrust notices would be issued for the proposed merger. The NRC staff determined that one notice, if any, would be issued. The second concerned whether November 30, 1994, is an essential date for completing the NRC review. By teleconference of May 13, 1994, the licensees confirmed that November 30, 1994, is the requested date for completion of the NRC staff review.

Original signed by
Jon B. Hopkins, Sr. Project Manager
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- Enclosures:
1. List of Attendees
 2. Meeting Handout

cc w/enclosures:
See next page

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NAME	MRushbrook	GWest:dy	JHopkins	JHannon
DATE	5/18/94	5/14/94	5/13/94	5/23/94

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Docket Files

NRC & Local PDRs

PDIII-3 Reading File

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Attendees

of Meeting with Toledo Edison Company
and Cleveland Electric Illuminating Company
on May 2, 1994

<u>NAME</u>	<u>ORGANIZATION</u>
J. Hannon	NRC
J. Hopkins	NRC
R. Wood	NRC
G. West, Jr.	NRC
M. Leisure	TE
R. Schrauder	CEI
H. Hegrat	CEI
D. Wuokko	TE

May 2, 1994 Meeting
Nuclear Regulatory Commission Staff
Toledo Edison Company
Cleveland Electric Illuminating Company

BACKGROUND

- In 1986, the Cleveland Electric Illuminating Company (CEI) and the Toledo Edison Company (TE) became affiliated through the creation of a parent holding company, Centerior Energy Corporation (CEC)
 - The Centerior Service Corporation (CSC) was established to perform many of the administrative and management functions of CEI and TE
- In 1990, a reorganization plan was adopted, and CSC assumed senior management responsibilities for nuclear activities at the Perry Nuclear Power Plant (PNPP) and the Davis-Besse Nuclear Power Station (DBNPS)
 - CSC was added as a licensee to both the PNPP and DBNPS Operating Licenses
- In March, 1994, a plan was adopted by the Boards of Directors to combine the operating companies by merging TE into CEI
 - The combined operating company will be renamed
 - CSC will remain the service company of CEC

REGULATORY APPROVALS REQUIRED

- Public Utilities Commission of Ohio (PUCO)
- Pennsylvania Public Utilities Commission (PPUC)
- Securities and Exchange Commission (SEC)
- Federal Energy Regulatory Commission (FERC)
- Nuclear Regulatory Commission (NRC)

-Separate license amendment applications will
be submitted by PNPP and DBNPS in June, 1994

OPERATING LICENSE AMENDMENT SUBMITTAL OUTLINE

I. Introduction

- "NEWCO" is used as a temporary substitute for name of the combined operating company

II. Requested Regulatory Action

- Replace TE and CEI with NEWCO as licensees
- Designate NEWCO as the owner of the DBNPS and as an owner of the PNPP

III. General Information

A. Name

B. Address

C. Description of Business or Occupation

D. Organization and Management of the Operating Company

- Present TE and CEI nuclear organizations will be transferred intact to NEWCO and will continue to report to CSC

E. Technical Qualifications

- Since personnel responsibilities and organization will remain unchanged, technical qualifications will remain equivalent to those currently existing

F. Benefits of Proposed License Amendment

- Combine audited financial statements
- Separate rate case and fuel case filings will no longer be required
- Incremental savings in external financings, advertising, and marketing

G. Financial Aspects

- NEWCO will assume all contractual obligations and financial responsibilities of TE and CEI
- FERC filing will establish that the merger will be consistent with the public interest and that there are no antitrust nor other considerations that are adversely impacted
- Under 10 CFR 50.33(f), full financial qualifications review of this application is not necessary

H. Antitrust Conditions

- Merger is subject to separate antitrust reviews by FERC, PUCO, PPUC, and SEC, and potentially by the U.S. Department of Justice and the Federal Trade Commission
- NRC need not conduct an extensive antitrust review

I. Restricted Data

IV. Specific Information Regarding Additional Issues

A. Emergency Planning

- NEWCO will assume authority and responsibility for functions necessary to fulfill emergency planning requirements
- Existing agreements for support from offsite organizations and agencies will remain in force during the transitions
- Effectiveness of the Emergency Plans will not be decreased

B. Offsite Power

- NEWCO will assume and fulfill all responsibilities for control, operation, maintenance, repair, and other activities with respect to the transmission lines and the switchyards

C. Exclusion Area

- NEWCO will assume authority to exercise complete control over the exclusion areas

D. Security

- NEWCO will assume responsibility for implementation of all aspects of the present security program
- Existing agreements for support from offsite organizations and agencies will remain in force during the transitions
- Effectiveness of the Security Plans will not be decreased

E. Quality Assurance Program

- NEWCO will assume responsibility for present functions associated with the QA programs
- The function and structure of the QA organization will not be affected, and program commitments will not be reduced

F. Training

- NEWCO will assume responsibility for implementation of the operator requalification program

G. Engineering Support

- Engineering functions will transfer intact to NEWCO

V. Correspondence

- After the implementation date, all NRC correspondence relating to the dockets should be addressed to NEWCO, including any NRC response to previously submitted license amendment requests

VI. Effective Date

- Since the proposed merger requires the approval of other regulatory agencies in addition to the NRC, it is requested that the NRC approve the amendments by November 30, 1994, but defer the effective date until all regulatory approvals are obtained and the merger can be consummated

VII. Acceptance of Authority

-An affidavit will be attached stating that NEWCO will accept the assumption of ownership and operating license responsibilities as a result of the merger

Attachments

1. Agreement of Merger
2. Safety Assessment and Significant Hazards Consideration
3. Environmental Consideration
4. Proposed Organization
5. Acceptance of Authority