

May 15, 2000

Mr. Eliot Protsch
President
IES Utilities Inc.
200 First Street, SE.
P.O. Box 351
Cedar Rapids, IA 52406-0351

SUBJECT: ORDER APPROVING THE TRANSFER OF OPERATING AUTHORITY UNDER
THE FACILITY OPERATING LICENSE THE FACILITY OPERATING LICENSE
FOR DUANE ARNOLD ENERGY CENTER FROM IES UTILITIES INC., TO
NUCLEAR MANAGEMENT COMPANY, LLC (TAC NO. MA7318)

Dear Mr. Protsch:

The staff has completed its review of your application dated November 24, 1999, as supplemented February 4 and March 17, 2000. The application was made by IES Utilities Inc., as an owner and licensed operator of the Duane Arnold Energy Center for itself and on behalf of the Central Iowa Power Cooperative (CIPCO) and the Corn Belt Power Cooperative (Corn Belt) (collectively, the plant owners). The application requested approval of the transfer of operating authority under Facility Operating License No. DPR-49, held by IES Utilities Inc., for the Duane Arnold Energy Center to Nuclear Management Company, LLC, and approval of a conforming amendment, pursuant to 10 CFR 50.80 and 10 CFR 50.90. The enclosed Order approves the proposed transfer, subject to the conditions described therein. The Order also approves a conforming license amendment, which will be issued and made effective when the transfer is completed.

This Order is being forwarded to the Office of the Federal Register for publication.

Sincerely,

/RA/

Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosures: 1. Order
2. Conforming Amendment
3. Safety Evaluation

cc w/encls: See next page

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 15, 2000

Mr. Eliot Protsch
President
IES Utilities Inc.
200 First Street, SE.
P.O. Box 351
Cedar Rapids, IA 52406-0351

SUBJECT: ORDER APPROVING THE TRANSFER OF OPERATING AUTHORITY UNDER
THE FACILITY OPERATING LICENSE FOR DUANE ARNOLD ENERGY
CENTER FROM IES UTILITIES INC., TO NUCLEAR MANAGEMENT
COMPANY, LLC (TAC NO. MA7318)

Dear Mr. Protsch:

The staff has completed its review of your application dated November 24, 1999, as supplemented February 4 and March 17, 2000. The application was made by IES Utilities Inc., as an owner and licensed operator of the Duane Arnold Energy Center for itself and on behalf of the Central Iowa Power Cooperative (CIPCO) and the Corn Belt Power Cooperative (Corn Belt) (collectively, the plant owners). The application requested approval of the transfer of operating authority under Facility Operating License No. DPR-49, held by IES Utilities Inc., for the Duane Arnold Energy Center to Nuclear Management Company, LLC, and approval of a conforming amendment, pursuant to 10 CFR 50.80 and 10 CFR 50.90. The enclosed Order approves the proposed transfer, subject to the conditions described therein. The Order also approves a conforming license amendment, which will be issued and made effective when the transfer is completed.

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Carl F. Lyon, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-331

Enclosures: 1. Order
2. Conforming Amendment
3. Safety Evaluation

cc w/encls: See next page

Duane Arnold Energy Center

cc:

Al Gutterman
Morgan, Lewis, & Bockius LLP
1800 M Street, N. W.
Washington, DC 20036-5869

Chairman, Linn County
Board of Supervisors
Cedar Rapids, IA 52406

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Manager, Nuclear Licensing
Duane Arnold Energy Center
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U.S. Nuclear Regulatory Commission
Resident Inspector's Office
Rural Route #1
Palo, IA 52324

Regional Administrator
U.S. NRC, Region III
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Lisle, IL 60532-4531

Daniel McGhee
Utilities Division
Iowa Department of Commerce
Lucas Office Building, 5th floor
Des Moines, IA 50319

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	Docket No. 50-331
)	
IES UTILITIES INC.,)	License No. DPR-49
ET AL.)	
)	
(Duane Arnold Energy Center))	

ORDER APPROVING TRANSFER OF OPERATING AUTHORITY
AND CONFORMING AMENDMENT

I.

IES Utilities Inc. (the licensee), Central Iowa Power Cooperative (CIPCO), and the Corn Belt Power Cooperative (Corn Belt) are the holders of Facility Operating License No. DPR-49, which authorizes operation of the Duane Arnold Energy Center (DAEC or the facility). The facility is located near the town of Palo in Linn County, Iowa. The license authorizes IES Utilities Inc., to possess, use, and operate DAEC and authorizes CIPCO and Corn Belt to possess the facility.

II.

By application dated November 24, 1999, the Commission was informed that IES Utilities Inc., entered into operating service agreements with Nuclear Management Company, LLC (NMC). The application was supplemented by submittals dated February 4 and March 17, 2000. The initial application and the supplements are hereinafter referred to as "the application" unless otherwise indicated. Under the proposed transaction, NMC will be designated as the exclusive licensee authorized to use and operate DAEC in accordance with

the terms and conditions of the license. The transaction involves no change in plant ownership. The licensee requested approval of the proposed transfer of operating authority under the DAEC facility operating license to NMC. The application also requested a conforming amendment to reflect the transfer. The proposed amendment would add NMC to the license as the licensee authorized to use and operate DAEC, and delete references to IES Utilities Inc. as the operator.

According to the application for approval filed by IES Utilities Inc., NMC would become the licensee authorized to use and operate DAEC following approval of the proposed license transfer. NMC will assume exclusive responsibility for the operation and maintenance of DAEC. Ownership of DAEC will not be affected by the proposed transfer of operating authority. The plant owners will retain their current ownership interests. NMC will not own any portion of DAEC. Likewise, the plant owners' entitlement to capacity and energy from DAEC will not be affected by the transfer of operating authority. No physical changes to the DAEC facility were proposed in the application.

Approval of the transfer of operating authority under the facility operating license and conforming license amendment was requested by IES Utilities Inc., pursuant to 10 CFR 50.80 and 50.90. Notice of the application for approval and an opportunity for a hearing was published in the *Federal Register* on February 4, 2000 (65 FR 5703). No hearing requests or written comments were received.

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. Upon review of the information in the application by IES Utilities Inc., and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that NMC is qualified to

hold the operating authority under the license, and that the transfer of the operating authority under the license to NMC is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter 1; the facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendment will not be inimical to the common defense and security or the health and safety of the public; and the issuance of the proposed amendment will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied. The foregoing findings are supported by a Safety Evaluation dated May 15, 2000.

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 U.S.C §§ 2201(b), 2201(i), and 2234, and 10 CFR 50.80, IT IS HEREBY ORDERED that the transfer of operating authority under the license as described herein to NMC is approved, subject to the following conditions:

- (1) After receipt of all required regulatory approvals of the transfer of operating authority to NMC, IES Utilities Inc., and NMC shall inform the Director of the Office of Nuclear Reactor Regulation, in writing of such receipt within 5 business days and of the date of the closing of the transfer no later than 7 business days

before the date of closing. If the transfer is not completed by April 1, 2001, this Order shall become null and void, provided, however, upon written application and for good cause shown, such date may in writing be extended.

- (2) NMC shall, prior to completion of the transfer of operating authority for DAEC, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

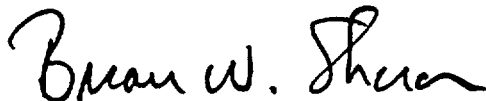
IT IS FURTHER ORDERED that consistent with 10 CFR 2.1315(b), a license amendment that makes changes, as indicated in Enclosure 2 to the cover letter forwarding this Order, to conform the license to reflect the subject transfer of operating authority is approved. The amendment shall be issued and made effective when the proposed transfer is completed.

This Order is effective upon issuance.

For further details with respect to this action, see the initial application dated November 24, 1999, and supplements dated February 4 and March 17, 2000, and the safety evaluation dated May 15, 2000, 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>).

Dated at Rockville, Maryland this 15th day of May 2000.

FOR THE NUCLEAR REGULATORY COMMISSION



Brian W. Sheron, Acting Director
Office of Nuclear Reactor Regulation



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

IES UTILITIES INC.
CENTRAL IOWA POWER COOPERATIVE
CORN BELT POWER COOPERATIVE
DOCKET NO. 50-331
DUANE ARNOLD ENERGY CENTER
AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No.
License No. DPR-49

1. The U.S. Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by IES Utilities Inc., et al., dated November 24, 1999, as supplemented February 4 and March 17, 2000, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
 - D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the license is amended as indicated in the attachment to this license amendment.

3. The license amendment is effective as of the date of issuance and shall be implemented within 45 days of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance:

ATTACHMENT TO LICENSE AMENDMENT NO.

FACILITY OPERATING LICENSE NO. DPR-49

DOCKET NO. 50-331

Replace the following pages of the License with the attached revised pages. The revised pages are identified by amendment number and contain marginal lines indicating the areas of change.

REMOVE

1
2
3
4
4a

INSERT

1
2
3
4
4a

Replace the following page of the Appendix B Additional Conditions with the attached revised page. The revised page is identified by amendment number and contains marginal lines indicating the areas of change.

REMOVE

1

INSERT

1

Amdt.
198,
5-13-94

IES UTILITIES INC.
CENTRAL IOWA POWER COOPERATIVE
CORN BELT POWER COOPERATIVE
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET 50-331
DUANE ARNOLD ENERGY CENTER
FACILITY OPERATING LICENSE

License No. DPR-49

1. The Atomic Energy Commission (the Commission) having found that:

- | | | |
|----|--|----------------------------|
| A. | The application for license filed by Nuclear Management Company, LLC (NMC), IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative (the licensees) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made; | Amdt.
198,
5-13-94 |
| | | |
| B. | Construction of the Duane Arnold Energy Center (facility) has been substantially completed in conformity with Construction Permit No. DPPR-70; the application, as amended; the provisions of the Act; and the rules and regulations of the Commission; | |
| C. | The facility will operate in conformity with the application, as amended; the provisions of the Act; and the rules and regulations of the Commission; | |
| D. | There is reasonable assurance: (i) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public; and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission; | |
| | | |
| E. | NMC is technically qualified and IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative are financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission; | Amdt.
198,
5-13-94 |
| | | |
| F. | The licensees have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations; | |

- G. The issuance of this operating license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-49 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied;
 - I. The receipt, possession, and use of source, by-product and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Part 30 and 70, including 10 CFR Section 30.33, 70.23 and 70.31.
2. Facility Operating License No. DPR-49 is hereby issued to NMC, IES Utilities Inc. (IES), Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative (Corn Belt) to read as follows:
- | | |
|--|--------------------------|
| | Amdt.
198,
5-13-94 |
|--|--------------------------|
- A. This license applies to the Duane Arnold Energy Center, a boiling water reactor and associated equipment (the facility), owned by IES Utilities Inc., Central Iowa Power Cooperative and Corn Belt Power Cooperative and operated by Nuclear Management Company, LLC. The facility is located on IES Utilities Inc.'s, Central Iowa Power Cooperative's and Corn Belt Power Cooperative's site near Palo in Linn County, Iowa. This site consists of approximately 500 acres adjacent to the Cedar River and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 14) and the Environmental Report as supplemented and amended (Supplements 1 through 5).
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) NMC, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to use and operate the facility; and IES Utilities Inc., CIPCO and Corn Belt to possess the facility at the designated location in Linn County, Iowa, in accordance with the procedures and limitations set forth in this license;
- | | |
|--|----------------------------|
| | Amdt.
198,
5-13-94 |
|--|----------------------------|

- 2.B.(2) NMC, pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Updated Final Safety Analysis Report, as supplemented and amended as of June 1992 and as supplemented by letters dated March 26, 1993, and October 3, 1997;
 - 2.B.(3) NMC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - 2.B.(4) NMC, pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated radioactive apparatus components;
 - 2.B.(5) NMC, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.
- C. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I; Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50, and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

Maximum Power Level

- 2.C.(1) NMC is authorized to operate the Duane Arnold Energy Center at steady state reactor core power levels not in excess of 1658 megawatts (thermal).

(2) Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. 230, are hereby incorporated in the license. NMC shall operate the facility in accordance with the Technical Specifications.

- (a) For Surveillance Requirements (SRs) that are new in Amendment 223 to Final Operating License DPR-49, the first performance is due at the end of the first surveillance interval that begins at implementation of Amendment 223. For SRs that existed prior to Amendment 223, including SRs with modified acceptance criteria and SRs whose frequency of performance is being extended, the first performance is due at the end of the first surveillance interval that begins on the date the Surveillance was last performed prior to implementation of Amendment 223.

(3) Fire Protection

NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the Duane Arnold Energy Center and as approved in the SER dated June 1, 1978, and Supplement dated February 10, 1981, subject to the following provision:

NMC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

- (4) The licensee is authorized to operate the Duane Arnold Energy Center following installation of modified safe-ends on the eight primary recirculation system inlet lines which are described in the licensee letter dated July 31, 1978, and supplemented by letter dated December 8, 1978.

(5) Physical Protection

NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Duane Arnold Energy Center Security Plan," with revisions submitted through December 17, 1987; "Duane Arnold Energy Center Guard Training and Qualification Plan," with revisions submitted through October 18, 1985; and "Duane Arnold Energy Center Safeguards Contingency Plan," with revisions submitted through December 5, 1986. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

2.C.(6) Deleted

2.C.(7) Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 223, are hereby incorporated into this license. NMC shall operate the facility in accordance with the Additional Conditions.

- D. This license is effective as of the date of issuance and shall expire at midnight February 21, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original signed by Roger Boyd for

A. Giambuso, Deputy Director
for Reactor Projects
Directorate of Licensing

Enclosures:

Appendix A Technical Specifications

Appendix B Additional Conditions

Date of Issuance: February 22, 1974

APPENDIX B

ADDITIONAL CONDITIONS

OPERATING LICENSE NO. DPR-49

NMC (the term licensee in Appendix B refers to NMC) shall comply with the following conditions on the schedule noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
223	NMC is authorized to relocate certain requirements included in Appendix A to licensee-controlled documents. Implementation of this amendment shall include the relocation of these requirements to the appropriate documents, as described in the licensee's application dated October 30, 1996, as supplemented, and consolidated in its March 31, 1998, submittal. These relocations were evaluated in the NRC staff's Safety Evaluation enclosed with this amendment.	This amendment is effective immediately and shall be implemented within 180 days of the date of this amendment.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

TRANSFER OF OPERATING AUTHORITY FROM

IES UTILITIES INC.

TO NUCLEAR MANAGEMENT COMPANY, LLC,

AND APPROVAL OF CONFORMING AMENDMENT

DUANE ARNOLD ENERGY CENTER

DOCKET NO. 50-331

1.0 INTRODUCTION

By application dated November 24, 1999, as supplemented February 4 and March 17, 2000, IES Utilities Inc., an owner and the licensed operator of Duane Arnold Energy Center (DAEC), acting for itself and on behalf of co-owners Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative (Corn Belt), and for Nuclear Management Company, LLC (NMC), requested Nuclear Regulatory Commission (NRC) consent to the transfer of operating authority under Operating License DPR-49 for the DAEC from IES Utilities Inc. to NMC. IES Utilities currently owns 70% of DAEC, and is the licensed operator of the unit. CIPCO currently owns 20% of DAEC, and Corn Belt currently owns 10%.

Ownership of the DAEC will not be affected by the proposed transfer of operating authority to NMC. The current owners will retain their ownership interests. NMC will not own any portion of DAEC. Also, the plant owners' entitlement to capacity and energy from the plant will not be affected by the transfer of operating authority.

NMC has been established as a Wisconsin limited liability corporation owned equally by Alliant Energy Nuclear, LLC, NSP Nuclear Corporation, WEC Nuclear Corporation, and WPS Nuclear Corporation. Alliant Energy Nuclear, LLC is a wholly owned subsidiary of Alliant Energy Corporation, the parent holding company of IES Utilities Inc. NSP Nuclear Corporation is a wholly owned subsidiary of Northern States Power Company, owner and operator of the Prairie Island and Monticello Nuclear Plants. WEC Nuclear Corporation is a wholly owned subsidiary of Wisconsin Energy Corporation, the parent holding company of Wisconsin Electric Power Company, which owns and operates the Point Beach Nuclear Plant. WPS Nuclear Corporation is a wholly owned subsidiary of WPS Resources, Inc., the parent holding company of Wisconsin Public Service Corporation, majority owner and operator of Kewaunee Nuclear Plant. NMC's corporate purpose, according to the application, is to provide services in connection with the operation and eventual decommissioning of licensed nuclear facilities on behalf of and for the benefit of the owner utilities.

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. Such action is contingent upon the Commission's determination that the

transferee is qualified to hold the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders of the Commission.

The February 4, 2000, submittal disclosed the change of address of the NMC principal place of business from Milwaukee, WI, to Hudson, WI, and identified that Mr. W. Harvey replaced Mr. E. Davis as a member of the Board of Directors. Mr. Harvey is currently Executive Vice President of Alliant Energy Corporation and is a citizen of the United States. The March 17, 2000, submittal provided corrected "marked-up" and "clean typed" license pages. The supplemental information did not expand the scope of the application as originally noticed in the *Federal Register*.

2.0 TECHNICAL QUALIFICATIONS

2.1 Basis and Guidance for the Evaluation

The staff used the following regulations and guidance to complete its evaluation: 10 CFR 50.40(b), "Common Standards"; 10 CFR 50.80, "Transfer of licenses"; the Standard Review Plan (SRP) NUREG-0800, Chapter 13, "Conduct of Operations," Section 13.1.1, "Management and Technical Organization," and Section 13.1.2-13.1.3, "Operating Organization"; and ANSI N18.1-1971, "Selection and Training of Nuclear Power Plant Personnel," as endorsed by Regulatory Guide 1.8, Revision 2, April 1987, "Qualification and Training of Personnel for Nuclear Power Plants."

2.2 Purpose of the Evaluation

The purpose of this evaluation is to ensure that NMC's corporate management will be involved with, informed of, and dedicated to the safe operation of the Duane Arnold Energy Center, and that sufficient, qualified technical resources will be provided to support safe plant operation and maintenance. In addition, changes to the plant's operating organization or personnel qualifications that may occur as a result of the license transfer are also evaluated.

2.3 Evaluation: Management and Technical Support Organization

In its November 24, 1999, submittal (page 6/13), the applicant stated that:

The technical qualifications of NMC to carry out its responsibilities under the operating license for DAEC, as amended, will be equivalent to or exceed the present technical qualifications of IES Utilities, Inc. NMC will have a corporate headquarters staffed with executives, principal officers and centralized support staff . . .

The applicant further indicates in its November 24, 1999 (page 7/13), submittal that, "NMC's senior management will be devoted to the business of nuclear plant operation. Such a single-purpose management will be able to focus on overall excellence in nuclear power operations."

Based on the foregoing information, the applicant is proposing an organization responsible for managing and providing technical support to the plant that will meet or exceed the current qualifications of the IES Utilities Inc., management and technical support organizations, regarding which the staff is aware of no deficiencies. Accordingly, the staff concludes that the proposed NMC organization for managing and its means of providing technical support to the plant staff for operation of the plant after the transfer of operating authority are satisfactory.

2.4 Evaluation: Operating Organization

As described below, current IES Utilities Inc. operating personnel will, for the most part, become NMC operating personnel. Thus, the staff's review of the proposed operating organization is focused here on evaluating proposed changes to the existing operating organization as a result of the transfer. The initial operating organization was determined to be acceptable by the initial licensing review. Subsequent safety-related changes to the operating organization were required to be evaluated with an appropriate methodology. The staff is aware of no deficiencies with the existing operating organization.

In its November 24, 1999, submittal, the applicant indicated (page 2/13) that, "substantially all employees at DAEC will maintain their positions, retain their responsibilities, and continue to perform the same activities as they did before the transfer. The only difference will be that their management direction will come from NMC, rather than IES Utilities Inc." The applicant further described the operating organization (page 7/13) by stating, "The current plant management will continue to be responsible for the overall safe operation and maintenance of the DAEC," and,

Concurrent with the transfer of operational authority, the DAEC on-site organization will transfer substantially intact to NMC. It is expected that substantially all IES Utilities Inc., operating personnel who are dedicated to DAEC will be transferred to NMC, as NMC employees or as utility employees under the supervision of the NMC. The technical qualifications of the proposed NMC organization for the operation of DAEC will be equivalent to, or better than, those of the existing organization, and personnel qualification requirements defined in the DAEC Technical Specifications will continue to be met.

The applicant also states, in Attachment 5, "Nuclear Power Plant Operating Services Agreement," (page 9), to its November 24, 1999, that, "On the Effective Date, Contracting Owner shall transfer substantially intact to NMC, and subject to Section 3.7 [labor clause], NMC shall accept the Contracting Owner's on-site organization, including Contracting Owner's employees and contractors (to the extent allowed under the applicable agreements), responsible for licensed activities at the Plant."

Based on the foregoing, the applicant is proposing a plant operating organization and personnel with qualifications that will meet the current DAEC Technical Specification requirements.

Since substantially all of the operating organization and personnel now responsible for the operation and maintenance of DAEC will be transferred to NMC, the staff concludes that NMC's onsite organization that will operate and maintain DAEC will be acceptable.

2.5 Conclusions Regarding Technical Qualifications

The applicant's submittal adequately addresses the relevant requirements of 10 CFR 50.40(b) and 10 CFR 50.80. The applicant has described NMC's corporate level management and technical support organization and the onsite operating organization to be responsible for the operation and maintenance of the Duane Arnold Energy Center after the transfer of operating authority. The staff concludes that NMC will have an acceptable corporate organization, onsite organization, and adequate resources to provide technical support for the safe operation of the

nuclear plant under both normal and off-normal conditions after the transfer of operating authority from IES Utilities Inc. to NMC.

3.0 FINANCIAL QUALIFICATIONS ANALYSIS

The application states that the ownership of DAEC will not change as a result of the proposed transfer of operating authority to NMC. According to the transfer application, IES Utilities Inc., CIPCO, and Corn Belt (the owners) will retain all financial responsibility for the operation and eventual decommissioning of DAEC. The application states that under the Operating Services Agreement, IES Utilities Inc., will not be liable for costs associated with the operation of other facilities owned by the other utilities contracting with NMC for operating services. The staff is not aware of any other contract or agreement which would make CIPCO or Corn Belt liable for costs associated with the operation of other facilities owned by the other utilities contracting with NMC for operating services. The owners will remain "electric utilities" as defined in 10 CFR 50.2, either by being able to establish their own rates, or by being engaged in the generation, transmission, and distribution of electric energy for wholesale and retail sale, and subject to State cost of service and Federal rate regulation. The staff has reviewed the Operating Services Agreement and concurs with the applicant's assessment that all costs associated with the operation and decommissioning of DAEC will continue to be the responsibility of the owners. Thus, NMC need not be reviewed concerning financial qualifications.

4.0 INSURANCE

The provisions of the Price-Anderson Act (Section 170 of the Atomic Energy Act) and the Commission's regulations at 10 CFR Part 140 require that NMC be added to the current IES Utilities Inc., CIPCO, and Corn Belt indemnity agreement. Under these provisions, NMC will also be required to be added as a named insured on the IES Utilities Inc., CIPCO, and Corn Belt applicable nuclear liability insurance policies and participate in the secondary retrospective insurance pool. NMC also will be required to maintain property insurance as specified in 10 CFR 50.54(w), which requirement can be satisfied by being added to the IES Utilities Inc., CIPCO, and Corn Belt property insurance policy. The staff does not have any reason to believe that NMC will be unable to meet the statutory and regulatory insurance requirements applicable to all power reactor licensees.

Consistent with NRC practice, the staff will require NMC to provide satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations, prior to the issuance of the amended license reflecting NMC as a licensee. Since the issuance of the amended license is directly tied to the consummation of the proposed transfer, the order approving the transfer will contain the following condition:

NMC shall, prior to completion of the transfer of operating authority for DAEC, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

5.0 ANTITRUST REVIEW

The Atomic Energy Act does not require or authorize antitrust reviews of post-operating license transfer applications. Kansas Gas and Electric Co., et al. (Wolf Creek Generating Station

Unit 1), CLI-99-19, 49 NRC 441(1999). Therefore, since the transfer application post-dates the issuance of the DAEC operating license, no antitrust review is required or authorized.

6.0 FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

The application states that NMC is a limited liability company organized and existing under the laws of the State of Wisconsin, with headquarters located in Hudson, Wisconsin. The owners of NMC are all publicly traded U.S. companies whose shares of common stock are widely traded. All of the NMC directors are U.S. citizens. The principal officers of NMC are citizens of the U.S., with one exception, a Vice President who is a Canadian citizen.

The application states that NMC is neither owned, controlled, nor dominated by an alien, foreign corporation, or a foreign government. The staff has no reason to believe otherwise.

7.0 CONCLUSIONS REGARDING TRANSFER OF OPERATING AUTHORITY

In view of the foregoing, the staff concludes that NMC is technically qualified to hold the operating authority under the DAEC operating license. There is no indication that the proposed transfer of operating authority under Operating License DPR-49 for the DAEC to NMC will adversely affect the financial qualifications of the owners with respect to the operation and decommissioning of the DAEC facility, and also, there do not appear to be any problematic antitrust, foreign ownership, or insurance considerations related to the DAEC license that would result from the proposed transfer. Thus, the staff concludes that NMC is qualified to hold the operating authority under the license as described herein, and the transfer of operating authority is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission.

8.0 CONFORMING AMENDMENT

A. Introduction

As stated previously, IES Utilities Inc. requested approval of a proposed conforming amendment to the DAEC Facility Operating License, DPR-49. The requested changes replace references in the license to IES Utilities Inc., or its organizations or officials in connection with operation of the facility with references to NMC or its organizations or officials to reflect the proposed transfer of operating authority.

The supplemental information received after the initial *Federal Register* notice did not affect the applicability of the Commission's generic no significant hazards consideration determination set forth in 10 CFR 2.1315.

B. Discussion

The changes to be made to the license are indicated in Enclosure 2 to the cover letter forwarding the staff's order regarding the subject transfer. The changes do no more than accurately reflect the approved transfer action. The amendment involves no safety questions and is administrative in nature. Accordingly, the proposed amendment is acceptable.

C. State Consultation

In accordance with the Commission's regulations, the Iowa State official was notified of the proposed issuance of the amendment. The State official had no comments.

D. Conclusion With Respect to the Conforming Amendment

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

9.0 ENVIRONMENTAL CONSIDERATION

The subject application is for approval of a transfer of a license issued by the NRC and approval of a conforming amendment. Accordingly, the actions involved meet the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Pursuant to 10 CFR 51.22(b), no environmental impact statement or environmental assessment need be prepared in connection with approval of the application.

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Date: May 15, 2000