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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

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LICENSE TRANSFER OF TMI-1 FROM  
GPU NUCLEAR, INC., ET AL., TO  
AMERGEN

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PUBLIC MEETING

Nuclear Regulatory Commission  
One White Flint North  
Room O-4-B-6  
11555 Rockville Pike  
Rockville, Maryland

Thursday, September 17, 1998

The above-entitled meeting commenced, pursuant to notice, at 9:02 a.m.

PARTICIPANTS:

- TIMOTHY G. COLBURN, NRC/NRR
- LAWRENCE J. CHANDLER, NRC/OGC
- DAVID LEWIS, Shaw Pittman

PARTICIPANTS: [Continued]

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1 MARK WETTERHAHN, Winston & Strawn  
2 JAY SILBERG, Shaw Pittman  
3 JOHN LAMBERSKI, Troutman Sanders  
4 PETER ESELGRATH, NRC/Region I  
5 DAVID CARL, GPUN  
6 JOHN C. FORNICOLA, GPUN  
7 DAVID BRAVO, GPUN  
8 ROBERT WOOD, NRC/NRR  
9 DAVID MATTHEWS, NRC/NRR/DRPM  
10 JOHN E. MATTHEWS, Morgan, Lewis & Bockius  
11 DAVID J. DISTEL, GPUN  
12 JOHN YOUNG, Amergen  
13 STEVEN HOM, NRC/NRR/OGC  
14 J. WILLIAM JONES, Amergen  
15 SHIRLEY L. ROSS, Amergen  
16 JONATHAN REISS, Swidler Berlin  
17 BART BUCKLEY, NRC/PDI-2  
18 J. BONGARRA, NRC/NRR/DRCH/HOHB  
19 RALPH ARCHITUL, NRC/NRR/PGEB  
20 ALEX MCKEIGNEY, NRC/NRR/PGEB  
MIKE DAVIS, NRC/NRR/PGEB  
MICHAEL DUSANIWSKYS, NRC/NRR/DRPM/PGEB  
KEVIN GALLEN, Amergen  
EDWARD J. CULLEN, JR., Amergen/PECO Energy

PARTICIPANTS: [Continued]

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JOHN B. COTTON, Amergen/PECO Energy

JAMES W. LANGENBACH, GPUN

JACK WETMORE, GPUN

ED O'DONNELL, GPUN

CAROLYN SHANKS, Entergy

STAN MAINAI, PA Bureau of Radiation Protection

## PROCEEDINGS

[9:02 a.m.]

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2  
3 MR. COLBURN: Good morning. My name is Tim Colburn. We're here  
4 today for a meeting with representatives of GPU Nuclear and Amergen regarding the sale  
of Three Mile Island Unit 1 and the license transfer associated with that.

5 I understand that the licensee has some opening remarks. Jim  
6 Langenbach and John Fornicola and who is the other person?

7 MR. FORNICOLA: John Cotton and Jim Langenbach will make some  
opening comments.

8 MR. COLBURN: Then after those opening remarks, I believe Dave  
9 Matthews has some opening remarks he would like to make, some brief ones.

10 With that, I will turn it over to you, Jim.

11 MR. LANGENBACH: Good morning, everyone. I thought it might be  
12 worthwhile if we went around the room and introduced each other. My name is Jim  
Langenbach, Vice President-Director, Three Mile Island.

13 MR. COTTON: John Cotton, Amergen, Due Diligence Team Leader for  
14 the TMI acquisition.

15 MR. CULLEN: Ed Cullen, I'm Deputy General Counsel of PECC Energy  
Company and I'm also a member of the Amergen Management Committee.

16 MR. GALLEN: Kevin Gallen. I'm an attorney with Morgan, Lewis &  
17 Bockius, representing Amergen.

18 MR. J. MATTHEWS: John Matthews, with Morgan, Lewis & Bockius,  
19 representing Amergen.

20 MR. DISTEL: Dave Distel, GPU Nuclear Licensing.

1 MR. FORNICOLA: John Fornicola, GPU Nuclear, Director of Nuclear  
2 Safety Assessment.

3 MR. BRAUER: Dave Brauer, GPU, Vice President of Corporate  
4 Restructuring.

5 MR. LEWIS: Dave Lewis, from Shaw Pittman, counsel for GPU Nuclear.

6 MR. WOOD: Robert Wood, NRR/NRC.

7 MR. COLBURN: Tim Colburn. I'm the Project Manager assigned to Three  
8 Mile Island, Unit 1.

9 MR. D. MATTHEWS: David Matthews. I'm the Deputy Director of the  
10 Division of Reactor Program Management, the division in which the primary technical  
11 review activities associated with this transfer will be located.

12 MR. HOM: Steve Hom, Office of the General Counsel, NRC.

13 MR. BUCKLEY: Bart Buckley, NRC Project Manager.

14 MR. BONGARRA: Jim Bongarra, NRR, Human Factors.

15 MR. ARCHITUL: Ralph Architul, NRR, Section Chief.

16 MR. McKEIGNEY: Alex McKeigney, NRR, Financial Analyst.

17 MR. DAVIS: Mike Davis, NRR.

18 MR. DUSANIWSKYS: Michael Dusaniwskys, NRR, Financial Analyst.

19 MR. CHANDLER: I'm Lawrence Chandler, Associate General Counsel.

20 MR. WETTERHAHN: Mark Wetterhahn, Winston & Strawn.

MR. LAMBERSKI: John Lamberski, Troutman Sanders.

MR. MAINAI: Stan Mainai, Pennsylvania Bureau of Radiation Protection.

MR. SILBERG: Jay Silberg, Shaw Pittman.

MR. ESELGRATH: Peter Eselgrath, Region I, Projects Branch Chief.

MR. CARL: David Carl, GPU Nuclear.

1 MR. WETMORE: Jack Wetmore, Manager for Safety and Licensing.

2 MR. O'DONNELL: Ed O'Donnell, GPU Nuclear.

3 MS. SHANKS: Carolyn Shanks, Section Chief.

4 MR. COLBURN: I have two sign-up sheets. If everyone can make sure  
5 their names are on at least one of them.

6 MR. LANGENBACH: I'd like to thank the NRC for the opportunity to have  
7 this meeting. GPU Nuclear and Amergen have several objectives for today's meeting.  
8 First, we want to keep the NRC informed of the planned sale of TMI-1. Second, we'd like  
9 to share with you our preliminary thinking on the contents of the license transfer  
10 application and obtain any suggestions or reactions that you may have so that we will  
11 know that we're on the right track.

12 Therefore, we've asked that during the presentations, if there are any  
13 questions or any issues or comments, we'd ask the people to please feel free to ask them  
14 during the presentations so we can incorporate your thoughts into the license transfer  
15 application.

16 Third, we'd like to let you know of our proposed schedule and ask for your  
17 commitment to the success of us meeting this schedule and ask your commitment of  
18 resources to support this schedule.

19 I would now like to turn it over to John Cotton, from Amergen.

20 MR. COTTON: Thank you, Jim. I would just like to take a moment to  
reintroduce Ed Cullen, who is legal staff, but is also a member of the Amergen  
management committee. So if there are questions you have about the formation that I  
don't present to you, Ed can answer those.

I would appreciate it just to make the recognition that the work to date with  
regard to this sale has been done under a confidentiality agreement and, therefore, the

1 July 17 announcement of signing the letter of intent was really the first opportunity to  
2 openly discuss this issue with the NRC staff.

3 To put today's discussion in the context of the potential sale, since we  
4 signed the letter of intent, Amergen has conducted substantial due diligence review. We  
5 had a team of about 35 people at the TMI site for two weeks. We had numerous visits to  
6 the Parsippany office and we have done due diligence reviews in the legal and insurance  
7 areas, and we expect that work to wrap up in the next couple of days.

8 Following will be presentations to the British Energy and PECO Energy  
9 boards of directors.

10 While we may not have definitive answers to each of your questions today,  
11 I am absolutely confident that we can answer the questions associated with the license  
12 transfer application and that very shortly after signing the definitive agreement, that we  
13 will provide a complete and thorough license transfer application.

14 I am also confident that we understand what needs to be done with regard  
15 to making this transition and the transfer successful. We will make those decisions on  
16 the time scale that's appropriate and we most importantly will make the transition of TMI  
17 to Amergen safer.

18 With that, John, are you going to facilitate the discussion?

19 MR. FORNICOLA: Yes. Thanks, John.

20 MR. COTTON: I'm sorry, Dave.

MR. D. MATTHEWS: I just had some brief introductory remarks, more  
along the lines in terms of why we're here today. Obviously, the subject matter is clear,  
but to some degree, the NRC staff I think initiated these meeting in the hopes that we  
would receive just what you're prepared to provide, which is the preliminary thinking that

1 both TMI and Amergen have gone through up to this point, now that you've gotten to the  
2 point that you can start sharing it.

3 We were concerned given the strong interest in this transfer that's been  
4 expressed by many stakeholders that this is one that we wanted to have the advantage of  
5 as early information as possible. So the NRC staff could begin to do the internal work  
6 they needed to do in preparation for your application, and we thought given the need for  
7 timeliness that we both feel, that would be beneficial.

8 Recognizing you are providing us preliminary information, but I think that  
9 can go a long way towards giving the staff a basis for developing their review SER.

10 There are several issues on there table. I'm sure I don't need to remind  
11 everybody, to the best of our recollection and research, this is the first wholesale transfer  
12 in all regards of a licensed nuclear power reactor, commercial nuclear power reactor,  
13 between two separate entities.

14 As such, it raises some issues that have only been addressed in limited  
15 ways in prior transfers, but they're all going to come together with regard to this review.

16 That was the other motivation for hearing the preliminary thoughts as soon  
17 as possible. So I appreciate your coming in on that basis.

18 We did ask for there to be a transcription, so that the staff could utilize the  
19 information shared and make reference to it. If there was a need for communication to  
20 the Commission on policy-related issues, there would be a benefit of doing that earlier  
rather than later, and I hope that you understand that that was the basis upon which we  
requested that the meeting be transcribed.

This is information that's publicly available. It will be on the docket. As I  
understand it, the docket assigned to this case is no different than the TMI-1 docket, in  
that it's looked upon as a licensing action in connection with TMI-1.



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It is a transfer request under Section 50.80 of our regulations. It has attendant to it the need for a license amendment and an order confirming the Commission's agreement.

So those are pieces along the way. Those documents, the licensing amendment, the order, will be accompanied by a staff safety evaluation report addressing the major elements of the review, which are issues of financial qualifications, technical organizational qualifications, antitrust, to the extent it needs to be addressed, decommissioning funding assurance, and foreign ownership. Those are the primary cornerstones. Those are the primary issues that will have to be addressed in the staff's SER.

There has been a draft standard review plan on many of those areas issued for public comment. The staff's proposed final standard review plan, as I understand it, has been released by the Commission to the public document room. I don't believe we've seen the Commission agreement with those final review criteria, but I think the Commission, recognizing the need to move forward on this, felt it would be beneficial to have that draft final, as I will call it, standard review plan in their hands. So if you don't have that, Bob can make that available, because the Commission has agreed to its release, pending their final endorsement of it. So that's out there.

In one particular area, there is no specificity and that's the issue of foreign ownership, and I think you appreciate that's the issue that will probably be one of the more challenging issues that we're going to have to deal with, given it's an issue of first impression, for the most part, in the exact nature that you're going to propose it.

So with those introductory comments, I offer any opportunity -- Larry, do you have anything else you want to add to that or any corrections to it?

MR. CHANDLER: No.

1 MR. D. MATTHEWS: Then let's proceed. We look forward to hearing  
2 what you have to say.

3 MR. ARCHITZEL: Dave, I guess the other item of interest is the fact that  
4 this is clearly a non-utility type situation, in my mind. That is going to be addressed also,  
5 correct?

6 MR. FORNICOLA: Yes.

7 MR. ARCHITZEL: In addition to foreign ownership, a non-utility is clearly  
8 being presented here.

9 MR. FORNICOLA: Yes. The way we want to proceed through the rest of  
10 our presentation is we'll have a discussion around the summary of the terms of the TMI-1  
11 sale conducted by Dave Brauer from GPU. We will talk about the contents of the  
12 proposed license transfer request. We'll be covering all the topics that you identified  
13 there as well as the utility issue, probably conducted by John Cotton and Ed Cullen. Then  
14 Jim Langenbach will do the proposed schedule and we'll have some concluding remarks.

15 Again, we would like to invite you to participate as we move along through  
16 the presentation, ask questions, make comments, et cetera.

17 I will turn it over now to Dave Brauer for him to talk about the summary of  
18 the terms of the sale.

19 MR. BRAUER: Good morning, and I'm glad to be here. Just as a point of  
20 background, in my position, I report directly to the chairman of GPU and one of my key  
responsibilities is to manage and have overall corporate responsibility for the Three Mile  
Island-1 transaction, from GPU's perspective.

The material that I will present is going to provide you a view of the  
principal terms of the letter agreements that GPU, after dealing with Amergen, that was  
previously announced. I will talk about roughly ten points or thereabouts.

1           Some of these points will be covered in more detail later on in the next  
2 section when we talk about some of the specific license transfer components and so  
3 forth. So I will focus on more of the commercial terms of the arrangement with respect to  
4 the transaction.

5           Now, some of these you might be aware of because they were announced  
6 publicly in prior articles and so forth. Essentially -- and feel free to stop me if you need  
7 any clarifications along the way, as well.

8           The purchase for Three Mile-1 from GPU by Amergen will include the  
9 respected interests of the regulated operating company's share of Metropolitan Edison,  
10 Jersey Central Power & Light, and Penelec, who own respective shares of 50 percent, 25  
11 percent and 25 percent accordingly.

12           That purchase price is essentially at a fixed amount subject to some minor  
13 adjustments or some adjustments depending when the actual close happens in particular  
14 on a calendar basis.

15           But essentially the transaction includes a \$23 million initial up front  
16 payment followed by a five-year equal installment payment of approximately \$77 million in  
17 total, in accordance with the agreement.

18           So that essentially is the initial financial consideration paid for the interest  
19 in Three Mile Island-1.

20           The next provision describes the disposition of the employee basis, both  
bargaining and non-bargaining, associated with Three Mile and the other support  
personnel.

          The GPU Nuclear employees currently at Three Mile, inside, which are  
approximately just over 700 in total at the site, and selected GPU Nuclear corporate  
personnel of about 160, will become Amergen employees. What that means is that

1 Amergen, at closing, will assume the Three Mile on-site employees at the transaction  
2 date.

3 That includes an assumption of the collective bargaining agreement by the  
4 union personnel that are employed out there, which have ratified the labor agreements  
5 associated with the transaction.

6 So that essentially is the main provision with respect to staffing and the  
7 assignment of personnel with respect to Amergen.

8 Another component in agreeing to the transaction is the output of the unit.  
9 There will be a two-year fixed price purchase power agreement between Amergen and  
10 GPU for Amergen to provide and GPU to purchase the output produced by Three Mile  
11 Island Unit 1 over a two-year period. This arrangement provides clearly an up-front  
12 assurance of supply to GPU as well as a source of output that Amergen will be  
13 consummating for the initial two years following the transaction.

14 MR. WOOD: Are you going to get into a price for that later on or has that  
15 been decided that?

16 MR. BRAUER: I think that would be something that would be included  
17 with respect to the actual filing of the application as opposed to now.

18 In addition, with respect to the transaction, GPU would provide backup  
19 power and interconnection services to TMI-1 for assurance and continuity of flow of  
20 power. So that is another main ingredient and essentially those facilities were being  
maintained as they are now by Metropolitan Edison in accordance with good utility  
practice, as we currently do.

MR. BONGARRA: Is there a time limit on that, too, or is that indefinite?

MR. BRAUER: That, I believe, is indefinite. There is another provision  
that was negotiated as part of the letter of intent and this provision provides for a sharing

1 mechanism for a potential addition to consideration to GPU based on a financial, just  
2 strictly a financial performance type of a basis.

3 Specifically, that includes a measure of the actual market performance and  
4 to the extent that the market of energy is higher than established market-wide, there's a  
5 sharing mechanism of revenue that GPU would be entitled to.

6 Now, that doesn't affect the operations. It's not relied at all or dependent  
7 on any of the operations. It's strictly a standalone financial settlement that was  
8 commercially negotiated with respect to the letter of intent.

9 MR. D. MATTHEWS: As opposed to performance-based.

10 MR. BRAUER: Correct. It's market-based. The next point is with respect  
11 to the agreement, GPU is committed to pre-pay TMI-1 decommissioning funding at the  
12 closing date. Depending on the date of the closing, as I said earlier, there are some  
13 adjustments with respect to the transactions, you could appreciate, with respect to when  
14 we actually close.

15 But depending on the date of closing, within our expectations, we  
16 anticipate a total funding for TMI-1 decommissioning on the order of \$300 to \$320 million.  
17 Now, some of this will be talked about in more detail when we get into the license  
18 application.

19 With respect to Three Mile Island-2, the GPU subsidiaries, Metropolitan  
20 Edison, Jersey Central and Penelec, will retain ownership, remain licensees for TMI-2  
and retain all liabilities associated with that.

Then on another related item with the transaction -- it's constructed as a  
split plant, separate, standalone responsibility for TMI-2.

MR. ARCHITZEL: And there are shared systems, et cetera.

1 MR. LANGENBACH: There are no shared systems, but there are  
2 common spaces and common systems, such as off-site power, unrelated to the plants,  
3 both Unit 1 or Unit 2. But there are no operational or safety systems that are shared.

4 MR. D. MATTHEWS: Let me ask it a different way. The licensing basis  
5 for TMI-1 does not rely upon the maintenance of equipment and services or personnel at  
6 TMI-2.

7 MR. LANGENBACH: That's right. They're independent licenses.

8 MR. BRAUER: Yes.

9 MR. FORNICOLA: There is some monitoring that is done of TMI-2 by  
10 TMI-1 and it's independent.

11 MR. ARCHITZEL: Are there any employees sharing -- are TMI-1  
12 employees going to be separate from TMI-2 employees physically?

13 MR. FORNICOLA: Yes, on a contractual basis.

14 MR. LANGENBACH: On a contractual basis, they will be sharing the  
15 services. It may be TMI-1 employees, but if we increase the staff size to accommodate  
16 additional work load, providing support services, under the TMI-2 license that are  
17 currently covered.

18 MR. BRAUER: That's really the next point, what we just talked about.  
19 Essentially, it's a contractual arrangement. Since we are selling, for all intents and  
20 purposes, reliabilities and operations at TMI-1, we agreed for this ongoing contractual  
basis to provide for those TMI-2 support services from Amergen and that will be under  
our management and control as the end responsible party for that on a commercial basis.

And we will obviously adhere to all regulations and requirements and so  
forth with respect to that contract.

1 I think those are the principal terms that I wanted to take you through with  
2 respect to the transaction on TMI-1.

3 MR. ARCHITZEL: I have a question on that support basis. There is a  
4 potential for Amergen to perhaps --

5 MR. BRAUER: Right now we don't envision Amergen to be a co-licensee  
6 on TMI-2. That license will continue to be held by GPU. We will contract services from  
7 Amergen, but GPU will continue to provide the control of the unit.

8 We would do oversight of Amergen contractual requirements and a  
9 fulfillment of those requirements. That's how we anticipate fulfilling that.

10 MR. LEWIS: Maybe one way to do this is to recognize that there is  
11 interest in the staff associated with the shared arrangements and the effect that any  
12 shared arrangement and the presence of TMI-2 may have in any way whatsoever in the  
13 licensing basis for TMI-1, given that the responsibility is going to remain with GPU, not  
14 TMI-2, and Amergen is going to take full responsibility for TMI-1.

15 We've seen these instances before where there is a residual potential  
16 impact on a licensing basis commitment on-site based on shared arrangements. And I  
17 will just say arrangements. I'm not going to talk equipment or details or support services.

18 But I guess we just want to sensitize you to the fact that as part of the  
19 review of the application you bring forward, that is an issue that the staff will be looking  
20 at, and you might want to anticipate that and address a portion of your application to the  
issue of the interrelationship and the degree to which TMI-1 is dependent on TMI-2 in any  
way whatsoever.

The reverse concern may not be germane to this application. There may  
be a point there that somebody might have a reservation about relative to TMI-2, but we'll  
let the TMI-2 staff worry about that.

1 MR. LEWIS: We may be starting at a better point in this transfer because  
2 in the connection with the restart of TMI-1, the separation of system and staffing was  
3 required and the licensing basis already has --

4 MR. D. MATTHEWS: We're dealing with a staff who remembers that and  
5 has a concern that there is some residual involvement, I think, relative to provision for  
6 backup of off-site power as one of the areas that might be of concern. Emergency  
7 planning was another issue associated with a shared or a common arrangement, facilities  
8 in support of that, different things.

9 So I think we'd want to take a broad view with regard to those potential  
10 interfaces and the impact on the application and the licensing basis.

11 So rather than pursue that to a great deal of detail in this arena, it's  
12 something that doesn't have to be answered now, but I would anticipate that it will at  
13 some point.

14 MR. FORNICOLA: That's good, Dave. Thank you. We will make sure we  
15 address that in our submittal then.

16 Next we're going to cover the contents of the proposed transfer request.  
17 John Cotton is going to cover background information on the sale and ownership of --  
18 sale of TMI and the ownership and control of Amergen, continuity of TMI operations, and  
19 the technical qualifications of Amergen, and Ed Cullen will cover the financial  
20 qualifications of Amergen, other items, and other required regulatory approvals, which will  
cover all of the topics that you had mentioned earlier, Dave.

John Cotton.

MR. COTTON: Thank you, John. Amergen Energy Company was formed  
in August of 1997 for the purpose of acquiring and operating US nuclear power plants. It



1 is a US company, it was formed by PECO Energy and a US subsidiary of British Energy.  
2 It's a limited liability company.

3 Each company, that is British Energy and PECO Energy, owns 50 percent  
4 of Amergen and appoints 50 percent of the management committee for the company.  
5 PECO appoints the chairman of the management committee, and that person is Michael  
6 Eagen. He is the current chief financial officer of PECO Energy Company.

7 The president of Amergen is Dr. Robin Jeffrey. He is currently -- he is also  
8 the deputy chairman of British Energy. The chairman of the management committee, the  
9 chief executive officer, and the chief nuclear officer, other than the CEO, will all be US  
10 citizens.

11 Moving quickly to the next slide. It is those people that will have control  
12 over all the regulatory issues at TMI-1 that affect public health and safety, as well as the  
13 common defense and security.

14 I would note that in accordance with the formation of Amergen, the  
15 Chairman of the management committee casts the deciding vote in terms of issues  
16 affecting safety and those issues will be more fully described in our license transfer  
17 application.

18 MR. WOOD: Excuse me for a second. The staff's stipulation that they  
19 would be US citizens is actually spelled out in the LLC agreement. I couldn't find it in  
20 there. Is that something that's --

MR. COTTON: No, it does not.

MR. WOOD: But you would then be willing to have a license condition that  
stipulated to that.

MR. CULLEN: Yes, that's the intent.

1 MR. COTTON: As Mr. Brauer noted, the current GPU Nuclear employees  
2 at TMI-1 will remain the primary Amergen work force. Amergen does plan to install some  
3 management and supervisory personnel from PECO Energy and from British Energy.

4 That concludes my remarks on the ownership and control. If there are  
5 questions or anything that you would like to ask.

6 MR. YOUNG: So the president of Amergen is a British citizen?

7 MR. COTTON: That's correct.

8 MR. WOOD: I was going to ask that question, too. What is the  
9 relationship between the chairman of the management committee and the CEO and the  
10 president in terms of the responsibilities and authorities?

11 MR. COTTON: In terms of their functions about what is occurring today, I  
12 would describe the president of Amergen as interested in the subsequent acquisition  
13 process and the CEO as preparing for operating the acquired plants.

14 MR. CULLEN: Right now, British Energy owns 50 percent and contributes  
15 50 percent of the resources to the LLC. However, they recognize that control over the  
16 operating licensed activities have to remain in the United States citizens. Therefore, they  
17 will have input to operations in the sense that they operate 20 nuclear units of their own.

18 They bring some expertise to the table that adds to what we have.  
19 However, they will not be able to make decisions related to the safety or the NRC  
20 jurisdictional side of the business. They will have a lot of input into the business side of  
the business, future acquisitions obviously.

So we see the line, kind of the operational control line, as being the plant  
vice president, the chief nuclear officer, the chief executive officer, and then chairman, all  
of whom are direct operating line and all of them will be United States citizens.

1           When you work on the business side, you know, future expansions or  
2 some business opportunities, then the president of Amergen and the British Energy side  
3 have a far more equal say in the way things will run.

4           MR. COTTON: If there are no other questions in that area, I'd like to talk  
5 about the continuity of TMI-1 operations.

6           Amergen will continue to execute the British Energy and the PECO Energy  
7 philosophy of operational excellence. This philosophy underpins the routine safe  
8 operation of both the British Energy and the PECO Energy plants, culminating in what I  
9 believe is an outstanding safety record and reliable plant performance.

10          Similarly, TMI has demonstrated exceptional safe and reliable  
11 performance and it is Amergen's intent to continue that condition.

12          With the license transfer request, we will identify the conforming changes  
13 to the license to reflect Amergen ownership. The changes will be administrative and  
14 organizational changes only, with no changes in the licensing bases, there are no  
15 changes in LCOs and limited safety system settings or safety limits.

16          We also expect that there will be no reduction in commitment with regard  
17 to the QA plan, nor reductions in effectiveness with regard to the emergency plan or the  
18 security plan or other plans and programs that GPU has in place.

19          And on a going forward basis, we understand that that same standard  
20 applies and would submit for NRC pre-approval those changes that are required to meet  
that pre-approval.

          Continuing on with the technical qualifications of Amergen, I believe that  
the combination of British Energy, PECO Energy and the GPU Nuclear employees who  
will join Amergen result in a strong staff to continue the safe operation of TMI.

1                   Specifically, as I noted before and Dave has talked about, the GPU  
2 Nuclear organization at the TMI-1 site will join Amergen. So there's a lot of continuity in  
3 the corporate body of knowledge and the methods of operating the plant, and that will  
4 continue.

5                   The Amergen chief executive officer is Dickinson M. Smith, who was  
6 formerly the chief nuclear officer at PECO Energy. We will, as Dave indicated, acquire  
7 other experienced PECO -- or experienced nuclear people from GPU and we expect, as I  
8 said, to bring in British Energy and PECO Energy personnel, either at the site or as an  
9 appropriate support function.

10                   MR. ARCHITZEL: How about the corporate design basis information for  
11 Parsippany? Is that personnel under the transfer? Are the records retained at  
12 Parsippany?

13                   MR. BRAUER: Not to back up to slides, but what I -- yes, that's correct.  
14 There are two components of that point. One is the existing site people at TMI-1, which I  
15 said is a little over 700, will be assumed in total by Amergen, both bargaining and  
16 non-bargaining and so forth.

17                   There will also be selected GPU Nuclear corporate Parsippany people,  
18 about those 160 that I mentioned, that will have an opportunity or Amergen will have an  
19 opportunity to interview, to consider, so forth, and to consider that technical expertise as  
20 needed and formulate all of those people; what expertise and experience would they  
need for the plant.

                  MR. ARCHITZEL: I understand you want to take the appropriate base of  
people forth. I'm asking for the design basis records situation and what the situation with  
respect to those records, which I assume are the design basis records for the plant in  
Parsippany, and what are the arrangements for that? Are they staying in Parsippany?

1 MR. LANGENBACH: All design basis records are at TMI right now. There  
2 are cartons at Parsippany. The engineering is providing they're on site.

3 MR. D. MATTHEWS: So you're going to own your licensing basis.

4 MR. COTTON: Yes.

5 MR. BRAUER: And the necessary references, something like that, will  
6 become Amergen property.

7 MR. ARCHITZEL: In my mind, working in this area, the wealth of records,  
8 et cetera, that are up there in Parsippany that you're saying go with the transfer.

9 MR. BRAUER: Yes.

10 MR. LANGENBACH: I'm sure there's stuff, like people's computers.

11 MR. BRAUER: The arrangement for the transition period, until we sign the  
12 tentative agreement, will be a period where there will be a specified transition team, with  
13 representatives from Amergen and GPU, to assure that all these things happen.

14 MR. COTTON: I believe the question really goes to the fourth point on this  
15 slide that Amergen will have ability, under some kind of arrangement, to get specialty  
16 engineering services from GPU Nuclear or from PECO Energy or British Energy or, just  
17 like every other license holder, acquire contractual services from a specialty vendor.

18 MR. D. MATTHEWS: We understand that. I think our concern was as to  
19 whether there was an expectation as part of the arrangement.

20 MR. COTTON: Absolutely.

MR. D. MATTHEWS: That you would be purchasing expertise that you  
wouldn't have the capability or the documentation to support as part of your ongoing  
operations. We wanted to understand why, as this is uppermost in our minds associated  
with the difficulty that some plants have had in establishing the design and licensing  
basis, in retrospect sometimes, based on the fact that they didn't originally purchase it or

1 acquire it or have access to it from the original architect engineer firms or other people  
2 who have supported the plant.

3 Some of it has had to be recreated in the absence of their ability to get it. I  
4 think that was Bob's primary concern. So that's another issue that I think it would be  
5 beneficial if you would be very specific on that point in your application, because it  
6 reaches to what organizational qualifications.

7 MR. COLBURN: How do you plan on handling emergency off-site facilities  
8 and manning of those?

9 MR. FORNICOLA: I'll let John talk about that. We already wrote those  
10 agreements out.

11 MR. LANGENBACH: The existing facilities and organizations are all part  
12 of the license transfer, part of the acquisition. So there will be no change whatsoever to  
13 the facilities in any way.

14 MR. COLBURN: What about the manning? Are they currently manned in  
15 any way at Parsippany?

16 MR. FORNICOLA: There are no longer any emergency responsibilities  
17 fulfilled from our Parsippany office. We made that change, Dave, several years ago and  
18 the entire emergency organization is now fulfilled from the site.

19 MR. CHANDLER: And this would be an area where there is a clear split  
20 between Unit 1 and 2.

MR. FORNICOLA: Yes, Larry, that's true, although there are -- John will  
talk about -- did you talk about the EAB already or is that coming up? We're going to talk  
about the EAB in a minute and how we're going to address that.

MR. ARCHITZEL: One last question on the transfer. Are those  
arrangements all based on the transfer or has that been addressed, the original AEB?

1 MR. COTTON: We have reviewed what I want to say is the complete list,  
2 although you never know if you've got them all. But we have reviewed an extensive list of  
3 contracts that are currently held by BPU or TMI and we will work through in the transition  
4 period to assume them or reorient them. But certainly the relationship with Parsons is  
5 one that is important to us.

6 MR. D. MATTHEWS: Thanks.

7 MR. COTTON: Ed Cullen will now talk about the financial qualifications.

8 MR. CULLEN: The next portion of the application that we're working on,  
9 but basically the financial qualifications section we've kind of identified as containing four  
10 principal areas. The first one, I think, the pre-paid decommissioning fund for TMI, we  
11 established in the agreement at this stage, or letter of intent, that GPU will top off both  
12 decommissioning funds to a level that will provide us with assurance that, with growth  
13 over time, up to the end of the licensing life, we would have sufficient funds available to  
14 decommission the unit.

15 The amount that will be actually deposited, if we close at the end of 1999,  
16 is \$320 million, roughly \$320 million in total, but that number can fluctuate depending  
17 upon if we close earlier it would be less, if we close later it would be more.

18 It also will vary depending upon the split between the qualified funds and  
19 the non-qualified funds. At the time of closing, we will have sufficient funds available on  
20 deposit to meet the NRC's formula requirements for minimum decommissioning amounts  
at that time.

MR. WOOD: I'm having a little trouble following you. I just did a quick  
calculation a couple of weeks ago using the formulas in 50.75(c) and I came up with a  
number -- I have forgotten exactly what it was, but it was around \$420 or 30 million for  
TMI-1's size and type and then escalation factors.

1 MR. CULLEN: We came up with about roughly 180 million.

2 MR. WOOD: You came up with 180 million?

3 MR. J. MATTHEWS: The number that we were provided from GPU was  
4 that the formula amount as of December 31, 1997 was 178 or 6 or 9 million, something  
5 like that.

6 MR. WOOD: We'll need to see that.

7 MR. CULLEN: That is -- our intent is to meet the minimum requirements  
8 at the time of closing, at the time of license transfer.

9 MR. WOOD: We'll have to look at that in some detail.

10 MR. D. MATTHEWS: Let me clarify. I think the question brings up  
11 another thing we're going to have your application address not only the amount, but your  
12 basis for that amount, eventually, and we're going to have to have an understanding of  
13 how you developed that amount. Right off the top of my head, I see a potential possible  
14 point of confusion associated with whether that was the amount that TMI was expected to  
15 have accumulated by that time or whether or not you're talking in terms of the transfer of  
16 funds that would have been expected to be accumulated over the life of TMI's operating  
17 license.

18 I couldn't defer from what you said which it is, so I think you need to be  
19 real specific and the basis for it.

20 MR. CULLEN: And we will be specific and we will tell you that is the basis.  
And it's not -- we don't intend the funds to be the amount that GPU would have  
accumulated.

MR. D. MATTHEWS: Then that's an issue that I think was missed on  
Bob's point. He was looking at the end point funding calculation and --

MR. WOOD: No, I don't think so. I was looking at this point in time.



1 MR. D. MATTHEWS: But I think we need to know the details associated  
2 with that. Because the implication of pre-paid decommissioning fund which meets NRC  
3 requirements, that indication, depending on who is reading it, could mean two or three  
4 different things.

5 MR. WOOD: I don't know what the nature of the discrepancy is, but I think  
6 the controlling factor in all these estimates is where you plan to send your low level waste  
7 and if you use the Barnwell estimation figure, that still dominates the formula, and it's very  
8 difficult to get around that.

9 If you have a site-specific estimate, there are ways of requesting an  
10 exemption from that formula and there are other things I think you could do.

11 MR. CULLEN: We have calculated it both ways and we will provide that  
12 detail.

13 MR. D. MATTHEWS: And then you need to specifically address what  
14 Amergen's arrangements are going to be for proceeding to address the remaining  
15 balance of decommissioning funding requirements and how that's going to be done in an  
16 environment where they are regulated utility.

17 MR. CULLEN: But it's not a regulated utility, yes.

18 MR. WOOD: And the other wrinkle in this, I'm not sure where  
19 decommissioning funding -- that does provide a -- for the first time, allows you to project  
20 -- but only up to two percent, in real terms.

MR. D. MATTHEWS: That does provide an alternative, a range of  
alternative funding mechanisms for the unfunded balance, as well as a combination of  
those mechanisms, as well as unique mechanisms that you might propose to address it.

There was some pressure for the Commission to get that rule out in  
anticipation of this application. So it will be on the street shortly.

1 MR. CULLEN: We will give you all of the details, including -- you know,  
2 the details on how we calculate it. We will probably do it in two different -- we'll use a  
3 formula amount, we'll use the site-specific study.

4 MR. D. MATTHEWS: Okay. That's fine. You've heard our concern.

5 MR. CULLEN: Going back to the second -- the second and third item  
6 were really tied together. For the first two years of the -- the first two years of Amergen  
7 operation, we will sell all the output back to the GPU under a power purchase agreement,  
8 which would be a fixed price PPA.

9 The details of that PPA are being negotiated now. We have a broad idea  
10 of what the parameters of the PPA and the pricing will be. We fully intend to provide the  
11 Commission with those details of pricing. We will include a copy of the PPA, which will  
12 include the -- all of the pricing information. We will also include financial statements  
13 indicating our projections for what that PPA will yield in revenues.

14 We have information that we will file with the Commission with a request  
15 that it not be publicly disclosed because of its proprietary nature. But we will give you a  
16 five-year cost projection, plus revenue projections, basically financials for the next five  
17 years.

18 MR. WOOD: I think Amergen also falls into the category of a newly  
19 formed entity. So there are things in 50.33(f) that you've got to address there too in terms  
20 of your relationship with the parent company.

I think you probably have, to some extent. We'll need to see how the  
source of the capital from the parent flows back.

MR. CULLEN: And we will give you obviously the financial statements  
from the two parents. We will give you the commitment -- we recognize that Amergen is  
a single unit plant. It needs to provide -- be provided with financial commitments and

1 resources in the event it has an extended outage or something similar which prevents  
2 revenue flow.

3 We have recognized that and we will include that in the application.

4 As far as the concept of these conforming amendments to the license, we,  
5 at this point, are in the midst of basically marking up all of the licensing documents to see  
6 the -- to identify those changes which would have to be made in the tech specs and the  
7 license to conform to the Amergen -- to conform the Amergen structure to GPU.

8 Basically, we don't intend to change any of the substantive requirements.  
9 In transitioning this ownership, one of the things we don't want to do is to disturb a plant  
10 that's operating well with a staff that's knowledgeable about the way it operates and is  
11 accustomed to it. So we intend to minimize any changes and basically limit them to just  
12 changes to conform to organizational changes and not to diminish anything else.

13 Obviously, the foreign ownership issue is a major concern. We have,  
14 within the last day or so, provided the NRC staff with an analysis of what we consider to  
15 be the key foreign ownership issues and how we have -- we believe we have effectively  
16 addressed them.

17 I should point out that when we formed this limited liability company, we  
18 were aware of the fine ownership issues and to the extent that we could conform the  
19 arrangements to existing NRC precedent, I mean, we did it that way with that intention in  
20 mind. We think that the analysis that we provided you, once again, any comments on it  
or suggestions or reactions, we would then revise that analysis and incorporate a similar  
analysis.

MR. WOOD: Is it okay for me to ask a couple questions about that? I  
think you can answer most of them. There was one statement in the brief you sent  
yesterday about -- you said our directors, officers, managers, supervisors, employees

1 having custody of controlled special nuclear material having access to the restricted and  
2 vital areas and/or having access to restricted areas will have the necessary security  
clearances and access permits.

3 Do you have an idea of how that's divided among US and other citizens?

4 MR. D. MATTHEWS: Before we answer that, I think we had a  
5 late-breaking request for somebody to -- that was given with the intention that this  
6 meeting be interrupted to make that call

7 MR. WOOD: That was my question. Do you have an idea at this point  
8 how that -- those that have these clearances or require these clearances will break out  
between US citizens and British citizens or other citizens?

9 MR. CULLEN: No, to be honest about it. I don't think we've gotten that  
10 level of detail. But I think the point we were trying to make is we would comply with the  
11 NRC requirements and in doing some of the research on things like the NRC has licensed  
12 foreign operators, and that kind of thing. So we didn't think that citizenship is a necessary  
accounting factor.

13 MR. WOOD: It was just a question.

14 MR. ARCHITZEL: I have a question on the limited liability aspect. Is that  
15 just strictly for the parent company?

16 MR. CULLEN: A limited liability company is -- it has nothing to do with  
17 Price Anderson. It doesn't have all that much to do with the liability of the owners. What  
18 it is is a -- it's a legal structure which permits you to have the attributes of the corporation,  
19 but for tax purposes, to cast revenues directly back to the owners without a double  
20 taxation.

1           It permits you to have a corporate type structure, but, for tax purposes, to  
2           treat it as a partnership. That's basically the mechanism. So it doesn't have -- it's not --  
3           it's not nuclear-unique, so to speak.

4           MR. ARCHITZEL: As far as Price Andersen would go, you'd just take over  
5           existing arrangements.

6           MR. CULLEN: Yes, right.

7           MR. D. MATTHEWS: Do you have any more questions on this?

8           MR. ARCHITZEL: No.

9           MR. CULLEN: The only two remaining things that we felt that we would do  
10          within the application was -- one was splitting -- we're splitting an integrated utility that is  
11          the generator plus the owner -- plus has control over the transmission facilities. So we  
12          are -- we will include as part of the application the agreement which we will have with  
13          GPU, which basically is intended to provide a mechanism where GPU will contractually  
14          undertake to provide Amergen with basically the same transmission services, the same  
15          access that GPU currently provides to TMI.

16          I mean, that's the intent of it, is to take the --

17          MR. D. MATTHEWS: The NRC staff is concerned about that, particularly  
18          in light of the deregulation nationwide. The formation of ISOs in some jurisdictions has  
19          raised a concern associated with the continuity of the licensing basis assumed relevant to  
20          such issues and the obligation of that ISO to maintain those agreements and  
21          arrangements upon which the licensing basis and the safety analyses were done. So  
22          that's an important issue you need to address.

23          MR. ARCHITZEL: Can I ask a question? I guess, if I understand, GPU is  
24          directly involved in generation.

25          MR. CULLEN: Yes.

1 MR. ARCHITZEL: So if it's a related issue associated with -- I mean, if  
2 we're going to have the transmission, we had the transmission before. So at this time,  
3 maintaining those relationship when they have no generation, is that an issue?

4 MR. CULLEN: Basically, what would happen is we would become a -- for  
5 TMI -- I think you're getting at off-site power. It would be tariffed. We would be basically  
6 a retail customer of the electricity supplier.

7 MR. D. MATTHEWS: And I'm assuming you need to address that. Maybe  
8 there isn't, I don't know. It's not just simply that the transmission lines are going to be  
9 maintained by GPU. GPU won't have generation anymore either.

10 MR. CULLEN: But there is the primary interface that I believe we have  
11 regulatory jurisdiction over.

12 Our focus is to assure that we have a path out.

13 MR. D. MATTHEWS: That's the interface that the NRC is looking to  
14 examine with regard to the assumptions made with regard to that interface as part of the  
15 licensing basis for TMI. So I think we do have a concern over that primary interface. Just  
16 to have something along the lines of reliability that raises an issue associated with the  
17 degree to which that interface can be maintained in the manner at which it has in the  
18 past, that's a separate licensing basis issue that may arise in the future that Amergen  
19 would have to deal with. But as with TMI, irrespective of --

20 MR. CULLEN: Just as a matter of interest, within the PJM, we've begun a  
nuclear owners committee that will be addressing those kinds of issues for the PJM area.  
I think that's very impressive.

The other issue that we plan to address in the application is because of  
the split in the ownership between TMI-1 and TMI-2, we will have in place an agreement  
with GPU, the licensee at TMI-2, which would give us the rights that we need under Part

1 100 to control activities within the exclusion area, since TMI-2 sits within the exclusion  
2 area of TMI-1. So we will address that by agreement.

3 So I think that that should give us the things we need.

4 We will include a section in the application on antitrust review, but we  
5 don't think the NRC has to review this transaction from an antitrust perspective. We did  
6 want to mention that we fully expect we will have to file a Hartscott notification so that  
7 DOJ will review antitrust aspects.

8 In addition to that, we fully expect the DFERC will look at market power  
9 issues in the context of the request to transfer jurisdictional facilities under the Federal  
10 Power Act.

11 The control of access, I think we already talked about that. I think the  
12 thing that we have been trying to convey is we don't see any environmental impact, we  
13 don't see any changes in operations, we don't see any changes in effluents. Basically,  
14 it's going to be hopefully transparent, so that we don't see any real environmental impacts  
15 and we'll probably draw that conclusion.

16 MR. D. MATTHEWS: The staff, of course, is responsible for implementing  
17 the regulations under Part 51 and as a result of licensing actions, we have to reach an  
18 environmental assessment. That is a staff responsibility. Can you offer a view in that  
19 regard that the applicant may want to make?

20 MR. WOOD: Particularly with the new proposed rules out on the streets in  
terms of the hearing process for license transfers.

MR. D. MATTHEWS: So be mindful of that, recognizing a view on that  
point is to your benefit. Under the current rule, we will be issuing an environmental  
assessment associated with this transfer. I'm not aware of the details of it to speak to  
that.

1 I'm telling you under these rules, that's all I can speak to, we will be doing  
2 an environmental assessment.

3 MR. CULLEN: It's going to require regulatory approvals. I always enjoy  
4 this. This is our required regulatory approvals in our deregulated environment. As I  
5 mentioned, we will have to do a Hartscott Redino filing 45 days before closing. We'll  
6 need Pennsylvania, New Jersey and New York utility commission approvals.

7 Amergen intends to qualify as an exempt also generator, so we'll need  
8 FERC approval for that. There is a possibility we may need some Pennsylvania approval,  
9 depending upon whether sales from TMI may be made to an affiliate like PECO Energy.  
10 So at this point, we haven't decided that.

11 The approval of the transfer, that's FERC jurisdictional assets. All of these  
12 applications are in process now. We are proceeding on basically parallel tracks of doing  
13 all of the agreements that we need to consummate this transaction and, at the same  
14 time, attempting to prepare the applications which affect -- which are needed to  
15 implement. It's a moveable feast at best.

16 Every time we negotiate a new change in the definitive agreement, we  
17 have to then go back and revisit the applications. So it's a complex undertaking and we  
18 understand that the staff is very, very interested in it and I hope you understand that our  
19 wanting to get our ducks at least in some semblance of order before we came down to  
20 talk to you, and that's really what we have been doing since July.

We are not really there yet. Somebody said yesterday that this is a work in  
progress.

MR. D. MATTHEWS: Right.

MR. CULLEN: But I think we are clear enough that we're going to give you  
a pretty good picture. The last thing on this list is a really complex issue, and that is



1 trying to take the IRS regulations, the Internal Revenue Code stat sheet, which never  
2 really contemplated the non-utility getting involved in nuclear decommissioning.

3 We have to go to the IRS to get rulings to permit transfers of these funds.

4 MR. D. MATTHEWS: Let me interrupt you. This staff is aware of those  
5 complicating factors. It doesn't bear on our decision relative to the appropriateness of  
6 your proposals on decommissioning funding.

7 MR. CULLEN: But the application will basically have some alternatives in  
8 it in terms of --

9 MR. D. MATTHEWS: As far as how you may have to resolve it ultimately.

10 MR. WOOD: In other words, if IRS gives a negative letter ruling, I assume  
11 that's the route you're going at this point, on these transfers, so that you would be liable  
12 for some sort of tax, would you still go ahead in terms of doing this deal or would that be  
13 --

14 MR. D. MATTHEWS: Is that a deal-breaker?

15 MR. CULLEN: Let me put it this way. If the IRS were to say you cannot  
16 transfer fund X without adverse tax consequences, then one alternative is we would leave  
17 the fund where it is. So that the fund would still be a GPU created donor trust intended  
18 for the sole purpose of decommissioning this.

19 MR. WOOD: Under some kind of contractual agreement.

20 MR. CULLEN: Exactly.

MR. D. MATTHEWS: We understand. What I was going at is the major  
circumstances surrounding the basis of an IRS decision.

MR. CULLEN: But what we intend to do in the application is to lay out --  
because we're not going to know when we file the application. So there's going to be  
basically two or three alternatives.

1 MR. D. MATTHEWS: That raises a good question, though. I take it that  
2 our action, we're going to try to proceed to write an evaluation as promptly as possible  
3 upon the receipt of your application.

4 This is an uncertainty associated with one element of your application. It's  
5 going to make it very difficult for the staff to finalize an evaluation in that regard.

6 So we do have a contingency here with regard to scheduling and I think  
7 we're all going to have to be very sensitive to it. I think we would probably explore what  
8 the staff's position potentially would be on each alternative would be the only way that we  
9 could deal with it and, therefore, we might be in a position of providing you with a draft  
10 staff evaluation on the record that would represent, in effect, that item with potential staff  
11 positions.

12 I don't know that we have adopted that.

13 MR. WOOD: Maybe Steve Hom wants to speak on this, but we heard  
14 some, I guess you'd say, disturbing information that IRS has been taking up to a year on  
15 some of these private letter rulings.

16 MR. GALLEN: I think our intention would be to seek staff approval of the  
17 alternatives that we propose. We think they meet the NRC requirements.

18 MR. D. MATTHEWS: I don't think we've ever had them like that before.

19 MR. HOM: Do any of the potential alternatives involve GPU remaining on  
20 the license as a co-licensee until such time as the issues are resolved?

MR. CULLEN: That was not one of the alternatives that we were  
considering.

MR. HOM: I think that -- this is sort of a comment. I think that the terms of  
the NRC's jurisdiction over financial matters, we certainly, at least in one of the

1 circumstances, have the view that we need the licensee to be the one subject to our  
2 jurisdictional terms pertaining to the funding.

3 I'm not sure exactly what you have in mind in terms of potential  
4 alternatives, but if it's something that we would tend to rely on a private contractual --  
5 somehow stepping into the contractual arrangement, and I'm not sure how sensible that  
would be in the agency, again, without seeing the details.

6 MR. D. MATTHEWS: Good, Steve, thanks.

7 MR. GALLEN: I think the intention would be to propose alternatives that  
would satisfy all those concerns.

8 MR. D. MATTHEWS: I appreciate you bringing that up, because it  
9 presents a complicated factor associated with the staff's evaluation and we have to make  
10 a finding, in effect, that each alternative in its own right would indeed be acceptable. In  
11 that regard, it may raise a new policy issue, because of the new regulation that's going to  
be issued.

12 MR. ARCHITZEL: The alternatives -- they'd have to be complete in that --

13 MR. D. MATTHEWS: Sure.

14 MR. ARCHITZEL: In other words, you couldn't have a situation where you  
15 wouldn't be able to go down one of those three paths.

16 MR. CULLEN: Right. We have a path now that we can go down and can  
close the transaction based on this without any -- we understand.

17 MR. D. MATTHEWS: That would be the nature of the approval, either A  
18 or B or C.

19 MR. ARCHITZEL: Or none of them perhaps could come to pass.

20 MR. D. MATTHEWS: Let's proceed.

1 MR. FORNICOLA: This next chart identifies the supporting attachments,  
2 appendices and exhibits that we anticipate including in the submittal. We would change  
3 these to identify the issues that were presented here today relative to decommissioning  
4 costs, TMI-2, et cetera.

5 In addition to that, number six identifies, as we said earlier, marked up  
6 pages of our tech specs and our license reflecting the conforming license amendment  
7 associated with the transfer.

8 MR. WOOD: Could I just interject a point here? I think some of the  
9 financial review staff would like to see, on the annual reports, the past three years for  
10 both PECO and British Energy, just for historical perspective, I believe, but if you could do  
11 that.

12 MR. FORNICOLA: That might have to be confidential. We can present it  
13 to them in a way that would satisfy us.

14 Any other questions in that area or on the topic of the license transfer  
15 document?

16 MR. HOM: One question here.

17 MR. FORNICOLA: Yes, Steve.

18 MR. HOM: Would you make sure that in that application, when you make  
19 a statement as to whether you know to what degree PECO is going to control --

20 MR. GALLEN: Yes, we'll do that.

MR. FORNICOLA: The last is the discussion of the proposed schedule by  
Jim Langenbach.

MR. LANGENBACH: Currently, it's our intent to do the due diligence  
process and execute the asset purchase agreement by October 15. That is the provision  
in the agreement.

1           We want to make a subsequent timely submittal to the NRC. We intend to  
2 do that the next day. In parallel, we're going to be preparing and submitting other  
3 regulatory applications in a timely manner which would support our overall schedule and  
4 as was discussed earlier, we are going to be requesting from the regulatory agencies that  
5 we receive approval by April 15, 1999, and targeting a closing of the transaction following  
6 receipt of all the regulatory approvals.

7           If circumstances arise that will dictate changes to our schedule, it is our  
8 intent to keep the NRC informed and abreast of all these schedule changes that might  
9 affect where we're going. We believe we've met our objectives of this meeting of keeping  
10 the NRC informed of where we are in the process.

11           We have shared our preliminary thinking on where we -- how we intend to  
12 approach the license transfer and sale and would apprise the NRC of our schedule for the  
13 overall license transfer and sale.

14           We appreciate all the comments and feedback we've received from the  
15 NRC today. It's going to help us greatly in preparing and finalizing the license transfer  
16 agreement. With that, I would like to turn it over to John Cotton, who has a few things to  
17 say.

18           MR. COTTON: I would like to thank you for the time. It's clear already  
19 that you have taken an interest in what we're trying to bring about here and I appreciate  
20 the review of the documents that we've submitted and the comments back. That's  
terrific.

          We intend to do everything we can to support your thorough and timely  
review of the application and if there is absolutely anything that we can do, we want to be  
checking in frequently and we will respond.

1           But we do ask your support to help us meet this budget. It is an  
2 aggressive schedule and we'd like to keep it that way.

3           MR. D. MATTHEWS: Good. I'll have a couple of comments with regard to  
4 the schedule and NRC resources, but I would like to offer an opportunity for the NRC staff  
5 to bring any issues up at this point in time based on what they have heard, for further  
6 clarification. That is our purpose today. Not to argue or discuss the advisability of one  
7 approach versus another, but just in terms of understanding what your current plans are.

8           So does the staff have any more additional questions?

9           MR. WOOD: I don't.

10          MR. D. MATTHEWS: Anybody?

11          [No response.]

12          MR. D. MATTHEWS: Good. With regard to the proposed schedule,  
13 obviously, there are some possible contingencies relative to some of the matters we  
14 discussed today. It would make it difficult for me to make a concluding statement on our  
15 ability to support this schedule. I think that's just the nature of these type of activities.

16          You have certainly raised the fact that you've got that issue on many  
17 regulatory fronts.

18          But with regard to our anticipated ability to assign the resources and the  
19 staff to engage on this application the resources that are available and at this point in  
20 time, there is nothing unreasonable about this schedule, that the NRC perceives.

          The contingencies relate to the fact that on at least one and possibly two  
          areas, there will be a need for Commission involvement associated with this review. The  
          staff is under an instruction by the Commission that any new or unique issues that come  
          up in the arena of license transfer or prompted by utility deregulation or other  
          restructuring, that they be involved.

1           So my threshold is very low for identifying issues of a unique nature that  
2 need their involvement. That always puts an additional challenge on the staff and the  
3 applicant associated with scheduling.

4           The primary purpose of encouraging you to come as early as you have is  
5 in anticipation of the fact that there will be Commission involvement on one or several of  
6 these issues.

7           So to the extent that that involvement is prompt and doesn't cause  
8 unnecessary delay, I think the staff's review process is such that we don't see any  
9 impediment to meeting this schedule.

10           Is there any caveat on that?

11           MR. WOOD: I would agree with the other contingency or caveat being if  
12 there is intervention.

13           MR. D. MATTHEWS: I was going to speak to that.

14           MR. HOM: I just want to make one comment on what you were just  
15 saying. Certainly, any interaction with the Commission will ensure that there is no  
16 violation or any separation of functions between the staff or Commission should there be  
17 any type of hearing process initiated.

18           MR. D. MATTHEWS: That's ahead of me. The other issue that I wanted  
19 to raise in terms of a contingency is this is a license amendment, of which license  
20 amendments will be noticed upon their receipt, that there are opportunities for  
intervention and at the point that that request is made, the Commission then must appoint  
or issue an order associated with a hearing board being established to examine those  
issues.

          That is the other major uncertainty associated with schedule.

1           As you know, there is consideration being given to a proposed rule that  
2 would alter the relationship associated with license transfers in our traditional licensing  
3 hearing process. Its intent, if ultimately accepted, is to facilitate this process and remove  
4 delay associated with the hearing process attendant to license transfers, while still  
5 preserving all the stakeholder rights for participation.

6           But we are starting down this road, I believe, under the rules of practice  
7 that are in Part 2 at this point in time. So you're all familiar with those and I think you  
8 understand how they can impose delays.

9           The staff's effort in terms of supporting that process is to be attentive to  
10 the deadlines imposed by the hearing board. So the staff will be there to support any of  
11 the mandated schedules. Of course, you have an obligation to do the same.

12           The Commission is committed to those hearings being conducted in a very  
13 efficient and prompt manner and imposes this obligation on all parties. You've probably  
14 seen that with regard to the recent licensing orders issued in the license -- excuse me --  
15 the recent hearing orders issued attendant to the license renewal cases that have been  
16 accepted.

17           So there is an intent on the staff and the Commission to conduct this  
18 process promptly and efficiently and we will do our part.

19           But in terms of what your expectation is, I don't know if you've scheduled  
20 in light of those contingencies. We intend to be engaged immediately with you on this  
application.

I do appreciate you coming in. This has been beneficial.

MR. COLBURN: Just an administrative note. I've got two attendance  
sheets running around, if I could get those back. Also, we've had about four or five  
people come in since we went around the room and introduced ourselves. I would like



1 those people that came in and did not take part in the introductions to now introduce  
2 themselves, so that the transcriber can have their names and affiliations.

3 MR. REISS: Jonathan Reiss, Swidler & Berlin.

4 MS. ROSS: Shirley Ross, I'm with PECO Nuclear.

5 MR. JONES: Bill Jones, with PECO Energy.

6 MR. YOUNG: John Young, from Amergen.

7 MR. D. MATTHEWS: Do you have any concluding remarks?

8 MR. COTTON: No, sir. Thank you very much. I think this has been very  
9 productive and helpful.

10 MR. D. MATTHEWS: Tim Colburn is the project manager for TMI-1. Tim  
11 will be your primary point of contact. I would ask that you would approach him, for the  
12 NRC staff, which is encouraged to be open and frequent, be monitored by Tim and that  
13 he be aware of when such communications are needed and when they take place, to  
14 ensure the appropriate level of public participation.

15 With that, thank you very much. This meeting is concluded.

16 [Whereupon, at 10:30 a.m., the meeting was concluded.]  
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