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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION AND
THE OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS
RELATED TO THE INDIRECT TRANSFER OF CONTROL OF
RENEWED FACILITY OPERATING LICENSE NO. NPF-14
RENEWED FACILITY OPERATING LICENSE NO. NPF-22
AND THE GENERAL LICENSE FOR
THE INDEPENDENT SPENT FUEL STORAGE INSTALLATION
SUSQUEHANNA STEAM ELECTRIC STATION, UNITS 1 AND 2
DOCKET NOS. 50-387, 50-388, AND 72-28**

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1.0 INTRODUCTION

1.1 Application

By letter PLA-8015 [1] dated September 29, 2022, as supplemented by letters PLA-8032 [2], PLA-8039 [3], and PLA-8057 [4] dated October 28, 2022, December 22, 2022, and March 15, 2023, respectively (the application), Susquehanna Nuclear, LLC (Susquehanna Nuclear),¹ on behalf of itself and the unsecured creditors (as described in the application) of Talen Energy Supply, LLC (Talen Energy Supply) (collectively, the applicants), requested, pursuant to section 184 of the Atomic Energy Act of 1954, as amended (the AEA), and title 10 of the *Code of Federal Regulations* (10 CFR) section 50.80, “Transfer of licenses,” and 10 CFR 72.50, “Transfer of license,” that the U.S. Nuclear Regulatory Commission (NRC, the Commission) consent to the indirect transfer of control of Susquehanna Nuclear’s interests in Renewed Facility Operating License Nos. NPF-14 and NPF-22 for the Susquehanna Steam Electric Station (Susquehanna), Units 1 and 2, respectively, and the general license for the Susquehanna independent spent fuel storage installation (ISFSI) (collectively, the licenses; Susquehanna, Units 1 and 2 and the ISFSI are collectively the facilities).² The applicants requested that the NRC consent to this indirect license transfer to support a proposed transaction in which Susquehanna Nuclear would continue to be directly owned by Talen Energy Supply, but which, in turn, would be directly owned by an as-yet unnamed new parent company identified herein as Reorganized Talen Energy Corporation. The applicants also requested that the NRC approve conforming administrative amendments to Appendix C, “Additional Conditions,” of Renewed Facility Operating License Nos. NPF-14 and NPF-22 to reflect a change in the entity (i.e., from Talen Energy Corporation to Talen Energy Supply) responsible for providing a financial support agreement to Susquehanna Nuclear, as well as related editorial changes and changes regarding the investment of decommissioning trust funds, with such amendments to be effective at the consummation of the proposed transaction [1].

1.2 Background

As discussed in the application, Susquehanna Nuclear is a direct, wholly-owned subsidiary of Talen Energy Supply. Talen Energy Supply is a direct, wholly-owned subsidiary of Talen Energy Corporation, the stock of which is held by affiliates of Riverstone Holdings, LLC. Commencing on May 9, 2022, Talen Energy Supply and certain of its subsidiaries (collectively, the debtors) each filed a voluntary case under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas. Also on May 9, 2022, the debtors executed a restructuring support agreement with certain holders of the debtors’ unsecured notes. On September 9, 2022, the debtors, including Susquehanna Nuclear, filed a Joint Plan of Reorganization (the Plan) and related Disclosure Statement in the Bankruptcy Court. Under the terms of the Plan, along with certain supporting settlements and agreements, the debtors and Talen Energy Corporation intend to pursue a comprehensive restructuring pursuant to a debt-for-equity exchange in which the equity of the ultimate direct and indirect parent of Reorganized Talen Energy Corporation will be distributed to holders of unsecured notes claims and general unsecured claims (together, the unsecured creditors) and to eligible unsecured creditors that participate in a rights offering, through which such unsecured creditors

¹ Susquehanna Nuclear is the licensed operator for the Susquehanna Steam Electric Station, Units 1 and 2.

² Allegheny Electric Cooperative, Inc. owns a 10-percent share of Susquehanna. The application does not propose changes to Allegheny Electric Cooperative, Inc.’s ownership share of Susquehanna.

can obtain additional shares of common equity in Reorganized Talen Energy Corporation (the Equitization Transaction), while allowing for an alternative transaction on certain terms, should one materialize. The Bankruptcy Court confirmed the Plan on December 15, 2022. The applicants also notified the NRC that the parent of Talen Energy Supply, Talen Energy Corporation, had itself filed a voluntary case under chapter 11 of title 11 of the United States Code, which is jointly administered with its subsidiary debtors' chapter 11 cases.

As discussed in the application, pursuant to the restructuring support agreement, the debtors have agreed to move forward expeditiously with the confirmation and consummation of the Plan, and to be subject to certain milestones, including an effective date of the Plan by no later than May 9, 2023 (subject to a potential six-month extension). The applicants expect that at the conclusion of the proposed transaction, Susquehanna Nuclear will continue to be directly owned by Talen Energy Supply, which, in turn, will either be, or be directly owned by, Reorganized Talen Energy Corporation.

As discussed in the application, as a result of the Equitization Transaction set forth in the Plan, ownership, in the form of common equity shares in Reorganized Talen Energy Corporation will be spread among certain unsecured creditors, a class which involves numerous entities, only four of which are likely to exceed 5-percent ownership, and only three of which are likely to exceed 10-percent ownership. No single holder is expected to hold in excess of 25 percent of Reorganized Talen Energy Corporation, and no holders will have any special control rights over either Reorganized Talen Energy Corporation, Talen Energy Supply (to the extent another entity serves as Reorganized Talen Energy Corporation), or Susquehanna Nuclear.

The applicants stated that the proposed transaction, including the indirect transfer of control of the licenses, would not adversely affect Susquehanna Nuclear's technical and financial qualifications to own and operate the facilities or its decommissioning funding assurance. The applicants stated that the proposed transaction does not involve any changes to Susquehanna Nuclear's continued operation or its ownership of the facilities or any physical changes in, or changes to the conduct of operations at, the facilities.

1.3 Notices

On November 8, 2022, the NRC published a notice of consideration of approval of the application in the *Federal Register* [5]. This notice provided an opportunity to comment, request a hearing, and petition for leave to intervene on the application. The supplemental letters dated December 22, 2022 [3] and March 15, 2023 [4], provided additional information that clarified the application and did not expand the scope of the application as originally noticed. The NRC did not receive any written comments in response to the notice. On November 28, 2022, Eric J. Epstein submitted a petition for leave to intervene and hearing request [6]; on March 17, 2023, the Commission denied this petition and hearing request and terminated the proceeding [7]. The NRC staff reviewed and considered the petition and hearing request as part of its evaluation of the application.

2.0 REGULATORY EVALUATION

The proposed transaction described in the application would constitute an indirect transfer of control of the licenses, which requires prior NRC approval. Generally, for indirect transfers of control of licenses, the NRC must find that the transaction will not affect the technical and financial qualifications of the holders of the licenses. The NRC regulations for the transfer of

control of reactor licenses and for the transfer of control of ISFSI licenses are 10 CFR 50.80 and 10 CFR 72.50, respectively. In addition, pursuant to 10 CFR 2.1315, "Generic determination regarding license amendments to reflect transfers," where administrative license amendments are necessary to reflect an approved license transfer, such amendments will be included in the order that approves the transfer. License amendments are requested pursuant to 10 CFR 50.90, "Application for amendment of license, construction permit, or early site permit," and under 10 CFR 50.92(a), in determining whether an amendment will be issued, the NRC staff is guided by the considerations that govern the issuance of initial licenses to the extent applicable and appropriate. The common standards for license issuance in 10 CFR 50.40(a), and those specifically for issuance of operating licenses in 10 CFR 50.57(a)(3), provide that there must be "reasonable assurance" that the activities at issue will not endanger the health and safety of the public.

2.1 Reactor Licenses

2.1.1 Regulations

- Section 50.80(a) of 10 CFR states, in part, that no license for a utilization facility or any right thereunder, shall be transferred either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing.
- Section 50.80(b) of 10 CFR states, in part, that an application for transfer of an operating license shall include as much of the information described in 10 CFR 50.33, "Contents of applications; general information," and 10 CFR 50.34, "Contents of applications; technical information," with respect to the identity and technical and financial qualifications of the proposed transferee as would be required by those sections if the application were for an initial license.
- Section 50.80(c) of 10 CFR states, in part, that the Commission will approve an application for the transfer of a license, if the Commission determines that: (1) the proposed transferee is qualified to be the holder of the license and (2) the transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.
- Section 50.81(b) of 10 CFR states, in part, that "[a]ny creditor so secured may apply for transfer of the license covering such facility by filing an application for transfer of the license" pursuant to 10 CFR 50.80(b) and that the Commission will act upon such application pursuant to 10 CFR 50.80(c).
- Sections 50.33(a) through (c) of 10 CFR require applicants to provide the name, address, and a description of the business or occupation of the applicant. Section 50.33(d) of 10 CFR requires applicants to do the following:
 - if applicant is an individual, state citizenship
 - if applicant is a partnership, state name, citizenship and address of each partner and the principal location where the partnership does business
 - if applicant is a corporation or an unincorporated association, state: (i) the state where it is incorporated or organized and the principal location where it does

- business; (ii) the names, addresses and citizenship of its directors and of its principal officers; and (iii) whether it is owned, controlled, or dominated by an alien, a foreign corporation, or foreign government, and if so, give details
- if the applicant is acting as agent or representative of another person in filing the application, identify the principal and furnish information required under this paragraph with respect to such principal
 - Section 50.33(f) of 10 CFR requires, except for an electric utility applicant for a license to operate a utilization facility of the type described in 10 CFR 50.21(b) or 10 CFR 50.22, each application to provide information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with the NRC's regulations, the activities for which the license is sought. An electric utility is defined in 10 CFR 50.2, "Definitions," as any entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority.
 - Section 50.33(k)(1) of 10 CFR requires that applicants provide the information described in 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," indicating how reasonable assurance will be provided that funds will be available to decommission the facility. Specifically, 10 CFR 50.75(b) requires that decommissioning financial assurance be provided in an amount not less than the minimum formula amount in 10 CFR 50.75(c). In 10 CFR 50.75(e), the NRC includes the methods acceptable to the agency for covering this decommissioning financial assurance amount, including using a decommissioning trust fund. Finally, 10 CFR 50.75(f) and (h) provide additional requirements for the reporting and management of decommissioning trust funds. In accordance with 10 CFR 50.2, the term "decommission" means to remove a facility or site safely from service and reduce residual radioactivity to a level that permits: (1) release of the property for unrestricted use and termination of the license or (2) release of the property under restricted conditions and termination of the license.
 - Section 50.34(b)(6) of 10 CFR requires applicants to provide certain information on facility operation, including: (i) the applicant's organizational structure, allocations or responsibilities and authorities, and personnel qualifications requirements and (ii) managerial and administrative controls to be used to assure safe operation. Section 50.34(b)(7) of 10 CFR requires applicants to provide the technical qualifications of the applicant to engage in the proposed activities in accordance with the NRC's regulations.
 - Section 50.38, "Ineligibility of certain applicants," of 10 CFR implements the foreign ownership, control, or domination (FOCD) provisions of AEA sections 103d and 104d by providing that no license may be issued to any corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.
 - Section 50.54(w) of 10 CFR has requirements pertaining to nuclear onsite property damage insurance. Part 140, "Financial Protection Requirements and Indemnity Agreements," of 10 CFR and Section 170 of the AEA have requirements pertaining to Price-Anderson insurance and indemnity.

2.1.2 Guidance

- NUREG-0800, “Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR [Light-Water Reactor] Edition,” Chapter 13, “Conduct of Operations,” provides the following guidance related to the review of license transfer applications:
 - Section 13.1.1, Revision 6, “Management and Technical Support Organization” [8], which describes the process used for the review of the corporate-level management and technical support organization of applicants.
 - Section 13.1.2 - 13.1.3, Revision 7, “Operating Organization” [9], which describes the process used for the review of the operating organization of applicants, including the structure, functions, and responsibilities of the onsite organization established to safely operate and maintain the facility.
- NUREG-1577, Revision 1, “Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance” [10], describes the process used to evaluate financial qualifications and methods of providing decommissioning funding assurance.
- The NRC staff evaluates license transfer applications using the guidance provided in the NRC’s “Final Standard Review Plan on Foreign Ownership, Control, or Domination” [11] to determine whether the licensee will be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

2.2 Independent Spent Fuel Storage Installation General Licenses – Regulations

- The Susquehanna ISFSI is generally licensed in accordance with 10 CFR 72.210, “General license issued.”
- Section 72.50 of 10 CFR provides the requirements for the transfer of an ISFSI license, stating, in part, that no license or any part included in a license issued under 10 CFR part 72 for an ISFSI shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing.

3.0 TECHNICAL EVALUATION

As described in the application, the proposed transaction constitutes an indirect transfer of control of the licenses, which requires prior NRC approval, and would also require conforming administrative license amendments to reflect the transaction. This safety evaluation summarizes the NRC staff's review of the license transfer and of the conforming license amendments.

3.1 Evaluation of License Transfer

3.1.1 Financial Qualifications

Except for an electric utility applicant for a license to operate a utilization facility of the type described in 10 CFR 50.21(b) or 10 CFR 50.22, 10 CFR 50.33(f) requires each application to state "information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the ... license is sought." Section 50.2 of 10 CFR defines an electric utility as "any entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority." As it is not rate-regulated by any State or other agencies, the NRC staff has determined that Susquehanna Nuclear must meet the financial qualifications requirements for a non-electric utility pursuant to 10 CFR 50.33(f) for the proposed indirect license transfer. As such, the application must show that Susquehanna Nuclear possesses, or has reasonable assurance of obtaining, the funds necessary to cover estimated operation costs for the period of the licenses. In making this showing, Susquehanna Nuclear must submit estimates for total annual operating costs for each of the 5 years of facility operations immediately following the license transfer and indicate the sources of funds to cover these costs.

The NRC staff reviewed the financial qualifications information submitted by the applicants for the reasonableness of the estimated operating costs, the reasonableness of the financial projections and underlying assumptions, and the sensitivity of the revenue projections to determine whether Susquehanna Nuclear possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operation costs for the period of the licenses.

3.1.1.1 Evaluation of Financial Qualifications

In the application [1], as supplemented [2], the applicants stated that Susquehanna Nuclear's anticipated revenues from competitive sales of energy, capacity, and ancillary services provide reasonable assurance of an adequate source of funds to meet its share of the facilities' anticipated operating expenses. The applicants also stated that, in addition to these anticipated revenues, through back-to-back power purchase agreements, 100 megawatts of Susquehanna Nuclear's share of the output of the facilities is obligated at a fixed price to provide power to a bitcoin mining tenant at a data center facility adjacent to the Susquehanna site. Finally, the applicants stated that following the emergence from bankruptcy, Susquehanna Nuclear will remain financially qualified to operate and possess its interest in the facilities. In support of these statements, the applicants provided projected income statements for the 5-year period

from January 1, 2023, through December 31, 2027. With respect to Susquehanna, Unit 1, the applicants provided the following information:

Table 1: Summary of Projected Income Statement for Susquehanna, Unit 1 (\$ in thousands)

Year	2023	2024	2025	2026	2027
Total Revenue	[[				
Total Expenses					
Income Before Taxes ³					
Net Income					]]

The NRC staff determined that the projected income statement for Susquehanna, Unit 1 provides the information necessary to evaluate the financial qualifications of Susquehanna Nuclear. The projection shows [[

]]. The NRC staff determined that this projection demonstrates that Susquehanna Nuclear has reasonable assurance of obtaining the funds necessary, through revenues generated from the sale of electricity, ancillary services, and capacity, to cover estimated operation costs for the five years of Susquehanna, Unit 1 facility operation immediately following the proposed transfer.

The NRC staff reviewed the bases for the revenue, expenses, and income figures as presented by the applicants and concludes that the assumptions used by the applicants are reasonable. The applicants also provided two sensitivity analyses: one that reduced the forecasted factor for capacity by 10 percent and one that reduced the forecasted factor for the price of electricity by 10 percent. In each case, the applicants still forecasted [[

]], thus demonstrating that Susquehanna Nuclear has reasonable assurance of obtaining through revenue generation the funds necessary to cover estimated operating costs even under these more conservative conditions.

The applicants provided the following information for Susquehanna, Unit 2:

Table 2: Summary of Projected Income Statement for Susquehanna, Unit 2 (\$ in thousands)

Year	2023	2024	2025	2026	2027
Total Revenue	[[				
Total Expenses					
Income Before Taxes ⁴					
Net Income					]]

The NRC staff determined that the projected income statement for Susquehanna, Unit 2 provides the information necessary to evaluate the financial qualifications of Susquehanna Nuclear. The projection shows [[

]]. The NRC staff determined that this projection demonstrates that Susquehanna Nuclear has reasonable assurance of obtaining the funds necessary, through revenues generated from the sale of electricity, ancillary services, and capacity, to cover estimated

³ All income taxes are paid at the Talen Energy Supply level. No tax sharing agreement is in place for taxes at the facilities.

⁴ All income taxes are paid at the Talen Energy Supply level. No tax sharing agreement is in place for taxes at the facilities.

operation costs for the five years of Susquehanna, Unit 2 facility operation immediately following the proposed transfer.

The NRC staff reviewed the bases for the revenue, expenses, and income figures as presented by the applicants and concludes that the assumptions used by the applicants are reasonable. The applicants also provided two sensitivity analyses: one that reduced the forecasted factor for capacity by 10 percent and one that reduced the forecasted factor for the price of electricity by 10 percent. Considering both scenarios, [[

]]. When considering the totality of the facts regarding projected income for Susquehanna, Unit 2, the pro forma statements (base case and sensitivity analyses) for Susquehanna, Unit 2, and income projections for Susquehanna, Unit 1, the NRC staff finds that Susquehanna Nuclear has reasonable assurance of obtaining the funds necessary to cover estimated operating costs even under these more conservative conditions.

3.1.1.2 Fixed Operating Costs and Associated Support Agreement

Regarding financial qualifications, NUREG-1577 [10] states, in part, that the NRC staff reviewer “will also consider other relevant financial information (i.e., information on cash or cash equivalents that would be sufficient to pay fixed operating costs during an outage of at least six months ... and any other relevant factors).”

The applicants provided a calculation of Susquehanna Nuclear’s share of the six-month fixed operating costs for the facilities as [[]]. This scenario reflects Susquehanna Nuclear’s 90-percent share of the fixed operating costs that would be incurred during a prolonged outage of Susquehanna, Units 1 and 2 during which Susquehanna Nuclear would be unable to generate revenues from their operation to cover operating expenses. To address this scenario, Talen Energy Corporation, in accordance with existing conditions in the Susquehanna, Units 1 and 2 operating licenses that were previously approved by the NRC, currently maintains a Support Agreement [12] committing to make funding of up to \$205 million available to Susquehanna Nuclear.

As part of the application, the applicants requested that the NRC approve conforming administrative amendments to the Susquehanna, Units 1 and 2 operating licenses to reflect that Talen Energy Supply would be maintaining the Support Agreement instead of Talen Energy Corporation as a result of the proposed transaction. According to the application, after restructuring, Talen Energy Supply will continue to have a portfolio of diverse generation assets and is expected to generate positive operating earnings post-emergence. Upon emergence, Talen Energy Supply is expected to have \$1.4 - \$1.6 billion in current assets, exceeding expected post-emergence liabilities of \$900 million - \$1.1 billion. Finally, upon emergence, Talen Energy Supply expects to have \$1 billion of combined capacity to fund general corporate purposes and letters of credit. Based on this information, the NRC staff finds that Talen Energy Supply is qualified to assume the financial support obligations to Susquehanna Nuclear currently maintained by Talen Energy Corporation and, therefore, the related conditions of the Susquehanna, Units 1 and 2 operating licenses, as amended, continue to provide additional assurance of financial qualifications.

3.1.1.3 Conclusion of Financial Qualifications Evaluation

In consideration of the above, the NRC staff finds that the applicants have submitted information that demonstrates that Susquehanna Nuclear has reasonable assurance of obtaining the funds necessary to cover the estimated operation costs of Susquehanna, Units 1 and 2 for the period of the licenses, and that any changes as a result of the proposed transaction will not affect the financial qualifications of Susquehanna Nuclear to possess, use, and operate Susquehanna, Units 1 and 2. Moreover, support from its parent in the form of the Support Agreement required by conditions in the Susquehanna, Units 1 and 2 operating licenses, to be amended as part of the indirect license transfer as discussed above, and additional access to cash as necessary through Talen Energy Supply provide additional assurance that funds will be available to cover estimated operation costs. Therefore, the NRC staff concludes that Susquehanna Nuclear will continue to be financially qualified to carry out, in accordance with the NRC's regulations, the activities authorized by the licenses and, thus, that the proposed indirect transfer of the licenses satisfies 10 CFR 50.80 and 10 CFR 72.50 with respect to financial qualifications.

3.1.2 Evaluation of Decommissioning Funding

Pursuant to 10 CFR 50.33(k), an applicant for an operating license for a utilization facility must demonstrate how reasonable assurance will be provided that funds will be available to decommission the facility consistent with 10 CFR 50.75. The regulation at 10 CFR 50.75(b) requires a power reactor licensee to provide decommissioning funding assurance by one or more of the methods described in 10 CFR 50.75(e). Furthermore, 10 CFR 50.75(c) provides the "Table of minimum amounts (January 1986 dollars) required to demonstrate reasonable assurance of funds for decommissioning by reactor type and power level, P (in MWt [megawatts thermal]); adjustment factor."

3.1.2.1 Decommissioning Funding Assurance for the Facilities

The applicants stated that Susquehanna Nuclear's decommissioning funding assurance for the facilities will remain and will not be affected by either the chapter 11 bankruptcy case or the transaction contemplated by the Plan, including the proposed indirect license transfer.

Susquehanna Nuclear currently provides decommissioning funding assurance for its share of the decommissioning costs of the facilities through existing decommissioning trust fund assets, in accordance with 10 CFR 50.75(e)(1)(i) (i.e., the "prepayment" method). The applicants provided that the approximate market value of Susquehanna Nuclear's decommissioning trusts for Susquehanna, Units 1 and 2 are \$677,304,324 and \$753,161,159, respectively. The NRC staff evaluated these funding amounts using the appropriate labor, energy, and low-level radioactive waste burial charge data and determined that they exceed the NRC minimum decommissioning funding requirements of 10 CFR 50.75(c).

Concerning decommissioning funding assurance for the Susquehanna ISFSI, the Susquehanna ISFSI decommissioning funding plan [14] provides that the amount of surplus in the decommissioning trusts is more than sufficient to fund the estimated ISFSI decommissioning cost. The NRC staff evaluated this funding amount and determined that it exceeds the estimated cost.

Susquehanna Nuclear adjusts as necessary the Susquehanna ISFSI decommissioning cost estimate every three years, as required by 10 CFR 72.30(c), and annually adjusts its 90-percent share of the Susquehanna, Units 1 and 2 decommissioning funding assurance, as required by 10 CFR 50.75(b)(2) and these requirements will continue to apply after the proposed transaction. Therefore, the NRC staff finds that the indirect license transfer will have no effect upon Susquehanna Nuclear's decommissioning fund resources, and that Susquehanna Nuclear will continue to have reasonable assurance that funds will be available to decommission the facilities.

3.1.2.2 Conclusion of Decommissioning Funding Evaluation

In consideration of the above, the NRC staff finds that Susquehanna Nuclear's decommissioning funding amounts exceed the NRC decommissioning funding requirements for the facilities. The NRC staff also finds that the proposed transaction, including the indirect license transfer, will not materially affect the decommissioning funding arrangements currently in place for the facilities. Additionally, there will be no impact to the Allegheny Electric Cooperative, Inc. portion of the decommissioning funds or its funding mechanism used to provide decommissioning funding assurance. Therefore, the NRC staff concludes that Susquehanna Nuclear will continue to provide reasonable assurance that funds will be available to decommission the facilities in accordance with the NRC's requirements and, thus, that the proposed transfer of the licenses satisfies 10 CFR 50.80 and 10 CFR 72.50 with respect to decommissioning funding.

3.1.3 Evaluation of Technical Qualifications

3.1.3.1 Operating Organization

In section III.C, "Technical Qualifications," of enclosure 1 to the application [1], the applicants stated the following:

The technical qualifications of Susquehanna Nuclear to operate [Susquehanna] are not affected by the proposed transaction. ...Susquehanna Nuclear will at all times remain the licensed operator of [Susquehanna], and there are expected to be no changes in the Susquehanna Nuclear senior management team (including Susquehanna Nuclear's existing Chief Nuclear Officer) resulting from the transactions contemplated by the Plan.

In section III.K, "Independent Spent Fuel Storage Installation," of enclosure 1 to the application [1], the applicants stated the following:

The transactions contemplated by the Plan do not affect the Independent Spent Fuel Storage Installation (ISFSI) general license issued for the storage of spent fuel at [Susquehanna] pursuant to Subpart K of 10 CFR [part] 72.

Section 13.1.2 - 13.1.3 [9] of NUREG-0800 states that the review for a transfer of an operating license should focus on evaluating changes to the operating organization proposed as a result of the transfer and ensure that the proposed changes will result in an organization that will continue to meet the relevant review criteria.

The NRC staff reviewed the application and determined that the proposed indirect transfer of control of the licenses is not expected to have any impact on the operating organization at Susquehanna. Susquehanna Nuclear will remain as the established operating organization for Susquehanna and, in accordance with the units' operating licenses, Susquehanna Nuclear will maintain its role as the organization technically qualified to engage in the activities authorized by the operating licenses in accordance with the NRC's regulations. Furthermore, the staff determined that the proposed transaction also does not affect Susquehanna Nuclear's ISFSI general license. Because there will be no actual impact on facility operations or the operating organization at Susquehanna, the staff finds the applicants' consideration of this review area to be acceptable.

3.1.3.2 Management and Technical Support Organization

In section III.A, "Description of Transaction," of enclosure 1 to the application [1], the applicants stated the following:

Susquehanna Nuclear will continue to be directly-owned by Talen Energy Supply, which will, in turn, either be, or be directly owned by, Reorganized Talen, and no other changes to ownership or control of Susquehanna Nuclear will occur in the Restructuring.

In section I, "Introduction," of enclosure 1 to the application [1], the applicants stated the following:

No entities will have any special control rights over Reorganized Talen or Susquehanna Nuclear.... No changes to officers or managers of Susquehanna Nuclear are anticipated pursuant to the Plan.

Furthermore, in Enclosure 1 to the second supplement to the application [3], the applicants stated the following:

Applicants have determined that Reorganized Talen Energy Corporation will have a "Stockholders' Agreement." ...The Stockholders' Agreement does not materially alter the facts regarding governance or control of licensed activities at [Susquehanna] contained in the Application, as it relates primarily to certain information rights and drag-along rights for potential future transactions, which may be subject to a separate NRC review and consent prior to consummation. Therefore, the addition of the Stockholders' Agreement does not materially change the conclusions the NRC must make to consent to the proposed transfers.

In section III.C, "Technical Qualifications," of enclosure 1 to the application [1], the applicants stated the following:

The technical qualifications of Susquehanna Nuclear to operate [Susquehanna] are not affected by the proposed transaction. ...Susquehanna Nuclear will at all times remain the licensed operator of [Susquehanna], and there are expected to be no changes in the Susquehanna Nuclear senior management team (including Susquehanna Nuclear's existing Chief Nuclear Officer) resulting from the transactions contemplated by the Plan.

Section 13.1.1 [8] of NUREG-0800 states that “[t]he review for license transfer will examine the acceptability of any changes to the technical organization or personnel qualifications proposed as a result of a license transfer....” It also states that “[t]he objective of this review is to ensure that the corporate management is involved with, informed of, and dedicated to the safe design, construction, testing, and operation of the nuclear plant” and that the review should “ensure that sufficient technical resources have been, are being, and will continue to be provided to adequately accomplish these objectives.”

The NRC staff reviewed the application and determined that the proposed indirect transfer of control of the licenses is not expected to have any impact on the management organization at Susquehanna Nuclear. Susquehanna Nuclear will continue to make all technical decisions that do not require approval from all owners of Susquehanna. Because there will be no actual impact on the facility management organization responsible for oversight at Susquehanna, the staff finds the applicants’ consideration of this review area to be acceptable.

3.1.3.3 Conclusion of Technical Qualifications Evaluation

The NRC staff reviewed the operational and human performance aspects of the applicants’ request for the NRC to consent to the proposed indirect transfer of control of the licenses. Based on the information provided in the application, the NRC staff determined that there will be no substantial change to the operations and management organizations affecting the technical qualifications of those organizations. Therefore, the NRC staff finds that there is no change to the relevant information outlined in 10 CFR 50.33 and 50.34 and that the licensee has provided sufficient information in accordance with 10 CFR 50.80(b)(1)(i). Therefore, the NRC staff concludes that Susquehanna Nuclear will continue to be technically qualified to perform the activities authorized by the licenses and the NRC’s regulations and, thus, that the proposed transfer of the licenses satisfies 10 CFR 50.80 and 10 CFR 72.50 with respect to technical qualifications.

3.1.4 Antitrust Consideration

The AEA does not require or authorize antitrust reviews of post-operating license transfer applications.⁵ The application post-dates the issuance of the operating licenses for the reactor units under consideration in this safety evaluation; therefore, no antitrust review is required or authorized. Additionally, the application does not propose any changes to antitrust conditions; therefore, there are no antitrust issues for the NRC staff to consider in connection with conforming license amendments.

3.1.5 Evaluation of Foreign Ownership, Control, or Domination

According to the application, upon the consummation of the transaction contemplated by the Plan, the common equity in Reorganized Talen Energy Corporation, Susquehanna Nuclear’s proposed ultimate parent, will be owned almost entirely by its unsecured noteholders. The application states that no single entity is expected to hold or control more than 25 percent of the outstanding voting equity of Reorganized Talen Energy Corporation or have the ability to

⁵ Kansas Gas and Electric Co., et al. (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999).

exercise control over Reorganized Talen Energy Corporation. The unsecured noteholders and resulting ranges of equity are:

- | | |
|---|------------------|
| • Funds managed by Rubric Capital Management LP | 22 – 25 percent |
| • Funds managed by affiliates of Nuveen, LLC | 11 – 16 percent |
| • Funds managed by Citadel Advisors LLC | 9.5 – 15 percent |
| • Funds managed by CastleKnight Management LP | 4.5 – 6 percent |
| • Other equity holders (in aggregate) | 38 – 56 percent |

No other equity holders' equity is expected to exceed 5 percent.

According to the application, each of the funds listed above that will hold greater than 5-percent equity in Reorganized Talen Energy Corporation are U.S.-based and controlled entities. While certain funds managed and controlled by these holders include foreign investors, no foreign interests are able to control or direct activities related to fund holdings. Additionally, all upstream controllers or managers of each of the unsecured noteholders that will hold in excess of 10 percent of Reorganized Talen Energy Corporation are themselves U.S.-owned and controlled. While certain funds or managed investments contain foreign ownership interests or are domiciled in foreign jurisdictions, neither the investment vehicles nor the individual investors possess the ability to manage investments or participate in managers' decision-making processes, including special or distinct director or manager-appointment rights or control rights.

The NRC staff conducted an independent analysis, including open-source research and verification of the information provided in the application related to the ownership of all entities relevant to the proposed transaction, and found no evidence of FOCD of the licenses. While the application describes foreign investment interest in the proposed Reorganized Talen Energy Corporation, the investment is passive and will not result in the ability to exercise control or domination over Reorganized Talen Energy Corporation, or any of its proposed subsidiaries, including Susquehanna Nuclear, or the ability to exercise control over NRC-licensed activities at Susquehanna.

Based on its independent analysis of the information provided in the application, the NRC staff finds that the proposed license transfer does not raise any issues related to FOCD of the licenses within the meaning of the AEA and the NRC's regulations. Therefore, pursuant to sections 103d and 104d of the AEA and 10 CFR 50.38, the NRC staff concludes that it does not know or have reason to believe that Susquehanna Nuclear will be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government as a result of the proposed transaction.

3.1.6 Evaluation of Nuclear Insurance and Indemnity

Upon review of the requirements of section 170 of the AEA and the NRC's implementing regulations at 10 CFR part 140, the NRC staff finds that the current indemnity agreements do not need to be modified to reflect the proposed indirect license transfer (e.g., there would be no change to the named license holders). Additionally, the financial protection currently provided by Susquehanna Nuclear in the form of offsite liability insurance and onsite property insurance would continue to remain in effect unchanged. Susquehanna Nuclear remains required to provide, maintain, and report the appropriate amount of insurance in accordance with

10 CFR 50.54(w) and 10 CFR part 140. Therefore, the NRC staff concludes that Susquehanna Nuclear will continue to meet the applicable nuclear insurance and indemnity requirements.

3.1.7 Conclusion of License Transfer Evaluation

Based on its review of the information provided in the application and its independent analysis, the NRC staff finds that the indirect transfer of control of the licenses resulting from the proposed transaction contemplated by the Plan will not affect the qualifications of Susquehanna Nuclear to hold the licenses. Susquehanna Nuclear will continue to be financially and technically qualified to carry out, in accordance with the NRC's regulations, the activities authorized by the licenses; will continue to provide reasonable assurance that funds will be available to decommission the facilities in accordance with the NRC's requirements; will continue to meet the applicable nuclear insurance and indemnity requirements; and will continue to have no issues with respect to antitrust and FOCD. Accordingly, the NRC staff concludes that Susquehanna Nuclear will continue to be qualified to be the holder of the licenses and that the indirect transfer of the licenses is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

3.2 Evaluation of Conforming License Amendments

3.2.1 Conforming Amendments

The application requests conforming amendments to the licenses to reflect the proposed indirect license transfer. Specifically, the conforming amendments would change references to Talen Energy Corporation with respect to providing a financial support agreement to Susquehanna Nuclear and regarding the investment of decommissioning trust funds so that the licenses refer to Talen Energy Supply, and make related editorial changes. As discussed above, these changes would not materially change Susquehanna Nuclear's compliance with NRC requirements.

The applicants provided a markup [1] of the proposed changes to the licenses. The NRC staff has prepared draft conforming license amendments to reflect the proposed indirect license transfer. The draft conforming license amendments are consistent with the applicants' proposed changes. The NRC staff determined that the changes to the licenses, as reflected in the draft conforming amendments, are either consistent with NRC requirements or administrative in nature, and are necessary to reflect the approved license transfer. Accordingly, the NRC staff concludes that the draft conforming amendments are acceptable. The NRC staff will issue and make effective the conforming amendments when the license transfer is completed.

3.2.2 No Significant Hazards Consideration

Under the AEA and the NRC's regulations, the NRC staff may issue and make an amendment immediately effective, notwithstanding the pendency before the Commission of a request for a hearing from any person, in advance of the holding and completion of any required hearing, where it has made a determination that "no significant hazards consideration" or "no genuine issue as to whether the health and safety of the public will be significantly affected" is involved.

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a

utilization facility or the license of an ISFSI, which does no more than conform the license to reflect the transfer action, involves respectively, “no significant hazards consideration” or “no genuine issue as to whether the health and safety of the public will be significantly affected.” No contrary determination has been made by the Commission regarding this specific application.

3.2.3 Conclusion of Conforming License Amendments Evaluation

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) there is reasonable assurance that such activities will be conducted in compliance with the Commission’s regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

3.3 Condition

The application does not include some of the general corporate information required by 10 CFR 50.33. This information is necessary for the NRC staff to verify certain information provided in the application and to issue the conforming license amendments. Therefore, the order approving the indirect license transfer will include the following condition:

At least 5 business days before the planned closing of the proposed transaction, the applicants shall submit, signed under oath or affirmation, the following information to the NRC in accordance with 10 CFR part 50: (1) the final legal entity name of Reorganized Talen Energy Corporation; (2) the state of incorporation and address for Reorganized Talen Energy Corporation; and (3) the names, addresses, and citizenship of the directors and principal officers of Reorganized Talen Energy Corporation.

4.0 STATE CONSULTATION

In accordance with the Commission’s regulations, on March 16, 2023 [15], the NRC staff notified the Commonwealth of Pennsylvania official of the proposed license transfer and issuance of draft conforming amendments. The official did not provide any comments.

5.0 ENVIRONMENTAL CONSIDERATION

The application is for approval of a transfer of licenses issued by the NRC and for approval of associated amendments to the licenses required to reflect the approval of the transfer. Accordingly, the actions involved meet the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with the approval of the application and conforming license amendments.

6.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) the proposed transferees are qualified to be the holders of the licenses and (2) transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders

issued by the Commission pursuant thereto. The Commission has also concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) there is reasonable assurance that such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

7.0 REFERENCES

- [1] Berryman, B., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Application for Order Approving Indirect Transfer of Control of Licenses and Approving Conforming License Amendments PLA-8015," September 29, 2022 (Agencywide Documents Access and Management System Accession No. ML22272A603).
- [2] Berryman, B., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Application for Order Approving Indirect Transfer of Control of Licenses and Approving Conforming License Amendments – Supplemental Information PLA-8032," October 28, 2022 (ML22301A204).
- [3] Berryman, B., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Application for Order Approving Indirect Transfer of Control of Licenses and Approving Conforming License Amendments – Supplemental Information PLA-8039," December 22, 2022 (ML22356A306).
- [4] Berryman, B., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Application for Order Approving Indirect Transfer of Control of Licenses and Approving Conforming License Amendments – Supplemental Information PLA-8057," March 15, 2023 (ML23074A336).
- [5] U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station, Units 1 and 2 and Associated Independent Spent Fuel Storage Installation; Consideration of Approval of Indirect Transfer of Licenses and Conforming Amendments," Federal Register, Volume 87, Page 67511 (87 FR 67511), November 8, 2022.
- [6] Epstein, E. J., petition to U.S. Nuclear Regulatory Commission, "Eric Joseph Epstein's Petition for Leave to Intervene and Hearing Request," November 28, 2022 (ML22332A535).
- [7] U.S. Nuclear Regulatory Commission, CLI-23-01, "Memorandum and Order in the Matter of Susquehanna Nuclear, LLC," March 17, 2023 (ML23076A048).
- [8] U.S. Nuclear Regulatory Commission, NUREG-0800, "Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR Edition," Section 13.1.1, "Management and Technical Support Organization," Revision 6, August 2016 (ML15005A449).
- [9] U.S. Nuclear Regulatory Commission, NUREG-0800, "Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR Edition," Section 13.1.2 - 13.1.3, "Operating Organization," Revision 7, August 2016 (ML15007A296).

- [10] U.S. Nuclear Regulatory Commission, NUREG-1577, Revision 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," December 2001 (ML013330264).
- [11] U.S. Nuclear Regulatory Commission, "Final Standard Review Plan on Foreign Ownership, Control, or Domination," Federal Register, Volume 64, Page 52355 (64 FR 52355), September 28, 1999.
- [12] Rausch, T., PPL Susquehanna, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Executed Support Agreement and Personnel Update PLA-7342," May 28, 2015 (ML15148A581).
- [13] Cimorelli, K., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station NRC Decommissioning Funding Status Report PLA-7923," March 31, 2021 (ML21090A242).
- [14] Cimorelli, K., Susquehanna Nuclear, LLC, letter to U.S. Nuclear Regulatory Commission, "Susquehanna Steam Electric Station Independent Spent Fuel Storage Installation (ISFSI) Decommissioning Funding Plan, Updated PLA-7972," December 13, 2021 (ML21347A927).
- [15] Klett, A., U.S. Nuclear Regulatory Commission, email to Shields, M., Pennsylvania Department of Environmental Protection, "NRC Notification to the State of Pennsylvania Re. Susquehanna Steam Electric Station, Units 1 and 2 – Indirect License Transfer and Draft Conforming Amendments," March 16, 2023 (ML23075A049).

8.0 ABBREVIATIONS

CFR	Code of Federal Regulations
FOCD	foreign ownership, control, or domination
ISFSI	independent spent fuel storage installation
LLC	limited liability company
LP	limited partnership
LWR	light-water reactor
MWt	megawatts thermal
NRC	U.S. Nuclear Regulatory Commission

9.0 PRINCIPAL CONTRIBUTORS

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Date: March 30, 2023