

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
NORTH ATLANTIC ENERGY SERVICE)	Docket No. 50-443
CORPORATION, et al.,)	
)	
(Seabrook Station Unit No. 1))	

ORDER APPROVING APPLICATION REGARDING
CORPORATE MERGER (CANAL ELECTRIC COMPANY)

I.

North Atlantic Energy Service Corporation (North Atlantic) is authorized to act as agent for the joint owners of the Seabrook Station Unit No. 1 (Seabrook) and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility as reflected in Facility Operating License NPF-86. Canal Electric Company (Canal), one of the joint owners, holds a 3.52317-percent possessory interest in Seabrook. The Nuclear Regulatory Commission (NRC) issued Facility Operating License NPF-86 on March 15, 1990, pursuant to Part 50 of Title 10 of the *Code of Federal Regulations* (10 CFR Part 50). The facility is located in Seabrook Township, Rockingham County, on the southeast coast of the State of New Hampshire.

II.

Under cover of a letter dated February 11, 1999, North Atlantic forwarded an application by Canal requesting approval of the indirect transfer of control of Canal's interest in the operating license (OL) for Seabrook. The application was supplemented on February 23, March 5, and March 17, 1999 (collectively referred to hereinafter as the application).

According to the application, Canal is a wholly owned subsidiary of Commonwealth Energy System (CES). On December 5, 1998, CES and BEC Energy (BEC) entered into an Agreement and Plan of Merger under which those entities will merge into a new surviving Massachusetts corporation (the "New Company"). Upon consummation of the merger, Canal will become a wholly owned subsidiary of the New Company, thereby effecting an indirect transfer of Canal's interest in Seabrook's OL. North Atlantic, the sole licensed operator of the facility, would remain as the managing agent for the 11 joint owners of the facility and would continue to have exclusive responsibility for the management, operation, and maintenance of Seabrook. The application does not propose a change in the rights, obligations, or interests of the other joint owners of Seabrook. In addition, no physical changes to Seabrook or operational changes are being proposed. No direct transfer of the license will result from the proposed merger.

Approval of the indirect transfer was requested pursuant to 10 CFR 50.80. Notice of the application for approval and an opportunity for a hearing was published in the *Federal Register* on April 27, 1999 (64 FR 22657). No hearing requests were filed.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application, and other information before the Commission, the NRC staff has determined that the proposed merger will not affect the qualifications of Canal as a holder of the Seabrook license, and that the transfer of control of the license, 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. The foregoing findings are supported by a safety evaluation dated August 11, 1999.

III.

Accordingly, pursuant to Sections 161b, 161i, 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 indirect license transfer referenced above is approved, subject to the following conditions:

1. Canal 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 Canal to its proposed parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Canal's consolidated net utility plant as recorded on Canal's books of accounts.
2. Should the transfer not be completed by August 1, 2000, this Order shall become null and void, provided, however, on application and for good cause shown, such date may be extended.

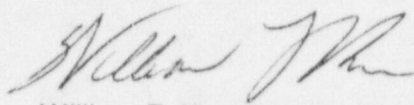
This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated February 2, 1999, and supplements dated February 23, March 5, and March 17, 1999, 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 Exeter Public Library, Founders Park, Exeter, NH 03833.

Dated at Rockville, Maryland, this *11th* day of *August*, 1999

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, appearing to read "William F. Kane".

William F. Kane, Acting Director
Office of Nuclear Reactor Regulation