

LICENSEE: Northeast Utilities

January 28, 2000

FACILITIES: Millstone Nuclear Power Station, Unit Nos. 2 and 3

SUBJECT: MEETING SUMMARY FOR DECEMBER 20, 1999, PUBLIC MEETING WITH NORTHEAST UTILITIES (NU) TO DISCUSS NU RESTRUCTURING IN NEW ENGLAND

On December 20, 1999, the U.S. Nuclear Regulatory Commission (NRC) staff participated in a public meeting with management representatives of Northeast Utilities (NU). The meeting was open for public observation. The purpose of the meeting was to provide the staff an update on the status of NU's merger activity and the status of NU's deregulation and restructuring activities. Enclosure 1 provides a list of attendees. Enclosure 2 is NU's handout used to present the update on the NU merger and deregulation and restructuring activity.

NU stated that there were no major policy developments since the September 1999 presentation to the staff. NU noted that its merger transaction will occur independent of its divestiture from nuclear power generation activity. This includes the auctioning of the Millstone units and its interest in Seabrook. NU continues to work with the States of Connecticut, Massachusetts, and New Hampshire in divesting from nuclear power. Connecticut and Massachusetts have legislation in place directing the sale or auction of NU's nuclear assets. NU has a Memorandum of Understanding with New Hampshire, the details of which will be formalized, governing the divestiture of NU from Seabrook. NU still anticipates that it will be divested from nuclear power generation by the year 2001.

ORIGINAL SIGNED BY:

Victor Nerses, Sr. Project Manager, Section 2
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Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-336, 50-423, 50-245,
and 50-443

Enclosures: As stated (2)

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

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A handwritten signature in cursive script that reads "Victor Nerses".

Victor Nerses, Sr. Project Manager, Section 2
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Office of Nuclear Reactor Regulation

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Millstone Nuclear Power Station
Units 2 and 3

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**LIST OF ATTENDEES
MEETING ON DECEMBER 20, 1999
NORTHEAST UTILITIES RESTRUCTING IN NEW ENGLAND**

NAME	ORGANIZATION	POSITION
Robert Wood	USNRC	Senior Financial Analyst
John Nakoski	USNRC	Senior Project Manager
Victor Nerses	USNRC	Senior Project Manager
Elinor Adensam	USNRC	Director, Project Directorate I, DLPM/NRR
William Quinlan	Northeast Utilities	Senior Council
Brent Branderburg	Con. Edison	Asst. General Council
Tony Callendrello	NAESCO	Manager, Envr., Govt. and Comm. Rel.
Ray Necci	Northeast Utilities	VP Nuclear Oversight and Regulatory Affairs
Rick Kacich	Northeast Utilities	Director, Business Services
Dave Smith	NNECO	Manager, Regulatory Affair
Edwin Scott	Con. Edison	Vice President - Law
William Meinert	MMWEL	Nuclear Engineer
Jenny Weil	McGraw-Hill	member of the public

**Consolidated Edison -
Northeast Utilities Merger
and
Electric Industry Restructuring**

**NRC Status Briefing
December 20, 1999**

Agenda

- ◆ Overview of Consolidated Edison - Northeast Utilities Merger
- ◆ Nuclear Asset Divestiture Status
- ◆ Update on Electric Industry Restructuring in Affected States
- ◆ Anticipated Submittals to the NRC
- ◆ Schedule and Sequence of Events

Consolidated Edison - Northeast Utilities Merger

- ◆ Agreement and Plan of Merger dated October 13, 1999
- ◆ All merger transactions occur “upstream” of NRC licensees
- ◆ Consolidated Edison, Inc., a New York corporation (“CEI”) will merge into its wholly-owned subsidiary, Consolidated Edison, Inc., a Delaware corporation (“New CEI”)
- ◆ New CEI will own all of the common stock of Northeast Utilities, which will continue to own its existing subsidiaries
- ◆ New CEI will also own all of the common stock of CEI’s existing subsidiaries
- ◆ Goal is to consummate merger in mid-2000

Consolidated Edison - Northeast Utilities Merger

NRC LICENSEES AFFECTED BY MERGER

Operators

Northeast Nuclear Energy Company
North Atlantic Energy Service Corporation
Consolidated Edison Company of New York, Inc.

Facility

Millstone 1, 2, 3
Seabrook
Indian Point 1, 2

Owners

The Connecticut Light and Power Company

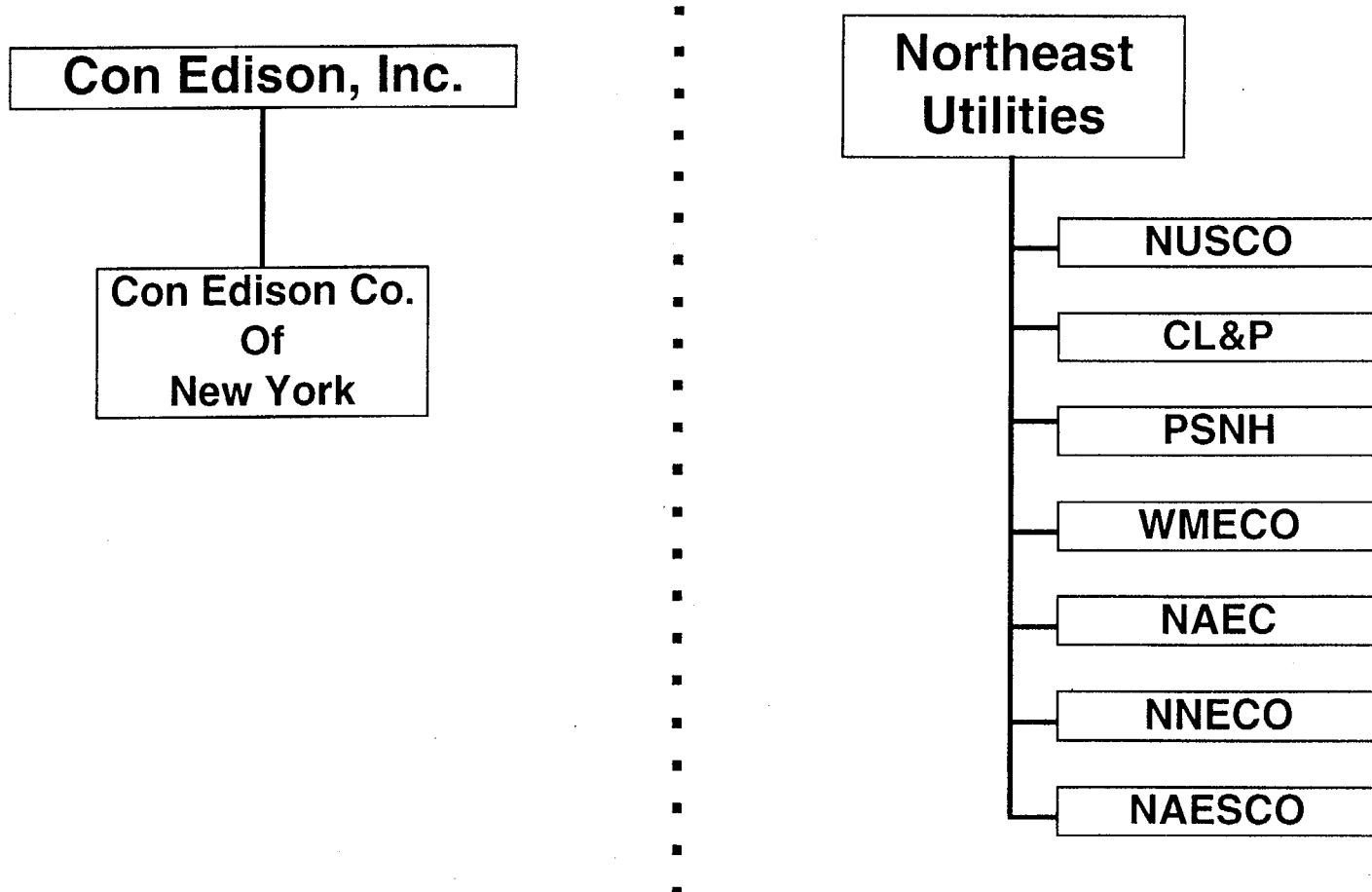
Western Massachusetts Electric Company
Public Service Company of New Hampshire
North Atlantic Energy Corporation
Consolidated Edison Company of New York, Inc.

Facility

Millstone 1, 2, 3
Seabrook
Millstone 1, 2, 3
Millstone 3
Seabrook
Indian Point 1, 2

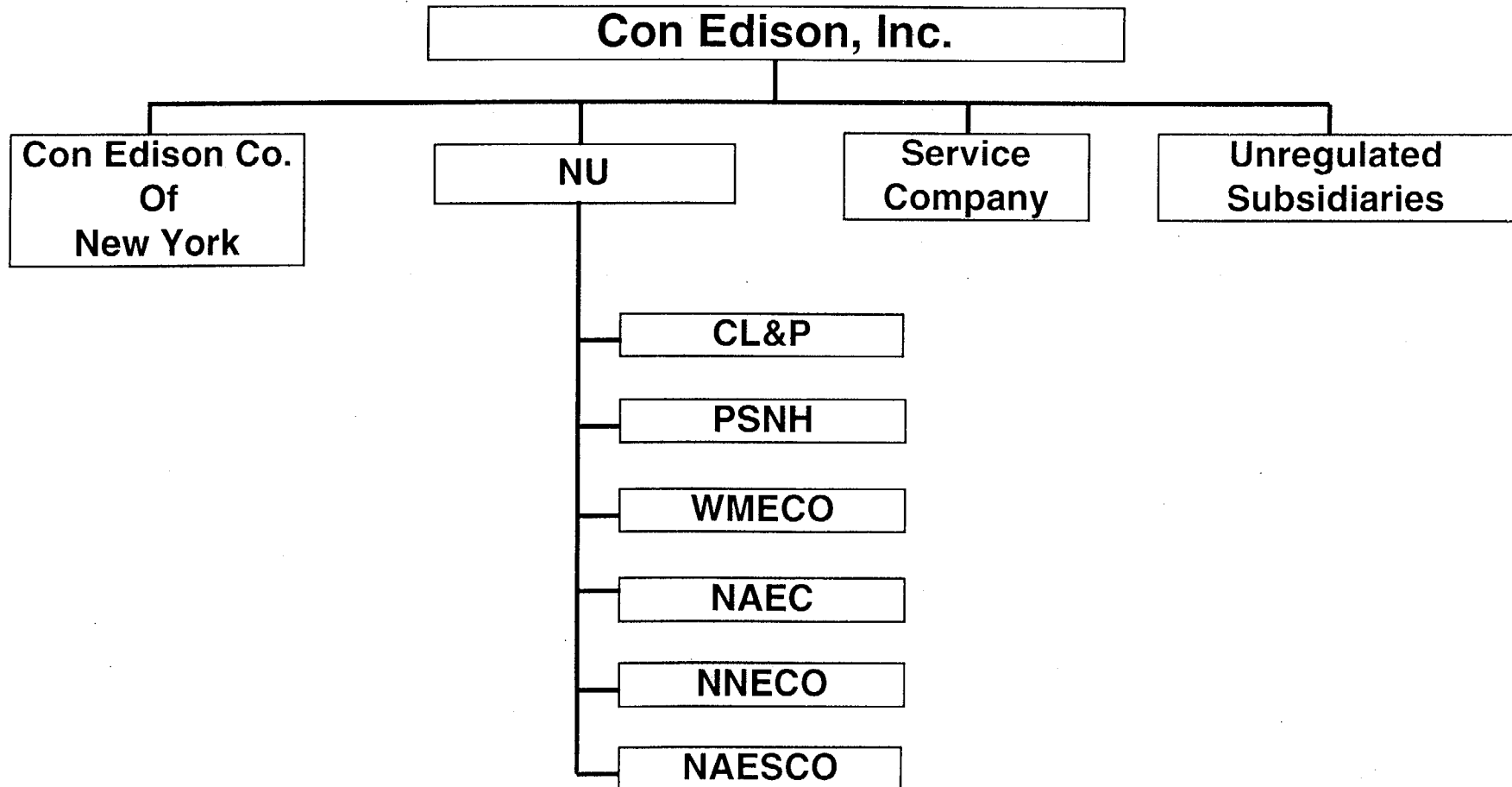
Consolidated Edison - Northeast Utilities Merger

CORPORATE STRUCTURE -- Pre-Merger



Consolidated Edison - Northeast Utilities Merger

CORPORATE STRUCTURE -- Post Merger



Consolidated Edison - Northeast Utilities Merger

- ◆ No Change in Current Licensees, License Terms or Technical Specifications
- ◆ NRC has considered similar transactions as involving Indirect Change in control requiring NRC Consent
 - Consolidated Edison Company of New York, Inc. remains a direct subsidiary of Consolidated Edison, Inc.
 - Northeast Utilities system companies remain direct subsidiaries of Northeast Utilities, which becomes a subsidiary of Consolidated Edison, Inc.

Consolidated Edison - Northeast Utilities Merger

- ◆ NRC Review Criteria
 - No Change in Technical Qualifications
 - No Change in Foreign Ownership or Domination
 - No Adverse Change in Financial Qualifications
 - No Antitrust Review Contemplated

Consolidated Edison - Northeast Utilities Merger

- ◆ Continuity
 - No Change in Plant Managerial or Operational Personnel
 - No Change in approach to Operations or Maintenance
 - No Change in Decommissioning Funding Arrangements
 - No Changes in Licensing Bases
 - No Reduction in Commitments
- ◆ Post-merger composition of Consolidated Edison, Inc., Board

Consolidated Edison - Northeast Utilities Merger

Other Regulatory Approvals

- ◆ SEC
- ◆ FERC
- ◆ Hart-Scott-Rodino
- ◆ Various State Utility Regulatory Bodies

Nuclear Asset Divestiture

Divestiture of nuclear generation assets will occur independently of merger transaction.

Nuclear Asset Divestiture

CONNECTICUT

- ◆ Public Act 98-28 mandates divestiture of CL&P's nuclear generation assets via public auction by January 1, 2004 as a prerequisite to stranded cost recovery
- ◆ DPUC has established minimum bid prices for Millstone 2, 3 and Seabrook assets
- ◆ CL&P filed Divestiture Plan with DPUC on November 8, 1999
- ◆ DPUC's Procedural Schedule currently envisions a March 1, 2000 final decision on Divestiture Plan
- ◆ Public auction expected to commence promptly upon approval of Divestiture Plan
- ◆ Auction will be conducted by a consultant appointed by the DPUC

Nuclear Asset Divestiture

NEW HAMPSHIRE

- ◆ PSNH entered into Agreement with State of New Hampshire on August 2, 1999
- ◆ Agreement requires auction of NAEC's share of Seabrook by December 31, 2003
- ◆ NAEC to make reasonable efforts to include other minority interests in auction
- ◆ Agreement requires transfer of PSNH's share of Millstone 3 to a Northeast Utilities' affiliate
- ◆ NHPUC proceedings to approve Agreement are ongoing



Nuclear Asset Divestiture

MASSACHUSETTS

- ◆ WMECO plans to divest Millstone ownership interests in CL&P public auction
- ◆ WMECO approach has been accepted by DTE, subject to approval of final transaction



Nuclear Asset Divestiture

NEW YORK

- ◆ Utility deregulation legislation has not been enacted in New York
- ◆ NYPSC has recognized advantages of generation asset divestiture
- ◆ NYPSC considering whether to require or incent divestiture of nuclear generation assets
- ◆ ConEd has made no final decision whether to sell or retain its nuclear generation assets, but has announced its intention to explore alternatives to continued ownership



Update on Electric Industry Restructuring In Affected States

- ◆ No major policy developments since September presentation to NRC
 - Stranded cost recovery
 - Decommissioning funding assurance
 - Interim nuclear cost recovery

Four Anticipated Submittals to the NRC

1. Consummation of Consolidated Edison - Northeast Utilities merger
2. Transfer of PSNH's Millstone 3 interest to another affiliate of Northeast Utilities
3. Transfer of operating responsibilities and ownership interests to successful bidder in Millstone auction
4. Transfer of operating responsibilities and ownership interests to successful bidder in Seabrook auction

Current Anticipated Schedule and Sequence of Events

Consolidated Edison - Northeast Utilities Merger

Merger Agreement Executed	October 13, 1999
File NRC Application	January, 2000
NRC Approves Application	Mid-2000

Millstone Divestiture

CL&P Files Divestiture Plan	November 8, 1999
DPUC Approves Divestiture Plan	March, 2000
Successful Bidder Announced	August, 2000
File NRC License Transfer Application	September, 2000
NRC Approves License Transfer Application	February, 2001



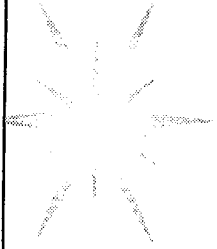
Current Anticipated Schedule and Sequence of Events

Transfer of PSNH's Interest in Millstone 3

File License Transfer Application for PSNH Interest	Mid-2000 (tentative)
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Seabrook Divestiture

PSNH - New Hampshire Agreement Executed	August 2, 1999
NHPUC Approves PSNH Agreement	Mid-2000
NAEC Commences Divestiture Process	Mid to Late 2000



Summary

- ◆ Merger and divestitures are separate activities and are proceeding independently
- ◆ Anticipate four submittals to the NRC
- ◆ Schedule for NRC submittals needed for divestiture will become more certain as various State initiatives progress
- ◆ Merger and divestiture activities will not divert plant focus from safety