

Docket file

UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

June 13, 1994

Docket Nos. STN 50-456, STN 50-457,
STN 50-454, STN 50-455,
50-010, 50-237, 50-249,
50-373, 50-374, 50-254,
50-265, 50-295, and
50-304

Mr. D. L. Farrar
Manager, Nuclear Regulatory Services
Commonwealth Edison Company
Executive Towers West III, Suite 500
1400 OPUS Place
Downers Grove, Illinois 60515

Dear Mr. Farrar:

SUBJECT: CORPORATE RESTRUCTURING OF COMMONWEALTH EDISON COMPANY (TAC NOS.
M88722, M88723, M88724, M88725, M88726, M88727, M88728, M88729,
M88730, M88731, M88732, AND M88733)

Pursuant to 10 CFR 50.80, Commonwealth Edison Company (CECo, the licensee), in a January 31, 1994, submittal from Sidley & Austin, described a proposed restructuring of CECo. Under the proposal, CECo will become a wholly owned subsidiary of a new holding company. A letter to the shareholders enclosed with the submittal stated that the restructuring will permit timely responses to competitive activities which could adversely affect the Edison utility business, and will allow the holding company to provide a broad array of energy services through its utility subsidiary (CECo) and its unregulated subsidiaries. Affiliates of CECo will be able to engage in non-utility business without the prior approval of, or being regulated by, the Illinois Commerce Commission.

The staff has reviewed the information contained in the January 31, 1994, submittal to ascertain that the proposed action:

- (1) will not reduce funds available to CECo to carry out activities under its Operating Licenses;
- (2) will not adversely affect the management of CECo utility operations;
- (3) will not result in CECo becoming owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

Based on its review, the staff has made the following findings in each of the three areas defined above:

(1) Available Funds

The submittal states that the proposed restructuring will not reduce the funds available to carry out activities under its operating and

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possession only (Dresden, Unit 1) licenses for its nuclear plants. CECo's utility operations will continue to be the primary source of revenue and income for CECo, and will also constitute the majority of the holding company's earning power for the foreseeable future. The Federal Energy Regulatory Commission will continue to regulate CECo's wholesale electric rates. The Illinois Commerce Commission (ICC) will retain jurisdiction over CECo's retail electric rates.

The submittal further states that the proposed restructuring, including holding company investments in non-utility affiliates, will not affect CECo's ability to meet future financial requirements related to its nuclear units through the revenues produced by its utility business and by the issuance of debt and other securities. Thus, it is expected that no change in the amount of revenues, the source of funds, or the ability to obtain the funds necessary to operate CECo's nuclear plants will result from the restructuring.

In reviewing CECo's financial qualifications, the staff raised a concern with the potential transfer of assets from CECo to its new parent company or other non-licensed organization. In response to questions from the NRC staff, an April 12, 1994, letter from Sidley and Austin to the NRC stated that any transfer of property from CECo to the holding company will require the prior approval of the Illinois Commerce Commission because the holding company will be an "affiliated interest" of CECo under Section 7-101(2) of the Illinois Public Utilities Act (220 ILCS 5/7-101(2)). In addition, prior consent by the Illinois Commerce Commission is also required by Section 7-102(c) before a public utility may transfer any part of its "franchises, licenses, permits, plant, equipment, business, or other property" to any person or entity (220 ILCS 5/7-102(c)). Further, CECo has agreed that it shall provide copies of any petition to the Illinois Commerce Commission regarding the transfer of assets pursuant to Section 7-102(c) of the Illinois Public Utilities Act to the Director, Nuclear Reactor Regulation (NRR), when such documents are filed with the ICC. In the event the Illinois law subsequently changes, the licensee shall inform the Director, NRR, that Section 7-102(c) of the Illinois Public Utilities Act has been amended or deleted no later than 30 days after such amendment or deletion has been enacted.

Based on the above discussion, the staff finds that there will be no change in the amount of revenues, the source of funds, or CECo's ability to obtain funds necessary to operate its nuclear plants as a result of the proposed restructuring.

(2) Management of CECo Utility Operations

The January 31, 1994, submittal stated that the restructuring will have no effect on the management of CECo's utility operations. Officer responsibilities at the holding company level will have no direct effect on Nuclear Operations, and that operations will continue to be conducted with the same assets and management. The staff, therefore, concludes

that there will be no management or organizational changes associated with the restructuring with regard to responsibility and operation of the CECo nuclear sites; that the Vice President and Chief Nuclear Officer will retain responsibility for the nuclear portion of CECo; and that the responsibilities and reporting channels for the senior management of the nuclear plants will remain as stated in the Quality Assurance Program Topical Report (CE-1-A), the most recent revision being No. 65.

Based on the continuity of management described above, the staff finds that the proposed restructuring will not adversely affect the management of CECo's nuclear plants. Further, it does not appear that the proposed restructuring will adversely impact the bulk power services market served by any of the CECo facilities licensed under Section 103 of the Atomic Energy Act, as amended.

(3) Foreign Ownership, Control, or Domination

The proposed restructuring will not result in CECo becoming owned, controlled or dominated by an alien, a foreign corporation, or a foreign government. Under the restructuring proposal, the present common shareholders of Edison will become the common shareholders of the holding company in the same proportion in which they currently hold CECo stock. The holding company will become the sole holder of the common stock of CECo. CECo will remain an Illinois corporation. The holding company is also an Illinois corporation. At the time the restructuring becomes effective, the Board of Directors of the holding company will be comprised of the same persons who are members of CECo's Board of Directors.

Based on the above discussion, the staff finds that the proposed restructuring will not result in CECo being owned, controlled, or dominated by foreign interests.

Based on the above determinations, the staff concludes:

- (1) that the proposed action will not affect the qualifications of CECo as the holder of the licenses for the nuclear plants; and
- (2) that the proposed action is otherwise consistent with the applicable provisions of the law, regulations, and other requirements issued by the Commission pursuant thereto.

Mr. D. L. Farrar

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Accordingly, the Commission hereby consents to the proposed restructuring of Commonwealth Edison Company as described in the January 31, 1994, submittal.

Sincerely,

Original Signed By:

Jack W. Roe, Director
Division of Reactor Projects - III/IV
Office of Nuclear Reactor Regulation

cc: See next page

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OFC	ADR3:DRPW	D:DRPW
NAME	JZWOLINSKI	JRDEY
DATE	6/10/94	6/13/94
COPY	YES/NO	YES/NO

Mr. D. L. Farrar

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