

1800 M Street, N.W.
Washington, D.C. 20036-5869
202-467-7000
Fax: 202-467-7176

**Morgan, Lewis
& Bockius LLP**
C O U N S E L O R S A T L A W

John E. Matthews
202-467-7524

Docket Nos. 50-289, 50-461, & 50-219

December 14, 2000

BY FEDERAL EXPRESS

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

Re: Three Mile Island, Unit 1
Clinton Power Station
Oyster Creek Nuclear Generating Station
Conversion of British Energy Inc. Into a Limited Partnership

Dear Mr. Collins:

The following information is submitted on behalf of British Energy plc (British Energy), in order to advise the NRC of the planned conversion of British Energy Inc. (BE Inc.) from a Delaware corporation into a Delaware limited partnership (BE LP). British Energy's 50% ownership interest in AmerGen Energy Company, LLC (AmerGen), is currently held by BE Inc. Upon conversion, BE LP will succeed to BE Inc.'s interests in AmerGen by operation of Delaware law. AmerGen is the holder of the NRC operating licenses noted above, but the AmerGen licenses are not controlled by British Energy. Based upon this fact, as well as the nature of the planned corporate conversion, the planned changes do not involve any direct or indirect transfer of control of any of the NRC licenses held by AmerGen within the meaning of Section 184 of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.80.

AmerGen is a limited liability company organized under the laws of Delaware and governed by the Limited Liability Company Agreement of AmerGen Energy Company, LLC, dated as of August 18, 1997, and as amended and restated from time to time (LLC Agreement). The business and affairs of AmerGen are managed by or under the direction of a Management

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Mr. Samuel J. Collins
December 14, 2000
Page 2

Committee, consisting of six Representatives, half of whom are appointed and serve at the discretion of the PECO Energy Member Group and half of whom are appointed and serve at the discretion of the BE Inc. Member Group. At this time, BE Inc. is the only member of the BE Inc. Member Group, and PECO Energy Company is the only member of the PECO Energy Member Group. The Chairman of the Management Committee, who is appointed by, and may only be removed by the PECO Energy Member Group, chairs the meetings of the Committee and has the "casting" or deciding vote on "all Safety issues," which are broadly defined in Section 1.7 of the LLC Agreement and include all issues within the jurisdiction of the NRC, *i.e.*, all matters involving nuclear safety and common defense and security. Therefore, any changes relating to the British Energy entities that control the BE Member Group cannot involve a direct or indirect transfer of control over the NRC licenses held by AmerGen, because those licenses are controlled by the PECO Energy Member Group and the Chairman, who exercise control over AmerGen regarding all issues within NRC's jurisdiction under the Atomic Energy Act.

Upon the advice of its tax advisors and counsel, British Energy plans to convert BE Inc. into a limited partnership in order to obtain significant tax savings in connection with its business activities. These tax savings will accrue in the 2001 tax year provided that the conversion occurs prior to December 31, 2000.

By way of background, it should be noted that BE Inc. is currently an indirect, wholly owned subsidiary of British Energy. As reflected in the Annual Reports of British Energy previously submitted to NRC, the "British Energy Group" includes a large number of holding companies and subsidiaries. Currently, British Energy's North American interests are held by a direct, wholly owned subsidiary, British Energy International Holdings Limited (BE International Holdings). BE International Holdings directly owns British Energy (Canada) Ltd (the owner of the British Energy Group's interests in Canada) and British Energy US Holdings Inc. (the owner of the British Energy Group's interests in the United States). BE Inc. is currently a direct, wholly owned subsidiary of British Energy US Holdings Inc. (BE US Holdings).

British Energy will convert BE Inc. from a Delaware corporation into a Delaware limited partnership (BE LP) that will continue to be wholly owned by BE US Holdings. The General Partner and owner of a 1% interest in BE LP, will be BE US Investments, LLC, a newly formed Delaware limited liability company that will be a direct, wholly owned subsidiary of BE US Holdings. The remaining 99% limited partnership ownership interest in BE LP will be held directly by BE US Holdings.

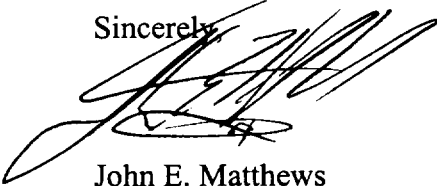
By operation of Delaware law, BE LP will succeed to BE Inc.'s rights and responsibilities under the AmerGen LLC Agreement. The conversion of BE Inc. to BE LP will not result in any change in BE Inc. personnel, and it will have no effect on the management or operation of AmerGen or any of AmerGen's plants. The conversion will also have no effect on British

Mr. Samuel J. Collins
December 14, 2000
Page 3

Energy's financial commitments to AmerGen, such as its \$100 million funding agreement with AmerGen. Moreover, all of the resources of British Energy will continue to be available to fund such commitments in the same manner as they are prior to the conversion of BE Inc.

British Energy plans to make the changes in BE Inc. described above prior to the upcoming holidays, during the week of December 18th. If you have any questions regarding this or any other matter relating to British Energy's ownership interests in AmerGen, please do not hesitate to contact me directly at my telephone number or address noted above.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Matthews', with a large, stylized flourish extending from the end of the signature.

John E. Matthews
Counsel for British Energy plc and British Energy Inc.

cc: Document Control Desk, USNRC
S. R. Hom, Esq., OGC, NRC
R. S. Wood NRR, NRC