

November 3, 1999

LICENSEES: Northern States Power Company, Wisconsin Electric Power Company, Wisconsin Public Services Corporation, and Alliant-IES Corporation

FACILITIES: Monticello Nuclear Generating Plant, Prairie Island Nuclear Generating Plant, Units 1 and 2, Point Beach Nuclear Plant, Units 1 and 2, Kewaunee Nuclear Power Plant, Duane Arnold Energy Center

SUBJECT: MEETING TO DISCUSS STATUS OF THE FORMATION OF A NUCLEAR MANAGEMENT COMPANY (TAC NOS. MA6796, MA6783, MA6794, MA6795, MA6804, MA6805, MA6806)

The NRC staff met with representatives from the Wisconsin Electric Power Company (WEPCO) and Alliant-IES Corporation (Alliant) at NRC Headquarters on October 4, 1999. The meeting was requested by the licensees to update the staff on the formation of a nuclear management company between Northern States Power Company (NSP), WEPCO, Wisconsin Public Services Corporation (WPSC), and Alliant. NSP operates both Monticello and Prairie Island, Units 1 and 2, WEPCO operates Point Beach, Units 1 and 2, WPSC operates Kewaunee, and Alliant operates Duane Arnold. Enclosure 1 lists the meeting participants. NSP and WPSC representatives were not able to attend the meeting due to other commitments. A public meeting notice was issued on September 24, 1999, and a copy of the meeting notice was posted on the NRC's public Internet Web page.

The formation of Nuclear Management Company, LLC. (NMC), was announced in February 1999 by NSP, WEPCO, and WPSC. Alliant will become a member of NMC following approval by the Securities and Exchange Commission. The four companies are currently defining the services that each will provide to NMC under a series of service agreements executed in April 1999. They are in the process of finalizing business agreements, drafting regulatory filings, staffing key management positions, and building business infrastructure. The companies expect to submit license transfer applications and an operating agreement in November 1999 to the NRC for review and approval. Their goal is to have NMC become the licensed operator of the five subject nuclear power plants by April 2000. Enclosure 2 is a copy of the slides presented by NMC during the meeting.

No regulatory decisions or commitments were requested or made during the meeting.

Original signed by:
Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-263, 50-282, 50-306, 50-266, 50-301, 50-305, 50-331

- Enclosures: 1. List of Meeting Attendees
2. Licensee Handouts

cc w/encls: See next page

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

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A handwritten signature in black ink that reads "CF Lyon".

Carl F. Lyon, Project Manager, Section 1
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Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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MEETING ATTENDEES

<u>NAME</u>	<u>AFFILIATION</u>
Claudia Craig	NRC/NRR/DLPM/PDIII-1, Section Chief
Robert Wood	NRC/NRR/DRIP, Senior Financial Policy Advisor
Steven Horn	NRC/OGC, Senior Attorney
Fred Lyon	NRC/NRR/DLPM/PDIII-1, Project Manager
Beth Wetzel	NRC/NRR/DLPM/PDIII-1, Project Manager
Marissa Bailey	NRC/NMSS/SFPO, Project Manager
Michael Dusaniwskyj	NRC/NRR/DRIP, Financial Analyst
Michael Davis	NRC/NRR/DRIP, Project Manager
Ken Putnam	Alliant Energy
Walter Woelfle	Wisconsin Electric
Douglas Johnson	Wisconsin Electric
A.J. Cayia	Wisconsin Electric
John O'Neill	Shaw Pittman, Attorney

NRC = Nuclear Regulatory Commission
NRR = Office of Nuclear Reactor Regulation
OGC = Office of the General Counsel
NMSS = Office of Nuclear Material Safety and Safeguards
DLPM = Division of Licensing Project Management
DRIP = Division of Regulatory Improvement Programs
PDIII-1 = Project Directorate III, Section 1
SFPO = Spent Fuel Pool Office

**NUCLEAR MANAGEMENT COMPANY
NRC UPDATE BRIEFING**

**OCTOBER 4, 1999
ONE WHITE FLINT NORTH
CONFERENCE ROOM O-01F5
1:30 P.M. - 3:00 P.M.**

ENCLOSURE 2

1

MEETING AGENDA

- **Introductions**
- **Purpose of Meeting**
- **Status of Nuclear Management Company, LLC (NMC)**
- **Summary of Critical Next Steps**
- **Overview of NMC as a Proposed Operating Company**
- **What We Expect to Request From NRC**
- **Overview of Planned License Transfer Request**
 - **Summary of Business of NMC**
 - **Organization and Management of NMC**
 - **Technical Qualifications**
 - **Financial Considerations**
 - **Antitrust Considerations**
- **Overview of Proposed Operating Agreement**
- **Anticipated Milestone Schedule**

INTRODUCTIONS

- **LICENSEE MEETING PARTICIPANTS**
 - **Gene Eckholt (NSP)**
 - **Ken Putnam (Alliant)**
 - **Walter Woelfle (WEPCo)**
 - **Fred Cayia (WEPCo)**
 - **Doug Johnson (WEPCo)**
 - **John O'Neill (Shaw Pittman)**

MEETING PURPOSE

- **Provide NRC a status update on NMC initiative.**
- **Provide NRC an overview of NMC as a proposed operating company.**
- **Discuss reviews/approvals which may be requested from the NRC.**
- **Summarize operating authority transfer issues.**
- **Discuss projected milestone schedule.**

STATUS OF NMC

- **In August 1998, Alliant, NSP, WEPCo, and WPS agreed to form an alliance to enhance cooperation among our nuclear operations.**
- **NRC briefed on initiative in late October 1998.**
- **In February 1999, NSP, WEPCo, WPS announced the formation of Nuclear Management Company, LLC.**
- **Alliant will become a member of NMC after SEC approval.**
- **NMC formed to sustain safety, optimize reliability and improve operational performance of member plants.**

STATUS OF NMC

(Continued)

- **Four utilities agreed to a phased approach to the NMC.**
- **NMC will initially provide selected support services.**
- **Services Agreements executed in April 1999.**
- **Service Development Teams are defining initial set and scope of services to be provided by NMC.**
- **WI and MN utility commissions have approved Services Agreements.**
- **NMC may begin to provide services by end of 1999.**

STATUS OF NMC

(Continued)

- **NMC member companies agreed in principle in July 1999 to proceed in unison to a consolidated operating company.**
- **NMC is in progress of finalizing business agreements, drafting regulatory filings, staffing key management positions and building business infrastructure.**
- **Goal is to have NMC become the licensed operator by April 2000.**

CRITICAL NEXT STEPS

- **Complete/Execute Nuclear Power Plant Operating Agreements.**
- **Obtain each utility Board of Directors' approvals.**
- **Obtain SEC approval, as required, to allow Alliant to become member company.**
- **Submit NRC and State applications.**

NMC AS A PROPOSED OPERATING COMPANY

- **Operating authority for each plant will be transferred to the NMC. As such NMC will have responsibility for the operation and maintenance of the plants.**
- **Plant ownership will not be affected. Owner utility will be a co-licensee as the plant asset owner.**
- **Entitlement to capacity and energy from the plants will not be affected - stays with the owner utility.**
- **Owner utility retains financial obligations .**
- **Site organizations substantially preserved.**
- **Operating Agreement establishes responsibilities and authority.**

WHAT WE EXPECT TO REQUEST FROM NRC

- **An order consenting to the transfer of operating authority from licensed owner utilities to the newly formed NMC (Pursuant to 10 CFR 50.80).**
- **Conforming amendments to plant operating licenses to include NMC as a licensee thereunder and to designate NMC as the licensee authorized to use and operate the plants, and to possess and use related licensed nuclear materials (Pursuant to 10 CFR 50.90).**

WHAT WE EXPECT TO REQUEST FROM THE NRC

(Continued)

- **NSP will request an order consenting to the transfer of its Independent Spent Fuel Storage Installation license to NMC pursuant to 10 CFR 72.50. [NMC will act as the general licensee for the Point Beach ISFSI pursuant to 10 CFR 72.210].**

BUSINESS OF NMC

- **NMC formed under the existing laws of the State of Wisconsin as a limited liability company.**
- **NMC's corporate purpose is to provide services in connection with the maintenance, operation, and decommissioning of licensed nuclear electric generating facilities on behalf and for the benefit of the owner utilities.**

NMC ORGANIZATION & OWNERSHIP

- **NMC will be owned equally by:**
 - **Alliant Nuclear Corporation - a fully owned subsidiary of Alliant Energy Resources (after SEC approval).**
 - **Northern States Power.**
 - **WEC Nuclear Corporation - a fully owned subsidiary of Wisconsin Energy Corporation.**
 - **WPS Nuclear Corporation - a fully owned subsidiary of Wisconsin Public Resources.**
- **The owning companies, or their parent holding companies, are publicly traded U.S. Corporations.**
- **The owner utilities are affiliates of, or in the case of NSP, the same as, the owning companies.**

NMC ORGANIZATION & OWNERSHIP

- **NMC is neither owned, controlled nor dominated by an alien, foreign corporation or government.**
- **All directors of the NMC are citizens of the United States.**
- **NMC Board of Directors:**
 - **Richard Abdo, CEO, WEPCo**
 - **Errol Davis, CEO, Alliant (after SEC approval)**
 - **James Howard, CEO, NSP**
 - **Larry Weyers, CEO, WPS**

PROPOSED NMC MANAGEMENT

- **NMC expects to have a corporate headquarters staffed with executives, principal officers, and centralized support staff.**
- **On the effective date of transfer of operating authority, the on-site organizations are expected to be essentially unchanged.**
- **All officers (except for one - a Canadian citizen), expected to be appointed to the NMC will be U.S. citizens.**

TECHNICAL QUALIFICATIONS

- **Concurrent with license transfer, it is expected that substantially all plant personnel (including Site VPs and/or General Managers) will transfer to the NMC, either as direct employees of, or under the supervision of, the NMC.**
- **Labor agreements will likely cause represented employees to remain employees of the owner utilities.**
- **Power Plant Operating Agreement defines NMC's supervisory authority for the represented employees.**

FINANCIAL CONSIDERATIONS

- **Each owner utility's status as an "electric utility" under the NRC's financial qualifications requirements will be unaffected.**
- **Owner utilities will continue to provide funds for operation, maintenance, and decommissioning.**
- **Owner utilities' financial responsibility include funding for emergency situations, and financial protection required by 10 CFR 140 and insurance coverage as required by 10 CFR 50.54(w).**

ANTITRUST CONSIDERATIONS

- **NRC review of the recent Wolf Creek transfer application determined that anti-trust reviews of post-operating license transfers are neither required nor authorized by the Atomic Energy Act.**

NO ENVIRONMENTAL IMPACT/NO SIGNIFICANT HAZARDS

- **Proposed transfer of license and conforming license amendments meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21).**
- **Safety Evaluation conclusion is consistent with the generic determination of 10 CFR 2.1315 (a) that such license transfers do not involve a “significant hazards determination.”**

OVERVIEW OF OPERATING AGREEMENT

- **Bi-lateral agreement between owner utility and NMC.**
- **Establishes NMC's authority and responsibility for operation of plant.**
- **Defines NMC's obligation to maintain technical qualifications.**
- **Defines owner utility's responsibility and obligations.**
- **Establishes owner utility's financial obligations.**
- **Defines NMC's authority for site access and control.**

OVERVIEW OF OPERATING AGREEMENT

(Continued)

- **Safety conscious work environment.**
- **Employee concerns program.**
- **Offsite Power.**
- **Emergency Planning.**
- **Exclusion Area.**
- **Decommissioning.**

ANTICIPATED MILESTONE SCHEDULE

- **We plan to submit applications in November and request NRC review and action on our submittals no later than April 1, 2000.**
 - **Directive from CEOs to transition as quickly as possible.**
 - **Timely approval minimizes business and employee uncertainties.**
 - **Want to take advantage of benefits of consolidated operation as early as possible.**
 - **Target date is supported by other anticipated regulatory approvals.**

ANTICIPATED MILESTONE SCHEDULE

- **Expect to request that the order be made effective on the date of issuance and remain effective through April 1, 2001.**
 - **Allows for an implementation period.**
 - **Accommodates any significant changes in the status of other required approvals.**
- **Will keep NRC informed of any developments which could impact our anticipated schedule.**

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