

August 10, 1999

LICENSEE: Illinois Power Company

FACILITY: Clinton Power Station

SUBJECT: SUMMARY OF JULY 22, 1999, MEETING ON PROPOSED CLINTON POWER STATION LICENSE TRANSFER FROM ILLINOIS POWER TO AMERGEN ENERGY COMPANY

On July 22, 1999, Nuclear Regulatory Commission (NRC) management and staff met in Rockville, Maryland, with representatives of Illinois Power Company (IP) and AmerGen Energy Company. The purpose of the meeting was to discuss a recently signed Asset Purchase Agreement between the licensee and AmerGen, and a proposed transfer of the Clinton Power Station (CPS) license to be submitted to the NRC. A list of the meeting participants is included as Attachment 1, and a copy of the meeting handout is provided as Attachment 2.

IP and AmerGen discussed the terms of the CPS sale and the contents of the proposed license transfer application. AmerGen will become the sole owner/operator of CPS. IP will buy 75% of power from CPS until December 31, 2004, and will provide back-up power and interconnection services to CPS. The schedule is to obtain all required approvals including NRC approval by November 24, 1999.

Original Signed By

Jon B. Hopkins, Senior Project Manager, Section 2
Project Directorate III
Division of Licensing Projects Management
Office of Nuclear Reactor Regulation

Docket No. 50-461

Attachments: 1. List of Meeting Participants
2. Meeting Handout

cc w/atts: See next page

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MEETING ATTENDEES
PROPOSED CLINTON LICENSE TRANSFER MEETING

JULY 22, 1999

NRC

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S. Uttal
R. Wood
M. Davis

Illinois Power Company

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J. Sipek
T. Elwood
P. Breezeel
D. Holtzcher

PECO Energy / AmerGen

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Morgan, Lewis & Bockius, LLP

J. Matthews
K. Gallen

Troutman Sanders LLP

J. Lamberski
A. Dombay

Baker & Botts, LLP

B. Bumpers

McGraw-Hill

D. Stellfox

Akin, Gump, Strauss, Hauer & Feld

R. Lessy, Jr.

Winston & Strawn

J. Liaw

*NRC Briefing On Sale
Of Clinton Power Station
By Illinois Power To AmerGen*



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Agenda

- ◆ Introduction
- ◆ Summary of the Terms of CPS Sale
- ◆ Contents of Proposed License Transfer Application
- ◆ Proposed Schedule



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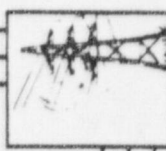
Summary Of Terms Of CPS Sale

- ◆ AmerGen purchases CPS from IP and becomes the sole owner/operator of CPS
- ◆ CPS site personnel and selected corporate support personnel become AmerGen employees
- ◆ IP buys 75% of power from CPS until December 31, 2004
- ◆ IP provides back-up power and interconnection services to CPS
- ◆ Value of CPS decommissioning trust fund after transfer to AmerGen exceeds NRC minimum formula amount



Contents of Proposed License Transfer Application

- ◆ Background information on AmerGen
- ◆ Continuity of CPS operations
- ◆ Technical qualifications of AmerGen
- ◆ Financial qualifications of AmerGen
- ◆ Other regulatory items
- ◆ Other required regulatory approvals
- ◆ Supporting documentation



Background Information on AmerGen

- ◆ AmerGen is a U.S. LLC jointly owned by PECO Energy and a U.S. subsidiary of British Energy
- ◆ No material change in ownership or control of AmerGen since NRC approved the transfer of TMI-1 license to AmerGen in April 1999
- ◆ NRC has previously determined that level of foreign participation in AmerGen is permissible under Atomic Energy Act

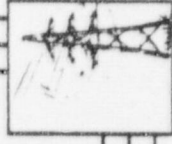


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Continuity of CPS Operations

- ◆ Site Organization transferred to AmerGen with no material change in CPS operations and maintenance
- ◆ No reduction in commitments in QA plan and no reduction in effectiveness of EP and security plans are anticipated
- ◆ Certain support functions to be performed by Illinois Power under contract (IT/JPIC/HQ Support Center/EOF Backup)
- ◆ Assignment of commercial and emergency planning agreements and environmental permits



Technical Qualifications of AmerGen

- ◆ NRC has concluded that AmerGen has “acceptable corporate-level management” in connection with TMI-1 transfer
- ◆ Existing IP organization at CPS site will join AmerGen and continue to operate and maintain CPS
- ◆ CPS Site Vice-President will report to AmerGen CNO/CEO



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Financial Qualifications of AmerGen

- ◆ NRC found AmerGen financially qualified to own and operate TMI-1
- ◆ Power purchase agreement with IP for 75% of CPS' power until December 31, 2004
- ◆ Financial projections demonstrate that power sales revenues will cover CPS operating costs
- ◆ Funding commitments from PECO Energy and British Energy sufficient to cover extended outage
 - ❖ Original TMI-1 letter agreements
 - ❖ Supplemental letter agreements



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Financial Qualifications of AmerGen

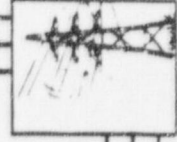
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- ◆ Pre-paid decommissioning fund (with 2% earnings credit) will exceed NRC minimum requirements
 - ❖ Pre-paid Amount will vary depending upon tax rulings and certain options available to IP
 - ❖ Lowest pre-paid amount available after the transfer under any scenario exceeds NRC minimum when 2% real rate of return earnings are credited
- ◆ Decommissioning trust funds will be transferred to AmerGen under all scenarios
- ◆ AmerGen anticipates that pre-paid funds (with earnings) will cover all decommissioning costs



Other Regulatory Items

- ◆ Conforming amendment to license associated with transfer
- ◆ Interconnection agreement
- ◆ Control of exclusion area
- ◆ No antitrust review required (*Wolf Creek Order*)
 - ◆ AmerGen and IP request deletion of antitrust conditions upon transfer (no longer applicable)
- ◆ Control of access to restricted data, restricted area, and special nuclear material
- ◆ No environmental impact
- ◆ AmerGen will obtain required insurance and Price Anderson coverage



Other Required Regulatory Approvals

- ◆ Expiration of Hart-Scott-Rodino waiting period
- ◆ Approvals of Illinois Commerce Commission and Pennsylvania Public Utility Commission
- ◆ Various FERC approvals (e.g., continuation of exempt wholesale generator (EWG) status, approval of interconnection and power purchase agreements and transfer of jurisdictional assets)
- ◆ Possible IRS ruling on tax issues related to decommissioning fund (CPS decommissioning trust funds will be transferred in any event)



Supporting Documentation

- ◆ Asset Purchase and Power Purchase Agreements
- ◆ Most Recent Annual Reports for PECO Energy and British Energy
- ◆ AmerGen Financial Projections and PECO Energy & British Energy Supplemental Letter Agreements
- ◆ Decommissioning Funding Calculations
- ◆ Conforming License Amendment and Safety Evaluation
- ◆ Organization Chart
- ◆ Request for Confidential Treatment Pursuant to 10 CFR § 2.790



Proposed Schedule

- ◆ Submit NRC license transfer request in July 1999
- ◆ Submit other regulatory applications as soon as possible
- ◆ Requesting all required regulatory approvals by no later than November 24, 1999
- ◆ Closing of transaction on or before December 15, 1999 following receipt of all required regulatory approvals
- ◆ Will keep NRC informed of developments affecting schedule

