

February 11, 2000

MEMORANDUM TO: File Center

FROM: Richard B. Ennis, Project Manager, Section 2 */RA/*  
Project Directorate I  
Division of Licensing Project Management  
Office of Nuclear Reactor Regulation

SUBJECT: PEACH BOTTOM ATOMIC POWER STATION, FACSIMILE  
TRANSMISSION, PSE&G TO PSEG NUCLEAR LLC LICENSE  
TRANSFER, (TAC NOS. MA6086 AND MA6087)

The attached information was transmitted by facsimile on February 1, 2000, to Mr. John Hufnagel of PECO Energy Company (PECO). This information was transmitted as a courtesy to document draft proposed additional license conditions being added by the NRC to the facility operating licenses for the Peach Bottom Atomic Power Station (Peach Bottom) Units 2 and 3. These license conditions are associated with PECO's application dated July 1, 1999, which requested the approval of the transfer of the licenses for Peach Bottom Units 2 and 3, to the extent they are held by Public Service Electric and Gas Company, to PSEG Nuclear LLC.

Docket Nos. 50-277 and 50-278

Attachment: PSE&G to PSEG Nuclear LLC License Transfer Conditions

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Docket Nos. 50-277 and 50-278

Attachment: PSE&G to PSEG Nuclear LLC License Transfer Conditions

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INSERT A  
For Peach Bottom Unit 2 License

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated \_\_\_\_\_, and the related Safety Evaluation dated \_\_\_\_\_
- b) The decommissioning trust agreement shall provide that:
  - 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto.
  - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
  - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
  - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
  - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.

INSERT A  
For Peach Bottom Unit 3 License

(5) PSE&G to PSEG Nuclear LLC License Transfer Conditions

- a) PSEG Nuclear LLC shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application, the requirements of the Order Approving Transfer of License and Conforming Amendment, dated \_\_\_\_\_, and the related Safety Evaluation dated \_\_\_\_\_
- b) The decommissioning trust agreement shall provide that:
  - 1) The use of assets in both the qualified and non-qualified funds shall be limited to expenses related to decommissioning of the unit as defined by the NRC in its regulations and issuances, and as provided in the unit's license and any amendments thereto.
  - 2) Investments in the securities or other obligations of PSE&G or affiliates thereof, or their successors or assigns, shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants shall be prohibited.
  - 3) No disbursements or payments from the trust shall be made by the trustee until the trustee has first given the NRC 30 days notice of the payment. In addition, no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation.
  - 4) The trust agreement shall not be modified in any material respect without prior written notification to the Director, Office of Nuclear Reactor Regulation.
  - 5) The trustee, investment advisor, or anyone else directing the investments made in the trust shall adhere to a "prudent investor" standard, as specified in 18 CFR 35.32(3) of the Federal Energy Regulatory Commission's regulations.
- c) PSEG Nuclear LLC shall not take any action that would cause PSEG Power LLC or its parent companies to void, cancel, or diminish the commitment to fund an extended plant shutdown as represented in the application for approval of the transfer of this license from PSE&G to PSEG Nuclear LLC.