



10 CFR 50.80
10 CFR 50.90

IES Utilities Inc.
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June 14, 2000
NG-00-0917

Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Mail Station 0-P1-17
Washington, DC 20555-0001

Subject: Duane Arnold Energy Center
Docket No: 50-331
Op. License No: DPR-49
Request for Operating License Amendment (TSCR-036):
Revision of Principal Owner Name from IES Utilities Inc. to
Interstate Power and Light Company
File: A-117

IES Utilities Inc. is the principal owner of the Duane Arnold Energy Center ("DAEC"), owning 70%. Co-owners Central Iowa Power Cooperative ("CIPCO") and the Corn Belt Power Cooperative ("Corn Belt") own the remaining 30%. IES Utilities Inc. ("IES") is owned by the Alliant Energy Corporation ("AEC"). AEC plans to merge and consolidate another utility it owns, Interstate Power Company ("IPC"), with IES Utilities Inc., effective January 1, 2001. The name of the surviving corporation, IES, will be changed to Interstate Power and Light Company ("IP&L").

An NRC Order issued on May 15, 2000 authorizes the operation of the DAEC by Nuclear Management Company, LLC ("NMC"). Implementation of the conforming license amendment which authorizes the transfer of operating authority to the NMC is expected to occur prior to the consolidation of IPC into IES.

IES Utilities Inc. submits this letter on its behalf, and on the behalf of its parent, Alliant Energy Corporation, with the knowledge and concurrence of Interstate Power Company. Its purpose is to provide the NRC with an adequate basis to make a threshold determination that the proposed consolidation of IPC into IES will not constitute a direct or indirect transfer of an NRC license or of any right thereunder. IES believes that neither the DAEC nor any right thereunder will be transferred, directly or indirectly, as a result of the merger of IPC into IES. Therefore, IES believes no approval of the merger by the NRC is required, and requests NRC concurrence in this conclusion. Information to assist the Staff in their review is provided in Attachment 1.

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Should the NRC conclude that the proposed transaction constitutes a transfer of control of an NRC license, IES Utilities Inc. respectfully requests approval of such transfer. IES requests the Staff's determination regarding this matter prior to August 1, 2000, so that, should NRC approval be required, additional information may be provided to the Staff if needed to support approval prior to the planned January 1, 2001 merger date.

In accordance with the Code of Federal Regulations, Title 10, Sections 50.59 and 50.90, this letter also submits a proposed revision to the DAEC Operating License DPR-49 which reflects the name change of the principal owner from "IES Utilities Inc." to "Interstate Power and Light Company." Attachment 2 provides a description of the changes, as well as "marked-up" copies of the affected License pages. The "mark-up" was made using pages from the conforming license amendment which was approved, though not issued, with the aforementioned NRC Order of May 15, 2000. It is anticipated that the conforming license amendment, approved on May 15, 2000, will be issued and made effective prior to the proposed merger and associated name change. Also provided are the Safety Assessment, Evaluation of Change Pursuant to 10 CFR 50.92, and Environmental Consideration (Attachments 3, 4 and 5, respectively.)

This application has been reviewed by the DAEC Operations Committee and the DAEC Safety Committee. Pursuant to the requirements of 10 CFR 50.91, a copy of this submittal, including the no significant hazards consideration analysis, is being forwarded to our appointed state official.

Issuance of the amendment is requested by December 15, 2000, with a 1 year implementation window to allow for any other necessary regulatory approvals.

This letter is true and accurate to the best of my knowledge and belief.

IES UTILITIES INC.

By

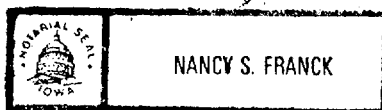
David L. Wilson
David L. Wilson
Vice President, Nuclear

State of Iowa
(County) of Linn

Signed and sworn to before me on this 14th day of June, 2000,

by David L. Wilson.

Nancy S. Franck
Notary Public in and for the State of Iowa



9-28-01
Commission Expires

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Attachments: 1) SUPPORTING INFORMATION REGARDING THE
 PROPOSED MERGER
 2) PROPOSED CHANGE TO THE DUANE ARNOLD ENERGY
 CENTER OPERATING LICENSE (TSCR-036)
 3) SAFETY ASSESSMENT
 4) EVALUATION OF CHANGE PURSUANT TO
 10 CFR SECTION 50.92
 5) ENVIRONMENTAL CONSIDERATION

cc: E. Protsch (w/o)
 G. VanMiddlesworth (w/o)
 B. Mozafari (NRC-NRR) (w/a)
 J. Dyer (Region III) (w/a)
 D. McGhee (State of Iowa) (w/a)
 NRC Resident Office (w/a)
 DOCU (w/a)

SUPPORTING INFORMATION REGARDING THE PROPOSED MERGER

Introduction

Alliant Energy Corporation ("AEC"), a Wisconsin corporation with its headquarters in Madison, Wisconsin, is an interstate holding company owning electric and gas utilities, and other non-regulated entities engaged in power marketing and business development in the areas of affordable housing, environmental engineering and energy services. Alliant Energy Corporation is the parent holding company of IES Utilities Inc. ("IES"), which holds License No. DPR-49 with co-owners Central Iowa Power Cooperative and Corn Belt Power Cooperative. (By Order dated May 15, 2000, the NRC authorized operation of the Duane Arnold Energy Center ("DAEC") by Nuclear Management Company. The conforming license amendment which accompanied this Order is expected to be implemented prior to the merger of Interstate Power Company into IES.)

Alliant Energy Corporation is also the parent holding company of Interstate Power Company ("IPC"). IPC is a combination electric and gas utility whose service territory encompasses over 10,000 square miles in the States of Iowa, Minnesota and Illinois. IPC provides electric service to about 167,000 customers in Iowa, Minnesota and Illinois (including the cities of Dubuque, Clinton, Mason City, Iowa and Albert Lea, Minnesota). In addition, IPC provides natural gas service to approximately 53,000 customers in these same three states. IPC's 1999 system peak demand was 1,015 MW (net of interruptible load). IPC has installed generating capacity of 1,066 MW.

On March 15, 2000, a plan of merger between IES Utilities Inc. and Interstate Power Company was executed. IPC will be merged and consolidated into IES, with IES as the surviving corporation. The surviving corporation's name will be changed to Interstate Power and Light Company, effective January 1, 2001.

Under §184 of the Atomic Energy Act of 1954 as amended, 42 USC at §2234, as implemented by the Commission's regulations at 10 CFR §50.80(a), no NRC license or right thereunder may be transferred, directly or indirectly, without prior NRC consent. Section 50.80(b) requires that any applicant for NRC approval of a license transfer file technical and financial qualification information consistent with the requirements for an initial license application under 10 CFR §50.33 and §50.34. IES submits that under the facts here pertinent, neither the NRC operating license for the DAEC nor any right thereunder will be transferred, directly or indirectly, as the result of the IPC-into-IES consolidation. Therefore, IES believes no approval of the consolidation by the NRC is required, and requests NRC concurrence in this conclusion. However, out of an abundance of caution, IES also requests such approval, should the NRC deem it necessary.

Effect of the Merger on IES Utilities Inc. and the DAEC

Alliant Energy Corporation will consolidate IES Utilities Inc. and Interstate Power Co. into a single operating utility entity. The new company will operate as Interstate Power & Light Company ("IP&L"). It will be headquartered in Cedar Rapids and will keep major operations in Dubuque. IP&L will serve about 750,000 electric and natural gas customers in Iowa, Minnesota and Illinois.

It should be noted that:

- (1) after consummation of the merger transaction, Alliant Energy Corporation will remain the corporate parent of IES (renamed Interstate Power and Light Company), Alliant Energy Corporation will continue to exercise direct control over IES (renamed Interstate Power and Light Company), and indirect control over the company's NRC license to own a portion of the DAEC; Interstate Power and Light Company will not be owned, controlled, or dominated by any alien, foreign corporation or foreign government;
- (2) IES (renamed Interstate Power and Light Company) will continue to hold License No. DPR-49 and own its interest in the DAEC;
- (3) no change in the management or operation of the DAEC will result from the consolidation;
- (4) IES (renamed Interstate Power and Light Company) will be an "electric utility" within the meaning of 10 CFR § 50.2 subject to regulation by the Iowa Utilities Board ("IUB"), Illinois Commerce Commission ("ICC"), Minnesota Public Utilities Commission ("MPUC") and the Federal Energy Regulatory Commission ("FERC") after the consolidation;
- (5) all of the individuals to be elected to the Board of Directors of Interstate Power and Light Company will be U.S. Citizens; and
- (6) the consolidation is subject to the approval of the IUB, the ICC, the MPUC, the FERC and the Securities and Exchange Commission.

The proposed merger and consolidation will have no material effect on IES or on the DAEC. Following the transaction, the assets of Interstate Power and Light will include IES' current assets plus the assets of IPC, resulting in a greater net book value. IES will be the surviving corporation, although it will be known as IP&L. It will remain headquartered in Cedar Rapids. IP&L will be a wholly owned subsidiary of AEC and will remain a co-owner and NRC licensee of the DAEC. Ownership and control of IES will not be affected by the transaction.

The final organization and titles within IP&L have not yet been approved by the Board of Directors. However, the authority and responsibility of the "President" of the former IES Utilities Inc. will continue to be exercised by the same individual and he will continue to report to the President and CEO of the holding company, Alliant Energy Corporation. After the merger and consolidation, the Board of Directors of Interstate Power and Light Company shall be the same as the current Boards of Directors of IES Utilities Inc. and Iowa Power Company.

The Board of Directors of Interstate Power and Light Company shall be as follows. All are U.S. citizens.

Erroll B. Davis, Jr.
Alan B. Arends
Jack B. Evans
Rockne G. Flowers
Joyce L. Hanes
Lee Liu
Katharine C. Lyall
Arnold M. Nemirow
Milton E. Neshek
Judith D. Pyle
Robert W. Schlutz
Wayne H. Stoppelmoor
Anthony R. Weiler

After the consolidation, Interstate Power and Light Company will be an "electric utility" within the meaning of 10 CFR § 50.2, subject to regulation by the Iowa Utilities Board, Illinois Commerce Commission, Minnesota Public Utilities Commission and the Federal Energy Regulatory Commission.

Request for Threshold Determination that No NRC Approval is Required

NRC regulations, 10 CFR § 50.80, require Commission approval to be obtained before any direct or indirect transfer of an NRC license or any right thereunder. IES Utilities Inc. ("IES") submits that under these facts, no such transfer is effected; IES, the licensee, and all facts pertinent to its ownership, financing, and operation of the DAEC, are unaltered by the consolidation. Further, there is no effect on IES' technical or financial qualifications to hold the NRC license for the DAEC, nor any effect on the decommissioning funds available or obligated for decommissioning of the DAEC. Finally, there is no issue of foreign ownership or control over the licensee or even its parent.

This case is similar to another, very recent case in which the Commission found that a transaction did not present a direct or indirect license transfer issue: the merger of Consolidated Natural Gas ("CNG") Company into Dominion Resources, Inc. ("DRI"), parent of Virginia Power, the licensee for the Surry and North Anna facilities. In that case, ownership was affected only at the holding company level, and the parent of the NRC licensee was the dominant entity in the post-merger organization; nothing at the licensee level changed. See NRC Letter, December 7, 1999, Gordon E. Edison to Donald P. Irwin, et al, Surry and North Anna Nuclear Power Stations, re: Merger of Dominion Resources, Inc. and Consolidated Natural Gas Company (TAC Nos. MA6430, MA64312, MA6432, and MA6433) (approving merger upon threshold review and determination that it did not constitute direct or indirect transfer of a license).

No direct or indirect transfer of control of License No. DPR-49, as contemplated by Section 184 of the Atomic Energy Act and 10 CFR § 50.80, will occur as a result of the proposed consolidation. There will be no "direct" transfer of control of an NRC license from one legal entity to another, since IES (renamed Interstate Power and Light Company) will continue to hold License No. DPR-49 and continue to own its respective interest in the DAEC upon consummation of the consolidation. There also will be no "indirect" transfer of control of the license; IES (renamed Interstate Power and Light Company) will remain a wholly-owned subsidiary of Alliant Energy Corporation which will continue to be the "indirect" owner of the license by virtue of its ownership and control of IES (renamed Interstate Power and Light Company).

For the reasons stated above, IES Utilities Inc. respectfully requests that the NRC determine that the proposed merger and consolidation between IES and IPC does not involve a direct or indirect transfer of control over the NRC operating license for the DAEC, and thus does not require NRC approval.

Request in the Alternative for Approval of Indirect Transfer of Rights under an NRC License

In the event that the NRC concludes that the proposed transaction constitutes a transfer of control of an NRC license, IES Utilities Inc. respectfully requests approval of such transfer based upon the information already provided herein. The proposed change will not involve a "significant hazards consideration," consistent with the generic determination of 10 CFR 2.1315(a) that license amendments, which do no more than reflect a license transfer, do not involve a "significant hazards consideration."

In addition, if the Staff concludes that the proposed transaction constitutes a transfer of control of an NRC license, then the transfer and proposed license amendment meet the categorical exclusion criteria of 10 CFR 51.22(c)(21), in that this application will do no more than request the approval of a license transfer and the associated amendment of an NRC license. Accordingly, neither an Environmental Assessment nor an Environmental Impact Statement will be required.

PROPOSED CHANGE TO THE DUANE ARNOLD ENERGY CENTER
OPERATING LICENSE (TSCR-036)

The holders of license DPR-49 for the Duane Arnold Energy Center propose to amend the Operating License as described below.

DESCRIPTION OF PROPOSED LICENSE CHANGES

The proposed amendment would make the following changes to License DPR-49:

- Revise the title of the license by replacing “IES UTILITIES INC.” with “INTERSTATE POWER AND LIGHT COMPANY”.
- Revise Commission Finding “A” by replacing “IES Utilities Inc.” with “Interstate Power and Light Company”.
- Revise Commission finding “E” by replacing “IES Utilities Inc.” with “Interstate Power and Light Company”.
- Revise paragraph 2 by replacing “IES Utilities Inc. (IES)” with “Interstate Power and Light Company”.
- Revise paragraph 2.A by replacing “IES Utilities Inc.” with “Interstate Power and Light Company”; and “IES Utilities Inc.’s” with “Interstate Power and Light Company’s”.
- Revise paragraph 2.B.(1) by replacing “IES Utilities Inc.” with “Interstate Power and Light Company”.

Amdt.
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INTERSTATE POWER AND LIGHT COMPANY

~~IES UTILITIES INC.~~

CENTRAL IOWA POWER COOPERATIVE
CORN BELT POWER COOPERATIVE
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET 50-331
DUANE ARNOLD ENERGY CENTER
FACILITY OPERATING LICENSE

License No. DPR-49

1. The Atomic Energy Commission (the Commission) having found that:

- A. The application for license filed by Nuclear Management Company, LLC (NMC), Interstate Power and Light Company, ~~IES Utilities Inc.~~, Central Iowa Power Cooperative and Corn Belt Power Cooperative (the licensees) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
- B. Construction of the Duane Arnold Energy Center (facility) has been substantially completed in conformity with Construction Permit No. DPPR-70; the application, as amended; the provisions of the Act; and the rules and regulations of the Commission;
- C. The facility will operate in conformity with the application, as amended; the provisions of the Act; and the rules and regulations of the Commission;
- D. There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public; and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission;
- E. NMC is technically qualified and Interstate Power and Light Company, ~~IES Utilities Inc.~~, Central Iowa Power Cooperative and Corn Belt Power Cooperative are financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission;
- F. The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;

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- G. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;
- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-49 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied;
- I. The receipt, possession, and use of source, by-product and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Part 30 and 70, including 10 CFR Section 30.33, 70.23 and 70.31.

2. Facility Operating License No. DPR-49 is hereby issued to NMC, ~~IES~~ Interstate Power and Light Company, ~~Utilities Inc. (IES)~~, Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative (Corn Belt) to read as follows:
- Amdt.
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- A. This license applies to the Duane Arnold Energy Center, a boiling water reactor and associated equipment (the facility), owned by ~~IES Utilities Inc.~~ Interstate Power and Light Company, Central Iowa Power Cooperative and Corn Belt Power Cooperative and operated by Nuclear Management Company, LLC. The facility is located on ~~IES Utilities Inc.'s~~ Central Iowa Power Cooperative's and Corn Belt Power Cooperative's site near Palo in Linn County, Iowa. This site consists of approximately 500 acres adjacent to the Cedar River and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 14) and the Environmental Report as supplemented and amended (Supplements 1 through 5).

- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) NMC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to use and operate the facility; and ~~IES Utilities Inc.~~ Interstate Power and Light Company's, CIPCO and Corn Belt to possess the facility at the designated location in Linn County, Iowa, in accordance with the procedures and limitations set forth in this license;
- Amdt.
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Interstate Power and Light Company

SAFETY ASSESSMENT

INTRODUCTION

By letter dated June 14, 2000, IES Utilities Inc. submitted a request for revision to Facility Operating License DPR-49 for the Duane Arnold Energy Center (DAEC). The proposed changes revise the name of the corporation authorized to own a share of the DAEC from IES Utilities Inc. to Interstate Power and Light Company (IP&L).

EVALUATION

The proposed changes recognize the consolidation of two utilities owned by the parent company Alliant Energy Corporation. Interstate Power Company will be merged and consolidated into IES Utilities Inc., with IES Utilities Inc. being the surviving corporation. The new company will operate as Interstate Power & Light Company.

The changes will not result in any change in the operation of the DAEC. The merger of the two utilities will result in a stronger, more dynamic company which can respond readily to a rapidly changing industry while assuring the continued safe operation of the DAEC.

From a financial standpoint, the financial qualifications of the merged companies will be the same as collectively existed prior to the merger. From a technical standpoint, there will be no changes in personnel, operating procedures or practices. This change will not result in any changes in the operation of the DAEC.

EVALUATION OF CHANGE PURSUANT TO 10 CFR SECTION 50.92

Background:

IES Utilities Inc. is the principal owner of the Duane Arnold Energy Center (DAEC), along with co-owners Central Iowa Power Cooperative (CIPCO) and the Corn Belt Power Cooperative (Corn Belt). IES Utilities Inc. (IES) is owned by the Alliant Energy Corporation. Interstate Power Company, another utility owned by the Alliant Energy Corporation, will be merged into IES and the name of the surviving corporation, IES, will be changed to Interstate Power and Light Company (IP&L).

IES Utilities Inc., Docket No. 50-331

Duane Arnold Energy Center, Linn County, Iowa

Date of Amendment Request: June 14, 2000

Description of Amendment Request:

The proposed amendment reflects that the name of the company licensed to own a share of the DAEC will be changed to Interstate Power and Light Company (IP&L).

Basis for proposed No Significant Hazards Consideration:

The Commission has provided standards (10 CFR Section 50.92(c)) for determining whether a significant hazards consideration exists. A proposed amendment to an operating license for a facility involves no significant hazards consideration if operation of the facility in accordance with the proposed amendment would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety.

After reviewing this proposed amendment, we have concluded:

1. The proposed amendment will not involve a significant increase in the probability or consequences of an accident previously evaluated.

No physical or operational changes to the DAEC will result from changing the corporate name. The DAEC will continue to be operated in the same manner with the same organization. Therefore, the proposed amendment does not involve a significant increase in the probability or consequences of an accident previously evaluated.

2. The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated.

No physical or operational changes to the DAEC will result from changing the corporate name. The DAEC will continue to be operated in the same manner with the same organization. Therefore, the proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated.

3. The proposed amendment will not involve a significant reduction in a margin of safety.

No physical or operational changes to the DAEC will result from changing the corporate name. The DAEC will continue to be operated in the same manner with the same organization. Therefore, the proposed amendment will not involve a significant reduction in a margin of safety.

Based upon the above, we have determined that the proposed amendment will not involve a significant hazards consideration.

Local Public Document Room Location: Cedar Rapids Public Library, 500 First Street SE, Cedar Rapids, Iowa 52401

Attorney for Licensee: Al Gutterman; Morgan, Lewis & Bockius, 1800 M Street NW, Washington, D.C. 20036-5869

ENVIRONMENTAL CONSIDERATION

10 CFR Section 51.22(c)(9) identifies certain licensing and regulatory actions which are eligible for categorical exclusion from the requirement to perform an environmental assessment. A proposed amendment to an operating license for a facility requires no environmental assessment if operation of the facility in accordance with the proposed amendment would not: (1) involve a significant hazards consideration; (2) result in a significant change in the types or significant increase in the amounts of any effluents that may be released offsite; and (3) result in a significant increase in individual or cumulative occupational radiation exposure. IES Utilities Inc. has reviewed this request and determined that the proposed amendment meets the eligibility criteria for categorical exclusion set forth in 10 CFR Section 51.22(c)(9). Pursuant to 10 CFR Section 51.22(b), no environmental impact statement or environmental assessment needs to be prepared in connection with the issuance of the amendment. The basis for this determination follows:

Basis

The change meets the eligibility criteria for categorical exclusion set forth in 10 CFR Section 51.22(c)(9) for the following reasons:

1. As demonstrated in Attachment 4 to this letter, the proposed amendment does not involve a significant hazards consideration.
2. There is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite. The proposed license revision changes the name of the principal owner of the Duane Arnold Energy Center. No changes in either plant design or operational strategies will be made as a result of these changes; thus, there will be no increase in either the types or amounts of effluents that may be released offsite.
3. There is no significant increase in individual or cumulative occupational radiation exposure. The proposed license revision changes the name of the principal owner of the Duane Arnold Energy Center. No changes in either plant design or operational strategies will be made as a result of these changes; thus, there will be no significant increase in either individual or cumulative occupational radiation exposure.