

Mr. Martin L. Bowling, Jr.
 Recovery Officer - Technical Services
 Northeast Nuclear Energy Company
 c/o Ms. Patricia A. Loftus
 Director - Regulatory Affairs
 P. O. Box 128
 Waterford, Connecticut 06385

October 27, 1998

SUBJECT: PROPOSED CORPORATE RESTRUCTURING OF MONTAUP ELECTRIC COMPANY - MILLSTONE UNIT 3 (TAC NO. MA3313)

Dear Mr. Bowling:

In a letter dated July 27, 1998, Northeast Nuclear Energy Company, both for itself and as agent for the Associate Participants of Millstone Nuclear Power Station, Unit 3 (Millstone Unit 3), requested NRC's consent to the indirect transfer of control of the interest of one of the Associate Participants, Montaup Electric Company (Montaup), in Facility Operating License No. NPF-49 as that transfer may relate to a proposed corporate restructuring involving Montaup. The proposed restructuring would rearrange ownership relationships within Eastern Utilities Associates (EUA), which currently owns Montaup as an indirect subsidiary, such that EUA would own Montaup directly through transfer of legal ownership of the capital stock of Montaup to EUA from Eastern Edison Company, a direct subsidiary of EUA and the current owner of Montaup.

The staff performed a threshold review in consideration of Section 50.80 of Title 10 of the Code of Federal Regulations and concluded that the proposed restructuring of Montaup through its ownership being placed directly under EUA does not involve a transfer, direct or indirect, of Montaup's operating license for Millstone Unit 3, because the direct owner of Montaup is being eliminated as Montaup's owner, and the ultimate ownership and control of Montaup will still remain with EUA as before the restructuring. Therefore, no NRC consent is needed.

Furthermore, the staff concluded that the proposed restructuring: (1) will not adversely affect Montaup's ability to own Millstone Unit 3; (2) will not affect Montaup's qualifications as a licensee; and (3) appears to be otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission. Accordingly, the staff has no basis to object to the proposed restructuring. This completes our effort on your submittal.

Sincerely,

Original signed by D. McDonald for:

William M. Dean, Director
 Millstone Project Directorate
 Division of Reactor Projects - I/II
 Office of Nuclear Reactor Regulation

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Docket No. 50-423

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

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Northeast Nuclear Energy Company
c/o Ms. Patricia A. Loftus
Director - Regulatory Affairs
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William M. Dean, Director
Millstone Project Directorate
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

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Millstone Nuclear Power Station
Unit 3

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Millstone Nuclear Power Station
Unit 3

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