

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

THE CLEVELAND ELECTRIC ILLUMINATING
COMPANY
TOLEDO EDISON COMPANY
OHIO EDISON COMPANY
PENNSYLVANIA POWER COMPANY
DUQUESNE LIGHT COMPANY

(Beaver Valley Power Station, Unit
Nos. 1 and 2)

Docket Nos. 50-334
and 50-412

ORDER APPROVING APPLICATION REGARDING MERGER AGREEMENT BETWEEN
DQE, INC. AND ALLEGHENY POWER SYSTEM, INC.

1.

The Cleveland Electric Illuminating Company (CEI), Duquesne Light Company (DLC), Ohio Edison Company (OE), Pennsylvania Power Company (Penn Power), and Toledo Edison Company (TE) are the licensees of Beaver Valley Power Station, Unit Nos. 1 and 2 (BVPS-1 and BVPS-2). DLC acts as agent for the other licensees and has exclusive responsibility for and control over the physical construction, operation, and maintenance of BVPS-1 and BVPS-2 as reflected in Facility Operating Licenses Nos. DPR-66 and NPF-73. The Nuclear Regulatory Commission (NRC) issued Licenses Nos. DPR-66 and NPF-73 on July 2, 1976, and on August 14, 1987, respectively, pursuant to Part 50 of Title 10 of the Code of Federal Regulations (10 CFR Part 50). The facility is located on the southern shore of the Ohio River in Beaver County, Pennsylvania, approximately 22 miles northwest of Pittsburgh and 5 miles east of East Liverpool, Ohio.

II.

Under cover of a letter dated August 1, 1997, DLC submitted an application for consent under 10 CFR 50.80 regarding a proposed merger of DQE, Inc. (the parent holding company of DLC) and Allegheny Power System, Inc., which would result in DQE, Inc. becoming a wholly owned subsidiary of Allegheny Power System, Inc. Allegheny Power System, Inc. would change its name to Allegheny Energy, Inc. (Allegheny Energy). CEI, QE, Penn Power, and TE are not involved in the merger. Supplemental information was submitted by letter dated October 30, 1997.

Under the proposed merger, DLC will become an indirect subsidiary of Allegheny Energy by reason of DQE, Inc. becoming a subsidiary of Allegheny Energy. DLC and the other current licensees will continue to hold the licenses, and no direct transfer of the licenses will result from the merger. On September 12, 1997, a Notice of Consideration of Approval of Application Regarding Proposed Corporate Restructuring was published in the Federal Register (61 FR 48113). An Environmental Assessment and Finding of No Significant Impact was published in the Federal Register on September 25, 1997 (62 FR 50411).

Under 10 CFR 50.80, no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission gives its consent in writing. Upon review of the information submitted in the application and letters of August 1, 1997, and October 30, 1997, the NRC staff has determined that the proposed merger will not affect the qualifications of DLC as holder of Facility Operating Licenses Nos. DPR-66 and NPF-73, and that the transfer of control of the licenses, to the extent effected by the

proposed merger, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth herein. These findings are supported by a safety evaluation dated January 23, 1998 .

III.

Accordingly, pursuant to Sections 161b, 161f, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, IT IS HEREBY ORDERED that the Commission approves the application regarding the merger agreement between DQE, Inc. and Allegheny Power System, Inc. subject to the following: (1) DLC shall provide the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from DLC to its first- or second- tier parent or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding 10 percent of DLC's consolidated net utility plant, as recorded on DLC's books of account; and (2) should the merger not be completed by December 31, 1998, this Order shall become null and void, unless upon application and for good cause shown this date is extended.

This Order is effective upon issuance.

IV.

By March 2 , 1998, any person adversely affected by this Order may file a request for a hearing with respect to issuance of the Order. Any

person requesting a hearing shall set forth with particularity how such person's interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 3.714(d).

If a hearing is to be held, the Commission will issue an order designating the time and place of such hearing.

The issue to be considered at any such hearing shall be whether this Order should be sustained.

Any request for a hearing must be filed with the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, or may be delivered to the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, by the above date. Copies should also be sent to the Office of the General Counsel and to the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, and to John O'Neill, Esquire, Shaw, Pittman, Petts and Trowbridge, 2300 N Street, NW., Washington, DC 20037, attorney for DLC.

For further details with respect to this action, see the application submitted under cover of a letter dated August 1, 1997, and supplemental letter dated October 30, 1997, and the safety evaluation dated January 23, 1998 which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW.,

Washington, DC., and at the local public document room located at the B. F. Jones Memorial Library, 663 Franklin Avenue, Aliquippa, PA 15001.

Dated at Rockville, Maryland, this 23rd day of January 1998.

FOR THE NUCLEAR REGULATORY COMMISSION

/s/

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

RBW 1/7/98

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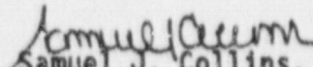
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Dated at Rockville, Maryland, this 23rd day of January 1998.

FOR THE NUCLEAR REGULATORY COMMISSION


Samuel J. Collins, Director
Office of Nuclear Reactor Regulation