

January 6, 2000

VIA HAND DELIVERY

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

Re: Vermont Yankee Nuclear Power Station
Facility Operating License No. DPR-28, Docket No. 50-271
Application for Order and Conforming Administrative License Amendments for
License Transfer

Dear Mr. Collins:

Pursuant to Section 184 of the Atomic Energy Act of 1954, as amended (the Act), and 10 CFR § 50.80, AmerGen Vermont, LLC (AmerGen Vermont) and Vermont Yankee Nuclear Power Corporation (VYNPC) hereby request that the Nuclear Regulatory Commission (NRC) consent to the transfer of Facility Operating License No. DPR-28 for the Vermont Yankee Nuclear Power Station (Vermont Yankee) to AmerGen Vermont.

AmerGen Vermont and VYNPC request that the NRC consent to this transfer and authorize AmerGen Vermont to possess, use, and operate Vermont Yankee under essentially the same conditions and authorizations included in the existing license. No physical changes will be made to the Vermont Yankee facility as a result of this transfer, and there will be no significant change in the day-to-day operations of Vermont Yankee. AmerGen Vermont and VYNPC also request NRC approval of conforming administrative amendments to the Vermont Yankee license to reflect the proposed transfer.

AmerGen Vermont is a Vermont limited liability company established by AmerGen Energy Company, LLC (AmerGen) to own and operate Vermont Yankee. AmerGen Vermont is a wholly owned subsidiary of AmerGen.

AFel 1/5 *Change PER* *w/out 2.790 (prop) Info*

AmerGen is a Delaware limited liability company formed by PECO Energy Company (PECO Energy), British Energy plc (British Energy), and British Energy, Inc. (BE Inc.) to acquire and operate nuclear power plants in the United States. British Energy is a party to the Limited Liability Company Agreement of AmerGen, dated August 18, 1997, but only PECO Energy and BE Inc. are members of AmerGen; each holds a 50% ownership interest in AmerGen. The NRC recently approved the transfer of Facility Operating License DPR-50 for Three Mile Island, Unit 1, and Facility Operating License NPF-62 for the Clinton Power Station, to AmerGen. See *GPU Nuclear, Inc., et al.* (Three Mile Island, Unit No. 1), Order Approving Transfer of License and Conforming Amendment, 64 *Fed. Reg.* 19202 (April 19, 1999); *Safety Evaluation by the Office of Nuclear Reactor Regulation, Transfer of Facility Operating License from GPUN, Inc. et al., to AmerGen*, (Three Mile Island Unit No. 1), Docket No. 50-289 (April 12, 1999); *Illinois Power Co. (Clinton Power Station), Order Approving Transfer of License and Confirming Amendment*, 64 *Fed. Reg.* 67598 (December 2, 1999); *Safety Evaluation by the Office of Nuclear Reactor Regulation, Proposed Transfer of Clinton Power Station Operating License from Illinois Power Co. to AmerGen Energy Co., LLC*, Docket No. 50-461 (November 24, 1999).

VYNPC is an electric utility company owned by other electric utilities in New England. VYNPC was formed to own and operate Vermont Yankee by these electric utility owners (Sponsors) and the output of Vermont Yankee is sold to the Sponsors pursuant to the terms of wholesale power sales contracts approved by the Federal Energy Regulatory Commission.

Under the Vermont Yankee Asset Purchase Agreement (the Vermont Yankee Agreement), executed by AmerGen and VYNPC as of November 17, 1999, VYNPC agreed to transfer its interests in Vermont Yankee to AmerGen. In addition, under a Power Purchase Agreement, also executed as of November 17, 1999, VYNPC agreed to buy 61.5% of the capacity and energy of Vermont Yankee for resale to certain Sponsors. As permitted under the terms of these agreements, AmerGen will assign its rights to the acquisition of Vermont Yankee and in the Power Purchase Agreement to AmerGen Vermont. In accordance with the Vermont Yankee Agreement, the closing of the transaction will take place on the Closing Date, as defined therein, once all conditions precedent are satisfied and all required regulatory approvals are obtained. On and after the Closing Date, the following events will occur:

- (a) AmerGen Vermont will assume all rights, title, and interest in and to Vermont Yankee, including all buildings, equipment, spare parts, fixtures, inventory, documents, records, assignable contracts, fresh and spent nuclear fuel, other licensed materials at the site, and other property necessary for the operation and maintenance of Vermont Yankee, and assume all responsibility for the operation, maintenance, and eventual decommissioning of Vermont Yankee;
- (b) Substantially all of VYNPC's employees located at the Vermont Yankee site involved in the operation and maintenance of the plant will assume similar roles and responsibilities for AmerGen Vermont and continue to perform these functions at Vermont Yankee;
- (c) AmerGen Vermont will be interconnected with the Vermont transmission system owned by Vermont Electric Power Company, Inc., and will contract for any necessary transmission service and back-up power to the site consistent with NRC requirements;
- (d) VYNPC will purchase 61.5% of the capacity and energy from Vermont Yankee under the Power Purchase Agreement from the Closing Date through March 21, 2012, when the current NRC operating license is due to expire; and
- (e) VYNPC will have made or will make additional cash deposits to the Vermont Yankee decommissioning funds, and AmerGen Vermont anticipates that the fair market value of these funds after the transfer will not be less than \$280 million.

The Application for Order and Conforming Administrative License Amendments for License Transfer (NRC Facility Operating License No. DPR-28) (Application) containing the information required under 10 CFR § 50.80 is enclosed. AmerGen Vermont and VYNPC believe that the information contained in the Application demonstrates that:

- (1) AmerGen Vermont will possess the requisite technical and financial qualifications to own and operate Vermont Yankee;
- (2) AmerGen Vermont will not be owned, controlled, or dominated by an alien, foreign corporation or foreign government, within the meaning of Section 104.d of the Act; and

- (3) the proposed transfer and conforming administrative amendments do not raise any significant safety issues.

As discussed in the Application, the proposed transfer and conforming administrative amendments will involve certain organizational and administrative changes, but will not involve any other change to Vermont Yankee's current licensing basis. In addition, AmerGen Vermont does not anticipate any reduction in the commitments in the Vermont Yankee quality assurance program, or any reduction in the effectiveness of the emergency and security plans for Vermont Yankee.

In summary, the proposed transfer will be consistent with the requirements set forth in the Act, NRC regulations, and the relevant NRC license and orders, and it will neither have any adverse impact on the public health and safety nor be inimical to the common defense and security. AmerGen Vermont and VYNPC therefore respectfully request that the Commission consent to the transfer in accordance with 10 CFR § 50.80, and approve the conforming administrative amendments pursuant to 10 CFR §§ 2.1315(a) and 50.92.

The Closing Date of the sale of Vermont Yankee is dependent upon the receipt of all required regulatory approvals and will occur promptly after receipt of the necessary approvals. The parties intend to close at the earliest practicable date following receipt of all required regulatory approvals. Therefore, AmerGen Vermont and VYNPC request that the NRC review this request on a schedule that will permit the issuance of NRC consent to the license transfer and approval of the conforming administrative license amendments as promptly as possible and, in any event, before June 1, 2000.^{1/} Such consent should be immediately effective upon issuance, and should consent to the transfer occurring at any time up to one year following

1/ PECO Energy and Unicom Corporation (Unicom), an Illinois corporation and parent of Commonwealth Edison Company, have entered into a merger agreement which will result in the formation of a new holding company, and the transfer of PECO Energy's ownership interest in AmerGen to a new generating company subsidiary of this holding company, which will also be formed in connection with the merger. Closing on the sale of Vermont Yankee to AmerGen Vermont is expected to occur prior to the consummation of the PECO Energy/Unicom merger. AmerGen and AmerGen Vermont will submit a separate application for any required NRC consent and conforming administrative license amendments associated with the PECO Energy/Unicom merger, and respectfully request that the NRC address any issues associated with the merger and the transfer of PECO Energy's ownership interest in AmerGen in the processing of that application.


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issuance of NRC approval, or such later date as may be permitted by the NRC. AmerGen Vermont and VYNPC will keep the NRC informed of either any significant changes in the status of the other required approvals, or other developments that have an impact on this schedule.

The Application includes a proprietary, separately bound Addendum with Enclosures 7A and 9A of the Application because they contain confidential commercial and financial information. AmerGen Vermont requests that this information be withheld from public disclosure pursuant to 10 CFR § 9.17(a)(4) and the policy reflected in 10 CFR § 2.790, as described in the Affidavit of Gerald R. Rainey, provided as Enclosure 14 to the Application. Non-proprietary versions of the documents, suitable for public disclosure, are provided as Enclosures 7 and 9.

If the NRC requires additional information concerning this license transfer request, please contact Wayne M. Limberger, Senior Licensing Engineer, VYNPC, 185 Old Ferry Road, Brattleboro, Vermont 05301 (tel: 802-258-4237). Service upon the applicants of comments, hearing requests, intervention petitions, or other pleadings, if applicable, should be made to counsel for VYNPC, John Ritsher, at One International Place, Boston, Massachusetts, 02110 (tel: 617-951-7000; fax 617-951-7050; e-mail: jritsher@ropesgray.com), and Kevin P. Gallen, counsel for AmerGen Vermont, at Morgan, Lewis & Bockius LLP, 1800 M Street, N.W., Washington, DC 20036-5869 (tel: 202-467-7462; fax 202-467-7176; e-mail: kpgallen@mlb.com).

Sincerely,


Gerald R. Rainey
Chief Executive Officer
AmerGen Vermont, LLC

Ross P. Barkhurst
President and Chief Executive Officer
Vermont Yankee Nuclear Power
Corporation

Encl. Application

cc: Document Control Desk, NRC (3 copies)
Hubert J. Miller, Administrator, Region I
Brian J. McDermott, VYNPS Senior Resident Inspector
Richard P. Croteau, NRC HQ Project Manager
Vermont Department of Public Service

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Sincerely,

Gerald R. Rainey
Chief Executive Officer
AmerGen Vermont, LLC



Ross P. Barkhurst
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Encl. **Application**

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