



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

October 5, 1998

50-289

LICENSEE: GPU Nuclear, Inc.
FACILITY: Three Mile Island Nuclear Generating Station, Unit No. 1 (TMI-1)
SUBJECT: SUMMARY OF SEPTEMBER 17, 1998, MEETING WITH GPU NUCLEAR, INC.,
AMERGEN, AND NRC STAFF REGARDING SALE AND LICENSE TRANSFER
OF THREE MILE ISLAND NUCLEAR GENERATING STATION, UNIT NO.
1 (TMI-1)

On September 17, 1998, a public meeting was held at the U. S. Nuclear Regulatory Commission (NRC) with GPU Nuclear, Inc., (GPUN or the licensee) and AmerGen (formed by PECO and British Energy), the prospective licensee which has entered into a letter of intent to negotiate an agreement for the purchase of TMI-1. The meeting was held at NRC headquarters. The purpose of the meeting was to discuss the status of the sale and proposed license transfer of the TMI-1 Operating License No. DPR-50 to the prospective owner, AmerGen. The meeting was transcribed. Enclosure 1 is a list of attendees. Enclosure 2 is a copy of the licensee's handout used at the meeting. Enclosure 3 is a copy of the meeting transcription.

After the licensee, AmerGen, and the NRC senior staff members provided opening remarks, the licensee and AmerGen provided a summary of the terms of the TMI-1 sale, and a discussion of the content of the proposed license transfer and amendment application, including ownership and control of AmerGen, maintaining continuity of operations at TMI-1, AmerGen technical and financial qualifications, and other required regulatory approvals. The licensee stated that there would be no environmental impact associated with the sale and license transfer and that since TMI-1 was a Section 104 plant, no antitrust review was required. The licensee provided a discussion of the level of detail to be included in its application including a description of supporting appendices and exhibits such as annual reports for PECO and AmerGen, financial projections, a legal analysis of foreign ownership issues, and conforming amendments and safety analyses. The licensee also provided its proposed schedule for the sale and transfer activities. It expects to submit an application by October 16, 1998.

The NRC staff provided comments on the content of the proposed application with respect to the technical and financial qualifications issues and suggested some additional levels of detail for the supporting information. The staff also acknowledged the TMI-1 status as a Section 104 plant and that it would be excluded from antitrust considerations under the Atomic Energy Act for this proposed licensing action.

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Three Mile Island Nuclear Station, Unit No. 1

cc:

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Mr. Eric Epstein
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The staff, AmerGen, and the licensee all agreed that frequent communication will be needed during the review of the application in order for the review to remain on schedule. The licensee, AmerGen, and the NRC senior staff members provided closing remarks and the meeting was concluded.

Original signed by

Timothy G. Colburn, Senior Project Manager
Project Directorate I-3
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket No. 50-289

- Enclosures: 1. List of attendees
- 2. Licensee/AmerGen Handout
- 3. Meeting Transcript

cc w/enclosures: See next page

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OFFICE	PDI-3/PM	PDI-3/LA	OGC	PGE	PDI-3/D
NAME	TColburn	TClark	SHom	RWood	CTHomas
DATE	9/30/98	9/29/98	10/2/98	10/5/98	9/30/98

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SEPTEMBER 17, 1998

MEETING WITH GPU NUCLEAR INCORPORATED AND AMERGEN
SALE AND LICENSE TRANSFER OF THREE MILE ISLAND UNIT-1

ATTENDEES

<u>Name</u>	<u>Affiliation</u>
T. Colburn	NRC/NRR/DRPE/PDI-3
L. Chandler	NRC/OGC
P. Eselgroth	NRC/RI
R. Wood	NRC/NRR/DRPM/PGEB
D. Matthews	NRC/NRR/DRPM
S. Hom	NRC/OGC
B. Buckley	NRC/NRR/PDI-2
J. Bongarra	NRC/NRR/DRCH/HOHB
R. Architzel	NRC/NRR/DRPM/PGEB
A. McKeigney	NRC/NRR/DRPM/PGEB
M. Davis	NRC/NRR/DRPM/PGEB
M. Dusaniwskys	NRC/NRR/DRPM/PGEB
D. Carl	GPUN/Sr. Public Affairs Representative
D. Distel	GPUN/Licensing
J. Fornicola	GPUN/Director Nuclear Safety Assessment
D. Brauer	GPUN/VP Corporate Restructure
J. Langenbach	GPUN/VP and Director TMI
J. Wetmore	GPUN/TMI Nuclear Safety and Licensing Manager
E. O'Donnell	GPUN/Director - TMI-1 Divestiture
J. Young	AmerGen
J. William Jones	AmerGen
S. Ross	AmerGen
E. Cullen	AmerGen/PECO Energy
J. Cotton	AmerGen/PECO Energy
D. Lewis	Shaw Pittman
J. Silberg	Shaw Pittman
M. Wetterhahn	Winston & Strawn
J. Lamberski	Troutman Sanders
J. Matthews	Morgan, Lewis & Bockius
K. Gallen	Morgan, Lewis & Bockius
J. Reiss	Swidler Berlin
C. Shanks	Energy/VP - Finance/Administration
S. Mangi	State of PA/Bureau of Radiation Protection

Enclosure 1

GPU NUCLEAR INC./AMERGEN

TMI-1 SALE AND LICENSE TRANSFER MEETING

SEPTEMBER 17, 1998

HANDOUT MATERIAL USED AT THE MEETING

Enclosure 2

**AGENDA FOR NRC BRIEFING ON
SALE OF TMI-1 FROM GPU TO AMERGEN**

1. **INTRODUCTION**
2. **SUMMARY OF TERMS OF TMI-1 SALE**
3. **CONTENTS OF PROPOSED LICENSE TRANSFER REQUEST**
4. **PROPOSED SCHEDULE**

2. SUMMARY OF TERMS OF TMI-1 SALE

- A. AMERGEN PURCHASES TMI-1 FROM GPU SUBSIDIARIES (MET-ED, JCP&L, AND PENELEC) AND BECOMES THE OWNER/OPERATOR OF TMI-1**
- B. GPUN EMPLOYEES AT TMI-1 SITE AND SELECTED GPUN CORPORATE SUPPORT PERSONNEL BECOME AMERGEN EMPLOYEES**
- C. GPU BUYS ALL POWER FROM TMI-1 FOR 2 YEARS FOLLOWING CLOSING**
- D. GPU PROVIDES BACK-UP POWER AND INTERCONNECTION SERVICES TO TMI-1**

AMERGEN

GPU NUCLEAR

**2. SUMMARY OF TERMS OF TMI-1 SALE
(CONT'D)**

**E. GPU MAY SHARE IN TMI-1 POWER SALES REVENUES IN
2002 - 2010 BASED UPON MARKET PRICE**

**F. GPU PREPAYS TMI-1 DECOMMISSIONING FUND AT
CLOSING**

**G. GPU SUBSIDIARIES RETAIN OWNERSHIP OF TMI-2 AND
REMAIN LICENSEES FOR TMI-2**

H. AMERGEN PROVIDES TMI-2 SUPPORT SERVICES

**3. CONTENTS OF PROPOSED LICENSE
TRANSFER REQUEST**

- A. BACKGROUND INFORMATION ON TMI-1 SALE AND OWNERSHIP
AND CONTROL OF AMERGEN**
- B. CONTINUITY OF TMI-1 OPERATIONS**
- C. TECHNICAL QUALIFICATIONS OF AMERGEN**
- D. FINANCIAL QUALIFICATIONS OF AMERGEN**
- E. OTHER ITEMS**
- F. OTHER REQUIRED REGULATORY APPROVALS**
- G. SUPPORTING APPENDICES AND EXHIBITS**

A. OWNERSHIP AND CONTROL OF AMERGEN

1. AMERGEN IS A U.S. COMPANY
2. PECO AND A U.S. SUBSIDIARY OF BRITISH ENERGY EACH OWN 50% OF AMERGEN AND EACH APPOINT 50% OF MEMBERS OF MANAGEMENT COMMITTEE
3. CHAIRMAN OF MANAGEMENT COMMITTEE, CEO, AND CNO (IF OTHER THAN CEO) WILL ALL BE U.S. CITIZENS

**A. OWNERSHIP AND CONTROL OF AMERGEN
(CONT'D)**

4. **THESE U.S. CITIZENS WILL HAVE CONTROL OVER ALL REGULATORY ISSUES AT TMI-1 AFFECTING PUBLIC HEALTH AND SAFETY AND COMMON DEFENSE AND SECURITY**

5. **AMERGEN EMPLOYEES ENGAGED IN TMI-1 OPERATIONS WILL CONSIST PRIMARILY OF CURRENT GPUN EMPLOYEES AT TMI SITE**

B. CONTINUITY OF TMI-1 OPERATIONS

- 1. CONTINUITY OF DAY-TO-DAY OPERATION AND MAINTENANCE OF TMI-1**
- 2. CONFORMING CHANGES TO LICENSE TO REFLECT TRANSFER TO AMERGEN**
- 3. ADMINISTRATIVE AND ORGANIZATIONAL CHANGES ONLY, WITH NO OTHER CHANGE IN LICENSING BASIS**
- 4. NO REDUCTION IN COMMITMENTS IN QA PLAN AND NO REDUCTION IN EFFECTIVENESS OF EP AND SECURITY PLANS**

C. TECHNICAL QUALIFICATIONS OF AMERGEN

- 1. GPUN ORGANIZATION AT TMI SITE WILL JOIN AMERGEN AND CONTINUE TO OPERATE TMI-1**
- 2. CEO IS FORMER CHIEF NUCLEAR OFFICER AT PECO**
- 3. OTHER EXPERIENCED NUCLEAR PERSONNEL FROM PECO, GPUN AND BRITISH ENERGY WILL JOIN/SUPPORT AMERGEN**
- 4. ADDITIONAL TECHNICAL SUPPORT FROM GPUN, PECO, AND BRITISH ENERGY**

D. FINANCIAL QUALIFICATIONS OF AMERGEN

- 1. PREPAID DECOMMISSIONING FUND FOR TMI-1 WHICH MEETS NRC REQUIREMENTS**
- 2. 2 YEAR POWER PURCHASE AGREEMENT WITH GPU**
- 3. FINANCIAL PROJECTIONS DEMONSTRATING THAT POWER SALES REVENUES WILL COVER TMI-1 OPERATING COSTS**
- 4. CAPITAL COMMITMENTS FROM PECO AND BRITISH ENERGY SUFFICIENT TO COVER EXTENDED OUTAGE**

E. OTHER ITEMS

- 1. CONFORMING AMENDMENTS TO LICENSE AND TECHNICAL SPECIFICATIONS ASSOCIATED WITH TRANSFER**
- 2. FOREIGN OWNERSHIP ISSUES**
- 3. INTERCONNECTION AGREEMENT**
- 4. CONTROL OF EXCLUSION AREA**

E. OTHER ITEMS (CONT'D)

5. **NO NRC ANTITRUST REVIEW REQUIRED FOR SECTION 104 PLANTS; ANTITRUST ISSUES WILL BE REVIEWED BY OTHER AGENCIES**

6. **CONTROL OF ACCESS TO RESTRICTED DATA, RESTRICTED AREA, AND SPECIAL NUCLEAR MATERIAL**

7. **NO ENVIRONMENTAL IMPACT**

F. OTHER REQUIRED REGULATORY APPROVALS

- 1. EXPIRATION OF HART-SCOTT-RODINO WAITING PERIOD**
- 2. APPROVALS OF PENNSYLVANIA PUC, NEW JERSEY BPU, AND NEW YORK PSC**
- 3. VARIOUS FERC APPROVALS (e.g., EXEMPT WHOLESALE GENERATOR (EWG) DETERMINATION, APPROVAL OF POWER PURCHASE AGREEMENT, APPROVAL OF TRANSFER OF JURISDICTIONAL ASSETS)**
- 4. POSSIBLE IRS RULING ON TAX ISSUES RELATED TO DECOMMISSIONING FUND**

G. SUPPORTING APPENDICES AND EXHIBITS

- 1. ASSET PURCHASE AGREEMENT**
- 2. AMERGEN LLC AGREEMENT**
- 3. ANNUAL REPORTS FOR PECO AND BRITISH ENERGY**
- 4. AMERGEN FINANCIAL PROJECTIONS**
- 5. LEGAL ANALYSIS OF FOREIGN OWNERSHIP ISSUES**
- 6. IDENTIFICATION OF CONFORMING AMENDMENTS AND SAFETY ANALYSIS**

4. PROPOSED SCHEDULE

- 1. EXECUTE ASSET PURCHASE AGREEMENT BY OCT. 15, 1998**
- 2. SUBMIT NRC LICENSE TRANSFER REQUEST ON OCT. 16, 1998**
- 3. SUBMIT OTHER REGULATORY APPLICATIONS AS SOON AS POSSIBLE**
- 4. REQUESTING ALL REQUIRED REGULATORY APPROVALS BY APRIL 15, 1999**
- 5. CLOSING OF TRANSACTION FOLLOWING RECEIPT OF ALL REQUIRED REGULATORY APPROVALS**
- 6. WILL KEEP NRC INFORMED OF DEVELOPMENTS AFFECTING SCHEDULE**