

September 10, 1999

10 CFR § 50.80

10 CFR § 50.92

**BY HAND DELIVERY**

U.S. Nuclear Regulatory Commission  
ATTN: Samuel J. Collins, Director, Office of Nuclear Reactor Regulation  
Mail Stop O-5 E7  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

Re: Nine Mile Point Units 1 and 2 (NMP 1 & 2)  
Facility Operating License Nos. DPR-63 & NPF-69  
Docket Nos. 50-220 & 50-410  
Application for License Transfers and Conforming Administrative License Amendments

Dear Mr. Collins:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and 10 CFR § 50.80:

- (1) AmerGen Energy Company, LLC (AmerGen) and Niagara Mohawk Power Corporation (NMPC) hereby request that the Nuclear Regulatory Commission (NRC) consent to the transfer of Facility Operating License No. DPR-63 for Nine Mile Point Unit 1 (NMP 1) to AmerGen; and
- (2) AmerGen, New York State Electric & Gas Corporation (NYSEG), and NMPC, acting on its own behalf and as agent for the other co-owners of Nine Mile Point Unit 2 (NMP 2), request that the NRC consent to the transfer of NMPC's and NYSEG's interests in, and NMPC's operating authority under, Facility Operating License No. NPF-69 for NMP 2 to AmerGen.

Through the attached joint Application for Order and Conforming Administrative License Amendments for License Transfers (Application), NRC is being asked to consent to these transfers and authorize AmerGen to possess, use, and operate NMP 1 & 2 under essentially the same conditions and authorizations included in the existing NRC licenses for NMPC and

NYSEG for these units. No physical changes will be made to the NMP facilities as a result of these transfers, and there will be no significant change in the day-to-day operations of either NMP Unit. NRC also is asked to approve certain conforming administrative amendments to the NMP 1 & 2 licenses to reflect the proposed transfers.

AmerGen is a limited liability company formed by PECO Energy Company (PECO Energy) and British Energy plc (British Energy) to acquire and operate nuclear power plants in the United States. The NRC recently approved the transfer of Facility Operating License DPR-50 for Three Mile Island, Unit 1, to AmerGen. See *GPU Nuclear, Inc., et al.* (Three Mile Island, Unit No. 1), Order Approving Transfer of License And Conforming Amendment, 64 FR 19202 (April 19, 1999); *Safety Evaluation by the Office of NRR, Transfer of Facility Operating License from GPUN, Inc., et al. to AmerGen*, (Three Mile Island, Unit No. 1), Docket No. 50-289 (April 12, 1999).

NMPC is a wholly-owned subsidiary of Niagara Mohawk Holdings, Inc. NMPC is a regulated energy delivery company providing electric and natural gas retail service to approximately 2 million residential, industrial, and commercial consumers in the State of New York. NMPC is the sole licensed owner and operator of NMP 1. NMPC also holds a 41% undivided ownership interest in NMP 2 and is the licensed operator of NMP 2. NYSEG is a regulated electric and gas company providing electric and natural gas retail service to approximately 1 million residential, industrial, and commercial consumers in the State of New York. NYSEG holds an 18% undivided ownership interest in NMP 2.

Following the proposed transfers, AmerGen will become the licensed operator of both NMP Units, the sole owner of NMP 1, and a 59% owner of NMP 2. The other current co-owners of NMP 2, Long Island Lighting Company (LILCO), the Rochester Gas and Electric Corporation (RG&E), and the Central Hudson Gas & Electric Company (CH) will retain their respective undivided ownership interests of 18%, 14% and 9% in NMP 2. AmerGen also will assume NMPC's role as the operator of NMP 2 under the operating agreement among the NMP 2 owners.

In connection with the ongoing restructuring of the electric utility industry in the United States, and the State of New York in particular, NMPC and NYSEG have decided to substantially withdraw from the energy generation business, including nuclear generation, and sell their interests in the NMP Units. On June 23, 1999, NMPC and AmerGen executed the NMP 1 Asset Purchase Agreement, and NMPC, NYSEG, and AmerGen executed the NMP 2 Asset Purchase Agreement. Under these agreements, (NMP Agreements), NMPC and NYSEG will transfer their respective ownership and operating interests in NMP 1 & 2 to AmerGen. The parties also executed, or will execute, certain ancillary agreements in connection with the NMP Agreements including Interconnection Agreements and Power Purchase Agreements. In accordance with the

NMP Agreements, the closing of the transactions will take place on the Closing Date, as defined in the NMP Agreements, once all conditions precedent are satisfied and all required regulatory approvals are obtained.

On and after the Closing Date, the following events will occur pursuant to the NMP Agreements, the Interconnection Agreements, and the Power Purchase Agreements:

- (a) AmerGen will assume NMPC's and NYSEG's right, title and interest in and to NMP 1 & 2, except as specified in the NMP Agreements—including buildings, equipment, spare parts, fixtures, inventory, documents, records, assignable contracts, new, used and spent nuclear fuel, other NRC licensed materials at the NMP Units and other property necessary for their operation and maintenance—and assume NMPC's and NYSEG's responsibility for the operation, maintenance, and eventual decommissioning of each unit;
- (b) AmerGen will offer employment to substantially all NMPC employees working at the NMP 1 & 2 site, and will assume the existing International Brotherhood of Electrical Workers (IBEW) Collective Bargaining Agreement for the transferred union employees;
- (c) AmerGen will have the right to contract for any necessary transmission service under NMPC's Open Access Transmission Tariff, or its successor (NYISO Tariff) and will have contracted for back-up power to the site consistent with NRC requirements;
- (d) NMPC will purchase 95% of the capacity and energy from NMP 1 from AmerGen from the Closing Date until the fifth anniversary of the Closing Date; and NMPC and NYSEG will purchase 56.05% of the total capacity and energy from NMP 2 from AmerGen, from the Closing Date until the third anniversary of the Closing Date, representing 95% of the output associated with the 59% ownership interest in NMP 2 conveyed to AmerGen by NMPC and NYSEG; and
- (e) NMPC will have made or will make additional cash deposits to the decommissioning trust funds for NMP 1, and NMPC and NYSEG will have made or will make additional cash deposits to the decommissioning trust funds for NMP 2. AmerGen anticipates that the fair market value of the fund for Unit 1, after transfer, will meet NRC's financial assurance requirements for decommissioning funding. AmerGen anticipates that the fair market value of the fund for Unit 2, after transfer, plus the additional financial assurances described in



the Application, will meet NRC's financial assurance requirements for decommissioning funding.

AmerGen believes that the information contained in this Application demonstrates that:

- (1) AmerGen possesses the requisite technical and financial qualifications to own and operate the NMP Units;
- (2) AmerGen is not owned, controlled, or dominated by an alien, foreign corporation or foreign government, within the meaning of Sections 103d or 104d of the Act; and
- (3) the proposed transfers and conforming administrative amendments do not present any undue risk to the health and safety of the public.

As discussed in the Application, the proposed transfers and conforming administrative amendments will involve certain organizational and administrative changes, but will not involve any other change to either NMP Unit's current licensing basis. AmerGen does not anticipate any reduction in the commitments in the quality assurance plan, or any reduction in the effectiveness of the emergency and security plans for the NMP Units as a result of the transfers.

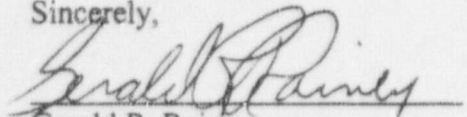
In summary, the proposed transfers will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC licenses and orders, and will neither have any adverse impact on the public health and safety nor be inimical to the common defense and security. AmerGen, NMPC, and NYSEG therefore respectfully request that the Commission consent to the transfers in accordance with 10 CFR § 50.80 and approve the conforming administrative amendments pursuant to 10 CFR § 50.92.

The Closing Date of the sale of NMPC and NYSEG's interests in NMP 1 & 2 is dependent upon the receipt of all required regulatory approvals, and will occur promptly after receipt of the necessary approvals. It is the parties' desire to close at the earliest practicable date following receipt of all required regulatory approvals. Therefore, AmerGen, NMPC and NYSEG request that the NRC review this Application on a schedule that will permit the issuance of NRC consent to the license transfers, and approval of the conforming administrative license amendments, as promptly as possible, and in any event before January 15, 2000. Such consent should be immediately effective upon issuance, and should permit the transfers and the implementation dates of the conforming amendments to occur at any time through September 1, 2000, or such later date as may be permitted by the NRC. AmerGen, NMPC and NYSEG will keep the NRC informed if there are any significant changes in the status of the other required approvals or other developments that have an impact on this schedule.

The Application includes a proprietary, separately bound Addendum with Enclosures 3A, 4A, 6A, 8A, and 11A of the Application, because they contain confidential commercial or financial information. AmerGen requests that this information be withheld from public disclosure pursuant to 10 CFR § 9.17(a)(4) and the policy reflected in 10 CFR § 2.790, as described in the Affidavit of Gerald R. Rainey provided in Enclosure 15 to the Application. Non-Proprietary versions of these documents suitable for public disclosure are provided as Enclosures 3, 4, 6, 8, and 11 to the Application.

If NRC requires additional information concerning these license transfer requests, please contact Gerald R. Rainey, Chief Executive Officer & Chief Nuclear Officer, AmerGen Energy Company, LLC, 965 Chesterbrook Blvd., Wayne, PA 19087. Service upon the applicants of comments, hearing requests, intervention petitions, or other pleadings, if applicable, should be made to Mark J. Wetterhahn, counsel for NMPC, at Winston & Strawn, 1400 L Street, N.W., Washington, D.C. 20005 (tel: 202-371-5703; fax: 202-371-5950; e-mail: mwetterh@winston.com), Samuel Behrends IV, counsel for NYSEG, at LeBoeuf, Lamb, Greene & MacRae, L.L.P., 1875 Connecticut Avenue, N.W., Suite 1200, Washington, DC 20009-5728 (tel: 202-986-8018; fax: 202-986-8102; e-mail: sbehrend@llgm.com), and Kevin P. Gallen, counsel for AmerGen, at Morgan, Lewis & Bockius LLP, 1800 M Street, N.W., Washington, DC 20036-5869 (tel: 202-467-7462; fax: 202-467-7176; e-mail: Kpgallen@mlb.com).

Sincerely,

  
Gerald R. Rainey  
AmerGen Energy Company LLC

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John H. Mueller  
Niagara Mohawk Power Corporation

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Jeffrey K. Smith  
New York State Electric & Gas Corporation

Encl. (1) Application

cc: Document Control Desk, NRC (3 copies)  
Hubert J. Miller, Regional Administrator, Region I, NRC  
Gordon K. Hunegs, NMP, Senior Resident Inspector, NRC  
Darl S. Hood, NMP Project Manager, NRC  
J. P. Spath, NYSEDA  
S.S. Bajwa, Section Chief PD-1, Section 1, NRR

**AmerGen**  
A PECO Energy/British Energy Company

Niagara  Mohawk

**NYSEG**  


## **NRC LICENSE TRANSFER APPLICATION**

September 10, 1999

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submitted by

**AmerGen Energy Company, LLC**

**Niagara Mohawk Power Corporation**

**&**

**New York State Electric & Gas Corporation**

Nine Mile Point Station  
NRC Facility Operating License Nos. DPR-63 and NPF-69  
Docket Nos. 50-220 and 50-410



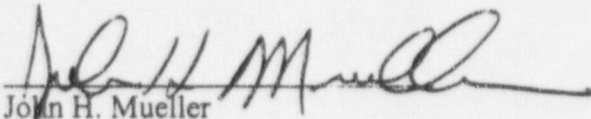
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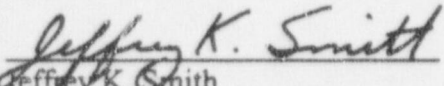
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