

January 12, 2000

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SUBJECT: NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER OF FACILITY OPERATING LICENSE AND CONFORMING AMENDMENT, AND OPPORTUNITY FOR A HEARING - MILLSTONE NUCLEAR POWER STATION, UNIT NO. 3 (TAC NO. MA5881)

Dear Messrs. Dignan and Berlin:

Enclosed is a copy of a "Notice of Consideration of Approval of Transfer of Facility Operating License and Conforming Amendment, and Opportunity for a Hearing" related to the application dated June 15, 1999, as supplemented July 20 and September 3, 1999, filed by Montaup Electric Company (Montaup) and New England Power Company (NEP), and as supplemented November 29, 1999, by Northeast Nuclear Energy Company on behalf of NEP providing the Conforming Amendment request. The application (pursuant to 10 CFR 50.80) seeks approval of the proposed indirect and direct transfers of Facility Operating License No. NPF-49 for Millstone Nuclear Power Station, Unit No. 3 (MP3), to the extent held by Montaup. The application also seeks (pursuant to 10 CFR 50.90) the issuance of a conforming amendment to the license to reflect the direct transfer described in the application.

An indirect transfer of the MP3 license is proposed to New England Electric System (NEES), the parent company of NEP, resulting from the planned merger of NEES and Eastern Utilities Associates (EUA), under which NEES would own all of the outstanding common shares of EUA. Following this merger, Montaup will be consolidated with NEP, resulting in the transfer of Montaup's 4% ownership interest in MP3 and the direct transfer of the MP3 license with respect to that interest to NEP. In addition, the MP3 license as held by Montaup is subject to an indirect transfer based on the proposed merger between NEES and the National Grid Group, plc (National Grid), which was the subject of an application for consent regarding NEP's currently held interest in the MP3 license, filed by NEP with the U.S. Nuclear Regulatory Commission (NRC) in an application dated March 15, 1999. At the conclusion of the proposed transactions, NEP will be the entity obligated to perform all current obligations, including decommissioning funding, with respect to the MP3 license as now held by Montaup, in addition to the obligations NEP now has regarding its current 12.2% ownership interest in MP3.

The application references the restructuring of Montaup's ownership between Eastern Edison Company (Eastern Edison), Montaup's direct parent company, and EUA, the parent company of Eastern Edison, through the transfer of common stock for Montaup from Eastern Edison to EUA. The staff has previously performed a threshold review in consideration of Section 50.80 of Title 10 of the Code of Federal Regulations of this proposed restructuring and concluded that the restructuring of Montaup through its ownership being placed directly under EUA does not involve a transfer, direct or indirect, of Montaup's operating license that would require NRC approval.

A copy of this notice will be provided to Northeast Nuclear Energy Company, which is authorized to act as agent for the joint owners of MP3 and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility. This notice is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

Victor Nerses, Senior Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-423

Enclosure: Notice

cc w/encl: See next page

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UNITED STATES NUCLEAR REGULATORY COMMISSIONNORTHEAST NUCLEAR ENERGY COMPANY, ET AL.MILLSTONE NUCLEAR POWER STATION, UNIT 3DOCKET NO. 50-423NOTICE OF CONSIDERATION OF APPROVAL OF TRANSFER OF FACILITYOPERATING LICENSE AND CONFORMING AMENDMENT,AND OPPORTUNITY FOR A HEARING

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under 10 CFR 50.80 approving certain indirect transfers and a direct transfer of Facility Operating License No. NPF-49 for the Millstone Nuclear Power Station, Unit No. 3 (MP3), to the extent held by Montaup Electric Company (Montaup), one of 14 joint owners of MP3. The direct transfer would be to New England Power Company (NEP), and the indirect transfers would be to New England Electric System (NEES) and the National Grid Group, plc. The Commission is also considering amending the license for administrative purposes to reflect the proposed direct transfer. MP3 is located in Waterford, Connecticut.

According to an application filed by Montaup, holder of a 4% ownership interest in MP3, and NEP, currently a 12.2% owner of MP3, for approval of the indirect and direct transfers, on February 1, 1999, NEES entered into an Agreement and Plan of Merger and Consent Agreement (Merger Agreement) with Eastern Utilities Associates (EUA), a Massachusetts business trust, which is the indirect parent of Montaup. Under the Merger Agreement, certain transactions will occur which will ultimately result in the indirect transfer of Montaup's interest in MP3's Facility Operating License No. NPF-49 to NEES and the direct transfer of that interest to NEP, a subsidiary of NEES.

In addition, by virtue of a separate merger agreement between NEES and the National Grid Group, plc, there would be an indirect transfer of Montaup's MP3 license to the National Grid Group, plc. Northeast Nuclear Energy Company (NNECO), the sole licensed operator of the facility, would remain as the managing agent for the joint owners of the facility and would continue to have exclusive responsibility for the management, operation, and maintenance of MP3. The application does not propose a change in the rights, obligations, or interests of the other joint owners of MP3. In addition, no physical changes to MP3 or operational changes are being proposed.

The proposed amendment, submitted by NNECO on behalf of NEP, would remove references to Montaup in the license and change the number of license holders as stated in the license from 14 to 13. NEP is currently referenced in the license as a licensee, given its existing ownership interest in MP3, and therefore, would not need to be added to the license. These changes are necessary to reflect the proposed transfer.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. The Commission will approve an application for the direct transfer of a license, if the Commission determines that the proposed transferee is qualified to hold the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto. An application for approval of an indirect license transfer will be approved if the Commission determines that the underlying transaction effecting the indirect transfer will not affect the qualifications of the holder of the license, and that the indirect transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Before issuance of the proposed conforming license amendment, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations.

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a utilization facility which does no more than conform the license to reflect the transfer action involves no significant hazards consideration. No contrary determination has been made with respect to this specific license amendment application. In light of the generic determination reflected in 10 CFR 2.1315, no public comments with respect to significant hazards considerations are being solicited, notwithstanding the general comment procedures contained in 10 CFR 50.91.

The filing of requests for hearing and petitions for leave to intervene, and written comments with regard to the license transfer application, are discussed below.

By February 8, 2000, any person whose interest may be affected by the Commission's action on the application may request a hearing, and, if not the applicants, may petition for leave to intervene in a hearing proceeding on the Commission's action. Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart M, "Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications," of 10 CFR Part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in

10 CFR 2.1308(b), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.1308(b)(1)-(2).

Requests for a hearing and petitions for leave to intervene should be served upon Edward Berlin, Esq., Kenneth G. Jaffe, Esq., and Scott P. Klurfeld, Esq., Swidler Berlin Shereff Friedman, LLP, 3000 K Street, NW., Suite 300, Washington, DC 20007-5116, attorneys for New England Power Company; Thomas G. Dignan, Jr., Esq., Ropes & Gray, One International Place, Boston, Massachusetts, 02110-2624, attorney for Montaup Electric Company; Lillian M. Cuoco, Esq., Senior Nuclear Counsel, Northeast Utilities Service Company, 107 Selden Street, Berlin, Connecticut, 06037, attorney for Northeast Nuclear Energy Company; the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555 (e-mail address for filings regarding license transfer cases only: OGCLT@NRC.gov); and the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, in accordance with 10 CFR 2.1313.

The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the Presiding Officer. A notice granting a hearing will be published in the FEDERAL REGISTER and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, by February 18, 2000, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission,

Washington, DC 20555-0001, Attention: Rulemakings and Adjudications Staff, and should cite the publication date and page number of this FEDERAL REGISTER notice.

For further details with respect to this action, see the application dated June 15, 1999, as supplemented July 20, September 3, and November 29, 1999, submitted under cover of letters dated June 15, July 20, September 3, and November 29, 1999, respectively, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC., and accessible electronically through the ADAMS Public Electronic Reading Room link at the NRC Web site, [http:// www.nrc.gov](http://www.nrc.gov).

Dated at Rockville, Maryland this 12th day of January 2000.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Victor Nerses, Senior Project Manager, Section 2
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Millstone Nuclear Power Station
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