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December 13, 1996

Docket No. 50-461

10CFR50.90  
10CFR50.80

Document Control Desk  
Nuclear Regulatory Commission (NRC)  
Washington, D.C. 20555

Subject: Clinton Power Station  
Request for Amendment to Facility  
Operating License NPF-62 (RS/LS-96-011) and  
Consent to Transfer Minority Ownership

Dear Madam or Sir:

By letter dated October 17, 1996, and pursuant to 10CFR50.80 and 10CFR50.90, Illinois Power Company ("Illinois Power") requested (1) the NRC's consent to a proposed transfer of Soyland Power Cooperative's 13.21% minority ownership interest in the Clinton Power Station ("CPS") to Illinova Power Marketing, Inc. ("IPMI"), an unregulated power marketing affiliate of Illinois Power and a wholly owned subsidiary of Illinova Corporation ("Illinova"), and (2) the NRC's approval for an amendment to Facility Operating License NPF-62 for CPS as required for that proposed transfer. Illinois Power's letter explained why Soyland, as a condition to an agreement reached with the Rural Utilities Services ("RUS") for refinancing Soyland's significant debt, is required to divest itself of any ownership of, and responsibility for, CPS. It was also noted that a Power Sales Agreement ("PSA") between IPMI and Soyland was being established such that IPMI would sell its entire share of electrical output from CPS to Soyland for a period of at least ten years. In light of Soyland's desire to effect the transfer of ownership as soon as possible, Illinois Power respectfully requested NRC's consent and issuance of the associated license amendment by December 31, 1996. Due in part to such a request for an expedited NRC review, a public meeting conducted by the NRC and attended by Illinois Power and Soyland representatives, was held on November 21, 1996 to further discuss the proposed transfer.

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The purpose of this letter is to notify the NRC that, upon further consideration of the proposed transfer, it has been determined that the proposed transfer of ownership described in Illinois Power's request and at the November 21 meeting, will not be pursued. Rather, a proposed transfer of Soyland's share of ownership to Illinois Power (instead of IPMI) is now desired (thus making Illinois Power the sole owner of CPS). Therefore, Illinois Power hereby respectfully requests the NRC's consent to such a proposed transfer of ownership, and requests that an amendment of the CPS Operating License be issued to reflect that transfer of ownership. This request and application for amendment supersedes Illinois Power's October 17 request and application for amendment (submitted as Illinois Power letter U-602648). However, it should be noted that some of the corporate and financial information provided in that submittal with regard to Illinois Power may be relevant to this request and useful with respect to NRC review of this request.

In light of this new request, Illinois Power understands that NRC review and approval by December 31, 1996, as requested in the October 17 submittal, is no longer achievable. Nevertheless, prompt review and approval is still requested. Since Illinois Power is already the majority owner (and sole operator) of CPS and is an Electric Utility as defined in 10CFR50.2, it is anticipated that this will facilitate NRC review of a requested transfer of ownership to Illinois Power and permit issuance of the license amendment in the shortest possible time.

Additional details concerning the proposed transfer, including information provided pursuant to 10CFR50.80, are provided in Attachment 2 to this letter. In addition, pursuant to the required license amendment, marked up copies of affected pages from the CPS Operating License to reflect the transfer of ownership are provided in Attachment 3, and an affidavit supporting the facts set forth in this letter/application for amendment is provided as Attachment 1. A basis for no significant hazards consideration is provided as follows.

#### Basis for No Significant Hazards Consideration

According to 10CFR50.92, a proposed change to the Operating License involves no significant hazards consideration if operation of the facility in accordance with the proposed change would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated, (2) create the possibility of a new or different kind of accident from any accident previously evaluated, or (3) involve a significant reduction in a margin of safety.

The amendment requested herein involves only the transfer of a minority ownership interest in CPS to the current principle owner and licensed operator for CPS (i.e., Illinois Power). Illinois Power will continue to have exclusive responsibility and control over the operation and maintenance of the facility, and, therefore, maintenance, design and operation of the facility are unaffected by the proposed amendment.

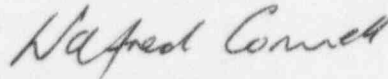
- (1) The proposed amendment does not involve a significant increase in the probability or consequences of an accident previously evaluated because it merely revises the Operating License to indicate the transfer of a minority ownership interest to the current majority owner and sole operator of the facility. This proposed amendment represents an administrative rather than operational change and, therefore, has no impact on accidents previously evaluated.
- (2) The proposed amendment does not create the possibility of a new or different kind of accident from any accident previously evaluated because there will be no change to the plant's physical configuration or operation as a result of this proposed amendment.
- (3) The proposed amendment does not involve a significant reduction in the margin of safety because it is only an administrative change and will have no impact on any margin of safety related to the design or operation of the facility.

The proposed amendment does not, therefore, involve a significant hazards consideration.

With respect to environmental considerations, Illinois Power has reviewed this proposed amendment to the Operating License against the criteria of 10CFR51.22. For the reasons described above, the proposed amendment does not involve a significant hazards consideration, does not significantly increase the types and amounts or change the types of effluents that may be released offsite, nor does it significantly increase individual or cumulative occupational radiation exposures. Based on the foregoing, Illinois Power concludes that the proposed Operating License amendment meets the criteria given in 10CFR51.22(c)(9) for categorical exclusion from the requirements for an Environmental Impact Statement.

In accordance with 10CFR50.30 and 10CFR170.12, one signed original of this application is enclosed with the understanding that Illinois Power will be assessed the full cost of evaluating this request upon completion. In addition, pursuant to 10CFR50.21(b)(1), a copy of this request for amendment has been sent to the Illinois Department of Nuclear Safety.

Sincerely yours,



Wilfred Connell  
Vice President

TBE/csm

Attachments

cc: NRC Clinton Licensing Project Manager  
NRC Resident Office, V-690  
Regional Administrator, Region III, USNRC  
Illinois Department of Nuclear Safety

Wilfred Connell, being first duly sworn, deposes and says: That he is Vice President of Illinois Power; that this proposed amendment of Facility Operating License NPF-62 has been prepared under his supervision and direction; that he knows the contents thereof; and that to the best of his knowledge and belief said letter and the facts contained therein are true and correct.

Date: This 13<sup>th</sup> day of December 1996.

Signed: Wilfred Connell  
Wilfred Connell

STATE OF ILLINOIS        } SS.  
                                  }    }  
DeWitt COUNTY         }    }

Subscribed and sworn to before me this 13<sup>th</sup> day of December 1996.



Jacqueline S. Mathias  
(Notary Public)

Supplemental Information Concerning Proposed Transfer of  
Soyland's Ownership Interest Pursuant to 10CFR50.80

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- I. Background Information Concerning Illinova, Illinois Power, and Soyland
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- IX. Antitrust Considerations
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I. Background Information Concerning Illinova, Illinois Power, and Soyland

- A. Illinova Corporation ("Illinova") is an exempt, public utility holding company located at 500 S. 27th Street, Decatur, Illinois 62525. Illinova wholly owns the following subsidiaries: Illinois Power Company ("Illinois Power"), Illinova Generating Company, Illinova Power Marketing, Inc. ("IPMI"), and Illinova Energy Partners, Inc.
- B. Illinois Power is an Illinois public utility that provides electric and natural gas utility services to approximately 560,000 consumers throughout the State of Illinois. Illinois Power is the majority owner and licensee of the Clinton Power Station ("CPS"), a nuclear generating station located in DeWitt County, Illinois. Soyland Power Cooperative, Inc. ("Soyland") is the minority owner and co-licensee of CPS. Illinois Power and Soyland are parties to the following agreements: a) an Ownership Participation Agreement ("OPA"), which pertains to the ownership and operation of CPS; and b) a Power Coordination Agreement ("PCA"), which entitles Soyland to the output from 12% of Illinois Power's fossil generation, and related transmission services.
- C. Soyland is a rural electric generation and transmission cooperative which is comprised of twenty-one member rural electric distribution cooperatives. The Rural Utilities Service ("RUS") recently restructured Soyland's CPS related debt obligations to the federal government in exchange for Soyland's commitment to divest itself of its ownership in CPS. As part of the debt restructuring, the RUS permitted Soyland to refinance its remaining RUS guaranteed debt, thus eliminating Soyland's status as an RUS borrower. Soyland is now subject to Federal Energy Regulatory Commission ("FERC") jurisdiction.

II. Reasons for the Proposed Transfer, and Description of the Transactions Associated with the Transfer

Due to severe financial difficulties arising from its CPS-related debt service obligations, as well as CPS ownership, operation and maintenance obligations, Soyland determined that it must seek protection from its creditors under the United States Bankruptcy Code. In 1995, the Soyland Board of Directors authorized its attorneys to prepare to file such a petition with the U.S. Bankruptcy Court. In an effort to avoid bankruptcy, Soyland began negotiating with the RUS to restructure its CPS-related debt, and with a number of electric utilities and power marketers to identify possible alternatives to its existing power supply agreements. Illinois Power and IPMI were parties with whom Soyland agreed to negotiate.

Soyland's negotiations with the RUS led to an agreement pursuant to which the RUS would agree to forgive a substantial portion of Soyland's debt and allow it to "buy out" of the RUS program in exchange for Soyland's agreement to divest itself completely of its CPS ownership interests. Soyland issued a Request for Proposal seeking offers for the purchase of its CPS interest, and for alternative power supply arrangements. While a number of entities submitted proposals for alternative power supply arrangements, only one proposal provided for the purchase of Soyland's CPS interest. Because that proposal was not acceptable to Soyland, negotiations resumed between Soyland and representatives of Illinova, Illinois Power and IPMI to identify a solution to Soyland's problem.

Initially, as a result of these negotiations, an agreement that provided for a transfer of Soyland's CPS interest to IPMI, and a restructuring of the existing power supply agreements, was considered. This option was reconsidered, however, and it was finally agreed that Illinois Power should assume 100% ownership of CPS and thus assume all of Soyland's obligations under the OPA. In addition, the PCA will be revised such that Illinois Power will continue to sell capacity and energy to Soyland for a twenty year period, rather than the shorter period provided for in the existing PCA.

The transfer of Soyland's 13.21% interest in CPS to Illinois Power will have no impact on the management or operation of the plant. Under the OPA, and as reflected in the CPS Operating License, Illinois Power has been and will continue to be the sole operator of CPS.

### III. Summary of the Impact of the Proposed Transfer on Illinois Power and Clinton Power Station

The proposed transfer will have no impact on the management and operation of Illinois Power or the management and operation of CPS following the transfer.

- (1) The officers and directors of Illinois Power will remain unchanged and there will be no change in the management or technical qualifications of Illinois Power's nuclear organization.
- (2) Illinois Power will hold a 100% ownership interest in CPS and will remain the licensed operator of CPS.
- (3) Illinois Power will continue to own and operate CPS in accordance with the terms and conditions of the CPS Operating License NPF-62.



- (4) Illinois Power will continue to be an "electric utility" within the meaning of 10CFR50.2, subject to regulation by the Illinois Commerce Commission ("ICC") and the Federal Energy Regulatory Commission ("FERC"). There will be no change in Illinois Power's source of funds or ability to obtain funds to support the operation, maintenance, and decommissioning of CPS. (See Sections VI and VII of this attachment.)

IV. Required Regulatory Approvals

The proposed transfer of Soyland's CPS ownership interest, and the related restructuring of the power supply agreements, shall require the following approvals:

- A. The amended PCA shall be submitted to FERC for approval. In addition, a new open-access transmission services agreement between Soyland and Illinois Power shall be filed with FERC for approval. These filings are currently being prepared.
- B. No part of this transaction requires approval from the Securities and Exchange Commission.

V. General Information Concerning Licensees

General information concerning Illinois Power and Illinova is set forth below:

- (1) Name of Company  
Illinois Power Company/Illinova Corporation
- (2) Address of Company  
500 South 27th Street  
Decatur, Illinois 62525
- (3) Description of Business of Company  
See Section I of this attachment.

(4) NRC License Involved

NRC Operating License NPF-62 currently authorizing (a) Illinois Power to hold an 86.79% ownership interest in CPS and to operate CPS; and (b) Soyland to hold a 13.21% ownership interest in CPS. The CPS Operating License is to be amended to indicate that Illinois Power has a 100% ownership interest in CPS.

(5) Organization and Management of Company

Illinois Power is an Illinois corporation. The names, titles, and addresses of the directors and principal officers of Illinois Power, all of whom are citizens of the United States, are set forth below:

*Illinois Power*

<u>NAME</u>	<u>OFFICE</u>	<u>NUMBER AND STREET</u>	<u>CITY, STATE &amp; ZIP</u>
L. D. Haab	Chairman, President, Chief Executive Officer & Director	89 N. Country Club Road	Decatur, IL 62521
L. F. Altenbaumer	Senior Vice President, Chief Financial Officer & Treasurer	4651 Cresthaven Lane	Decatur, IL 62526
D. W. Butts	Senior Vice President	16 Tall Oaks Lane	Decatur, IL 62521
J. G. Cook	Senior Vice President	R. R. 1 Box 222	Maroa, IL 61756
P. L. Lang	Senior Vice President	146 Hightide Drive	Decatur, IL 62521
W. Connell	Vice President	2899 Forrest Lane	Decatur, IL 62521
R. W. Eimer	Vice President	33 Dellwood Ct.	Decatur, IL 62521
R. D. Reynolds	Vice President	1893 W. Sunset Ave.	Decatur, IL 62522
L. Manning Stetzner	Vice President, General Counsel & Corporate Secretary	2940 Olympia Drive	Decatur, IL 62521
C. G. Steward	Controller	R. R. 1, Box 295	Sullivan, IL 61951
D. L. Mortland	Assistant Treasurer		
R. R. Berry	Director	813 Timberlake Drive	Edwardsville, IL 62025

*Illinois Power (continued)*

<u>NAME</u>	<u>OFFICE</u>	<u>NUMBER AND STREET</u>	<u>CITY, STATE &amp; ZIP</u>
D. S. Perkins	Director	969 Hill Road	Winnetka, IL 60093
R. M. Powers	Director	2 Allen Bend Place	Decatur, IL 62521
W. D. Scott	Director	55 Meadowview Drive	Northfield, IL 60093
W. M. Vannoy	Director	4709 John Scott Drive	Lynchburg, VA 24503
M. von Ferstel	Director	1550 N. State Parkway	Chicago, IL 60610
J. D. Zeglis	Director	One Colonial Way	Madison, NJ 07940

*Illinova*

<u>NAME</u>	<u>OFFICE</u>	<u>NUMBER AND STREET</u>	<u>CITY, STATE &amp; ZIP</u>
L. D. Haab	Chairman, President, Chief Executive Officer & Director	89 N. Country Club Road	Decatur, IL 62521
L. F. Altenbaumer	Chief Financial Officer, Treasurer and Controller	4651 Cresthaven Lane	Decatur, IL 62526
L. Manning Stetzner	General Counsel & Corporate Secretary	2940 Olympia Drive	Decatur, IL 62521
R. R. Berry	Director	813 Timberlake Drive	Edwardsville, IL 62025
C. S. McMillan	Director	20 E. Cedar, 10C	Chicago, IL 60611
D. S. Perkins	Director	969 Hill Road	Winnetka, IL 60093
R. M. Powers	Director	2 Allen Bend Place	Decatur, IL 62521
W. D. Scott	Director	55 Meadowview Drive	Northfield, IL 60093
R. L. Thompson	Director	558 Pinella Point	Holland, OH 43528
W. M. Vannoy	Director	4709 John Scott Drive	Lynchburg, VA 24503
M. von Ferstel	Director	1550 N. State Parkway	Chicago, IL 60610
J. D. Zeglis	Director	One Colonial Way	Madison, NJ 07940

Additional information concerning the organization and management of Illinois Power and Illinova is contained in Attachment 3(d) of Illinois Power letter U-602648 dated October 17, 1996.

(7) Foreign Ownership and Control

The shares of common stock of Illinova are publicly traded and widely held. Illinois Power and IPMI are wholly owned subsidiaries of Illinova. The directors and officers of both of these companies are U.S. citizens. Neither Illinova, Illinois Power, nor IPMI is owned, controlled or dominated by any alien, foreign corporation, or foreign government.

VI. Financial Qualifications

As specified in its NRC license, Illinois Power is licensed pursuant to Section 103 of the Atomic Energy Act of 1954, as amended ("AEA"), and 10CFR50, to own and operate CPS. "Electric utilities" licensed pursuant to Section 103 of the AEA are exempt from the requirement to demonstrate financial qualifications. Illinois Power is and will remain an "electric utility" within the meaning of 10CFR50.2 following the transfer and will remain an "entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority." The business of Illinois Power will remain essentially unchanged after the transfer, and its rates will continue to be regulated by the ICC and FERC.

VII. Decommissioning Funding for CPS

The transfer will not affect the ability of Illinois Power to assure that the funds necessary to cover the costs for decontamination and decommissioning of CPS will be available upon decommissioning. Upon transfer of the Operating License (i.e., for the minority ownership share of CPS), Illinois Power will assume management of the trust established by Soyland for its share of the decommissioning costs associated with CPS. Although that trust will continue to be a separately managed portfolio and will be required to become a tax qualified trust (as opposed to the non-tax qualified status it carried under Soyland), Illinois Power will assume responsibility for the fund.

VIII. Technical Qualifications

The proposed transfer will not result in any change in the design or operation of CPS, any change in the technical aspects of the CPS Operating License or Technical Specifications, nor any change to the technical qualifications of personnel involved in the maintenance and operation of the facility. The personnel at Illinois Power having control over licensed activities at CPS will not change as a result of the transfer. There will also be no other changes in the management or operation of CPS or Illinois Power as a result of the transfer.

IX. Antitrust Considerations

Illinois Power is licensed, pursuant to Section 103 of the AEA, to own and operate CPS. Upon the completion of the transfer, Illinois Power will be the sole owner and licensed operator of CPS. As a result of the transfer, Illinois Power will acquire rights to the total generating capacity of CPS, but with a net gain of less than 200 MW. The submission of antitrust information is not required in connection with licensing actions that do not involve the transfer of generating capacity in excess of 200 MW or the entitlement to the power output from a nuclear generating facility, or do not otherwise involve a "significant change" in licensed activities. [See e.g., North Atlantic Energy Service Corp., et. al. (Seabrook), Amend. No. 23 to NRC Lic. N. NPF-86 (Aug. 16, 1993); SECY-91-246 (Aug. 7, 1991) "Antitrust Considerations for License Amendments Authorizing New Operating Entities."]

X. Access to Restricted Data

The proposed transfer does not contain any Restricted Data or other Classified Defense Information or any change in access to such Restricted Data or Classified Defense Information. Illinois Power's existing restrictions on access to Restricted Data and Classified Defense Information will be unaffected by the proposed transfer.