

December 27, 2000

Mr. Gary Van Middlesworth
Site General Manager
Duane Arnold Energy Center
Nuclear Management Company, LLC
3277 DAEC Road
Palo, IA 52324-0351

SUBJECT: DUANE ARNOLD ENERGY CENTER - MERGER OF INTERSTATE POWER
COMPANY INTO IES UTILITIES INC. (TAC. NO. MA9346)

Dear Mr. Van Middlesworth:

The purpose of this letter is to confirm that approval under Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.80 is not required in connection with the subject merger involving the Duane Arnold Energy Center (DAEC).

By letter dated June 14, 2000, you informed the Nuclear Regulatory Commission (NRC) staff that an agreement and a plan of merger between the principal owner, IES Utilities, Inc., (IES) and Interstate Power Company (IPC) was executed on March 15, 2000. Under the merger plan, IPC will be merged and consolidated into IES, with IES as the surviving corporation. The surviving corporation's name will then be changed to Interstate Power and Light Company (IP&L). Alliant Energy Corporation (AEC) is the parent holding company of IPC and IES, and will continue to be the parent of IP&L following the merger. IES (renamed IP&L) will continue to be the principal owner of DAEC. Independent from the subject merger, an NRC Order issued on May 15, 2000, authorized the transfer of the operating authority under the operating license for DAEC from IES to Nuclear Management Company, LLC (NMC).

The NRC staff has reviewed your letter and has performed a threshold review in consideration of 10 CFR Section 50.80. We have concluded that the proposed merger of IPC with IES and the subsequent name change does not involve a transfer, direct or indirect, of the operating license for DAEC. Furthermore, we have concluded that the merger will not adversely affect the financial qualifications of IES (renamed IP&L) with respect to the ownership and decommissioning of DAEC. Also, there do not appear to be any problematic foreign ownership issues related to the proposed merger and associated transactions. Thus, the proposed merger will not affect the qualifications of IES (renamed IP&L) as a holder of the license, and the proposed merger otherwise appears to be consistent with applicable provisions of law, regulations, and orders issued by the Commission.

G. Van Middlesworth

- 2 -

Your June 14, 2000, letter, also requested a license amendment to revise the name of the principal owner of DAEC from IES to IP&L in accordance with the subject merger. This request will be addressed in a separate correspondence.

Sincerely,

/RA by Claudia M. Craig for/

Brenda L. Mozafari, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-331

cc: See next page

G. Van Middlesworth

- 2 -

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Duane Arnold Energy Center

cc:

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