

January 12, 2001

Mr. James A. Hutton
Director-Licensing
PECO Energy Company
Nuclear Group Headquarters
Correspondence Control
P.O. Box 160
Kennett Square, PA 19348

SUBJECT: PEACH BOTTOM ATOMIC POWER STATION, UNITS 1, 2 AND 3 - ISSUANCE
OF CONFORMING AMENDMENT RE: TRANSFER OF PECO'S OWNERSHIP
OF LICENSES TO EXELON GENERATION COMPANY, LLC (TAC NOS.
MB0825, MB0817 AND MB0818)

Dear Mr. Hutton:

By application dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, and by application dated October 10, 2000, approval was requested for the transfer of PECO's interests in Title 10 of the *Code of Federal Regulations* Part 50 (10 CFR Part 50) Facility Operating Licenses for Peach Bottom, Units 1, 2 and 3, to a new generating company, Exelon Generation Company, LLC (Exelon Generation Company), pursuant to 10 CFR 50.80. PECO requested the Nuclear Regulatory Commission's (NRC's) consent to authorize Exelon Generation Company to possess Peach Bottom Unit 1, and possess, use, and operate Peach Bottom Units 2 and 3. The application also requested NRC approval of conforming license amendments. On August 3 and December 27, 2000, the NRC issued Orders approving the transfer. The Orders also approved conforming license amendments to be issued at the time the transfers were completed.

In a letter dated December 21, 2000, PECO notified the NRC that the closing of the license transfers was anticipated to occur as early as January 5, 2001. In addition, by a letter dated January 5, 2001, Exelon Generation Company provided documentation to the NRC that it had obtained the appropriate amount of insurance as required by 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements."

Accordingly, the Commission has issued the enclosed Amendments Nos. 10, 239 and 242 to Facility Operating License Nos. DPR-12, DPR-44 and DPR-56 for Peach Bottom Units 1, 2 and 3. The conforming amendments reflect the transfer of PECO's ownership of these units from PECO to Exelon Generation Company. The safety evaluation supporting the conforming amendments was enclosed with the Orders issued on August 3 and December 27, 2000.

J. Hutton

- 2 -

Enclosure 3 contains five copies of Indemnity Agreement No. B-28 Amendment No. 25, which is required in connection with the transfer of the license. Please have all the listed licensees sign all copies. Please return one fully signed copy to me, and have each licensee retain one fully signed copy.

Notice of Issuance will be included in the Commission's Biweekly *Federal Register* Notice.

Sincerely,

/RA/

John P. Boska, Project Manager, Section 2
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket Nos. 50-171, 50-277 and 50-278

Enclosures: 1. Amendment No. 10 to DPR-12
2. Amendment No. 239 to DPR-44
3. Amendment No. 242 to DPR-56
4. Indemnity Agreements

cc w/encls: See next page

Peach Bottom Atomic Power Station,
Units 2 and 3

cc:

J. W. Durham, Sr., Esquire
Sr. V.P. & General Counsel
PECO Energy Company
2301 Market Street, S26-1
Philadelphia, PA 19101

PECO Energy Company
ATTN: Mr. J. Doering, Vice President
Peach Bottom Atomic Power Station
1848 Lay Road
Delta, PA 17314

PECO Energy Company
ATTN: Regulatory Engineer, A4-5S
Peach Bottom Atomic Power Station
1848 Lay Road
Delta, PA 17314

Resident Inspector
U.S. Nuclear Regulatory Commission
Peach Bottom Atomic Power Station
P.O. Box 399
Delta, PA 17314

Regional Administrator, Region I
U.S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Mr. Roland Fletcher
Department of Environment
Radiological Health Program
2400 Broening Highway
Baltimore, MD 21224

A. F. Kirby, III
External Operations - Nuclear
Delmarva Power & Light Company
P.O. Box 231
Wilmington, DE 19899

PECO Energy Company
Plant Manager
Peach Bottom Atomic Power Station
1848 Lay Road
Delta, PA 17314

Chief-Division of Nuclear Safety
PA Dept. of
Environmental Resources
P.O. Box 8469
Harrisburg, PA 17105-8469

Board of Supervisors
Peach Bottom Township
R. D. #1
Delta, PA 17314

Public Service Commission of Maryland
Engineering Division
Chief Engineer
6 St. Paul Center
Baltimore, MD 21202-6806

Mr. Richard McLean
Power Plant and Environmental
Review Division
Department of Natural Resources
B-3, Tawes State Office Building
Annapolis, MD 21401

Dr. Judith Johnsrud
National Energy Committee
Sierra Club
433 Orlando Avenue
State College, PA 16803

Manager-Financial Control & Co-Owner
Affairs
Public Service Electric and Gas Company
P.O. Box 236
Hancocks Bridge, NJ 08038-0236

Manager-Peach Bottom Licensing
PECO Energy Company
Nuclear Group Headquarters
Correspondence Control
P.O. Box 160
Kennett Square, PA 19348

Mr. Jeffrey A. Benjamin
Licensing - Vice President
Exelon Corporation
1400 Opus Place, Suite 900
Downers Grove, IL 60521

J. Hutton

- 2 -

January 12, 2001

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4. Indemnity Agreements

cc w/encls: See next page

DISTRIBUTION:

MO'Brien	CBurkhalter	
PUBLIC	JBoska	ACRS
PDI-2 Reading	OGC	BPlatchek, RGN-I
GHill (4)	JClifford	WBeckner
EAdensam	SBrown	CCarpenter
MDavis	RSWood	OPA

DOCUMENT NAME: C:\PB transfer to EGC MB0817.wpd

* See previous concurrence

OFFICE	PM:PDI-2	PM:NMSS	LA:PDI-2	SC:PDI-2
NAME	JBoska	SBrown*	MO'Brien	JClifford
DATE	1-8-01	1/5/01	1/8/01	1/8/01

Official Record Copy

PECO ENERGY COMPANY

DOCKET NO. 50-171

PEACH BOTTOM ATOMIC POWER STATION, UNIT 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 10
License No. DPR-12

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment filed by PECO Energy Company (the licensee), dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's 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 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 set forth in 10 CFR Chapter I;
 - 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 Facility Operating License No. DPR-12 is hereby amended as indicated in the attachment to this license amendment.

3. This license amendment is effective as of the date of its issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance: January 12, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 10

FACILITY OPERATING LICENSE NO. DPR-12

DOCKET NO. 50-171

Replace the License by removing the pages identified below and inserting the attached pages. The revised pages are identified by the captioned amendment number and contain marginal lines indicating the area of change.

Remove Page

1
2
3
Appendix A, page 1

Insert Pages

1
2
3
Appendix A, page 1

EXELON GENERATION COMPANY, LLC

DOCKET NO. 50-171

PEACH BOTTOM ATOMIC POWER STATION, UNIT 1

AMENDMENT TO FACILITY OPERATING LICENSE

License No. DPR-12

1. The U.S. Nuclear Regulatory Commission (NRC) has found that:
 - A. The application for amendment dated March 2, 1998, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and NRC regulations set forth in 10 CFR Chapter I;
 - B. The facility will be maintained in conformity with the application, the provisions of the Act, and regulations of the NRC;
 - 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 NRC's regulations set forth in 10 CFR Chapter I;
 - D. Exelon Generation Company, LLC is technically and financially qualified to engage in the activities authorized by this amended license in accordance with the rules and regulations of the NRC;
 - E. Exelon Generation Company, LLC has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of NRC's regulations;
 - F. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public;
 - G. The issuance of this amendment is in accordance with 10 CFR Part 51 of NRC's regulations and all applicable requirements have been satisfied; and
 - H. The possession and storage of byproduct material as authorized by this amended license will be in accordance with NRC regulations in 10 CFR Part 30, including 10 CFR Section 30.33.
2. Accordingly, the license is amended by changes to License No. DPR-12 and the Technical Specifications as indicated in the attachment to this license amendment and Facility Operating License No. DPR-12 is hereby amended to read as follows:
 - A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 1, a permanently shutdown, high temperature, gas cooled, demonstration power reactor, and associated equipment (the facility) owned by Exelon Generation Company, LLC (the licensee or Exelon Generation Company). The facility is located at the licensee's site in York County, Pennsylvania, and is described in the application for renewal dated November 24, 1975, as revised March 4, 1987, December 16, 1988, July 12, 1989, and August 23, 1989.

- B. Subject to the conditions and the requirements incorporated herein, the NRC hereby licenses Exelon Generation Company:
- (1) Pursuant to Section 104(b) of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities" to possess but not operate the facility.
 - (2) Pursuant to the Act and 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material" to possess, but not to separate, such byproduct material as may have been produced by operation of the facility.
- C. This license shall be deemed to contain and be subject to the conditions specified in Part 20, Section 30.34 of Part 30, Section 50.59 of Part 50, 10 CFR Chapter I, and to all applicable provisions of the Act and to the rules, regulations, and orders of the NRC now or hereafter in effect and is subject to the additional conditions specified below:
- (1) Exelon Generation Company shall not dismantle or dispose of the facility without prior approval of the NRC.
 - (2) Technical Specifications

The Technical Specifications contained in Appendix A as revised through Amendment No. _____, are hereby incorporated in the license. The licensee shall maintain the facility in accordance with the Technical Specifications.
 - (3) Exelon Generation Company shall provide to the Director of the Office of Nuclear Material Safety and Safeguards, a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Exelon Generation Company to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Exelon Generation Company's consolidated net utility plant, as recorded on Exelon Generation Company's books of account.
 - (4) Exelon Generation Company shall have decommissioning trust funds for Peach Bottom, Unit 1, in the following minimum amount, when Peach Bottom, Unit 1, is transferred to Exelon Generation Company:

Peach Bottom, Unit 1	\$16,621,647
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 - (5) The decommissioning trust agreement for Peach Bottom, Unit 1 at the time the transfer of the unit to Exelon Generation Company, LLC is effected and, thereafter, is subject to the following:

- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
 - (b) With respect to the decommissioning trust fund, investments in the securities or other obligations of Exelon Corporation or affiliates thereof, or their successors or assigns are prohibited. 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 are prohibited.
 - (c) The decommissioning trust agreement for Peach Bottom, Unit 1, must provide that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director of the Office of Nuclear Material Safety and Safeguards 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.
 - (d) The decommissioning trust agreement must provide that the agreement can not be amended in any material respect without 30 days prior written notification to the Director of the Office of Nuclear Material Safety and Safeguards.
 - (e) The appropriate section of the decommissioning trust agreement shall state that 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(a)(3) of the Federal Energy Regulatory Commission's regulations.
- (5) Exelon Generation Company shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Peach Bottom, Unit 1, license and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.
- D. This license amendment is effective as of the date of its issuance and must be fully implemented no later than 30 days from the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Original signed by:

John W. N. Hickey, Chief
Low-Level Waste and Decommissioning
Projects Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Attachment: Changes to the Technical Specifications

Date of Issuance: September 14, 1998

APPENDIX A
to
License No. DPR-12

TECHNICAL SPECIFICATIONS
for
Peach Bottom Atomic Power Station
Unit No. 1

1.0 LOCATION AND SITE

The Peach Bottom Atomic Power Station (PBAPS) Unit No. 1 is located in Peach Bottom Township, Pennsylvania, in the western shore of the Conowingo Pond at the mouth of Rock Run Creek on a site owned by Exelon Generation Company. These Technical Specifications apply to the PBAPS Unit No. 1 Exclusion Area. The Exclusion Area shall consist of an area within the PBAPS which is enclosed within locked barriers, and contains the Containment Vessel, Spent Fuel Pool Building and Radwaste Building. The only activity carried on within the Exclusion Area shall be routine and emergency inspections and maintenance associated with the possession of the decommissioned PBAPS Unit No. 1. Peach Bottom Atomic Power Station, Units 2 and 3 are also located on the site.

2.0 ADMINISTRATIVE AND PROCEDURAL SAFEGUARDS

2.1 Administrative Organizations and Controls

(a) Plant Manager

The Peach Bottom Plant Manager shall have the responsibility for administration of all Unit No. 1 functions.

(b) Controls

1. Except when opened to provide egress for inspections, surveys and repairs, the following exclusion area barriers shall be maintained locked:
 - i. The gate in the Exclusion Area fence located outside the containment personnel access lock at Elevation 116' -0".
 - ii. The gate in the Exclusion Area fence located outside the Spent Fuel Pool Area personnel access door at Elevation 116' -0".
 - iii. The gate in the Exclusion Area fence located outside the containment personnel access lock on Elevation 176' -6".
 - iv. Containment personnel access lock at Elevation 116' -0".

PECO ENERGY COMPANY

PSEG NUCLEAR LLC

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-277

PEACH BOTTOM ATOMIC POWER STATION, UNIT 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 239
License No. DPR-44

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment filed by PECO Energy Company, et al. (the licensee), dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, and by application dated October 10, 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 Facility Operating License No. DPR-44 is hereby amended as indicated in the attachment hereto.

3. This license amendment is effective as of the date of its issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance: January 12, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 239

FACILITY OPERATING LICENSE NO. DPR-44

DOCKET NO. 50-277

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

Remove Pages

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Insert Pages

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EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-277
PEACH BOTTOM ATOMIC POWER STATION, UNIT 2
FACILITY OPERATING LICENSE

License No. DPR-44
Amendment No. 1

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC (Exelon Generation Company), PSEG Nuclear LLC, and Atlantic City Electric Company (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-37 and 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: (1) that the activities authorized by this amended operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;
 - 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 amended 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 Amendment No. 1 to Facility Operating License No. DPR-44 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Amendment No. 1 to Facility Operating License No. DPR-44 issued to the Exelon Generation Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Peach Bottom Atomic Power Station, Unit 2, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania and is described in the "Final Safety Analysis Report" as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Exelon Generation Company, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility and PSEG Nuclear, and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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 Final Safety Analysis Report, as supplemented and amended;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by operation of the facility.

C. This amended 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 2, at steady state reactor core power levels not in excess of 3458 megawatts thermal.

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. , are hereby incorporated in the license. Exelon Generation Company shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 210. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 210, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion date for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

- 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.
- (6) Exelon Generation Company shall provide to the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Exelon Generation Company to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Exelon Generation Company's consolidated net utility plant, as recorded on Exelon Generation Company's books of account.
 - (7) Exelon Generation Company shall have decommissioning trust funds for Peach Bottom, Unit 2, in the following minimum amount, when Peach Bottom, Unit 2, is transferred to Exelon Generation Company:

Peach Bottom, Unit 2	\$71,250,231
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 - (8) The decommissioning trust agreement for Peach Bottom, Unit 2, at the time the transfer of the unit to Exelon Generation Company is effected and thereafter, is subject to the following:

- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
- (b) With respect to the decommissioning trust fund, investments in the securities or other obligations of Exelon Corporation or affiliates thereof, or their successors or assigns shall be prohibited. 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.
- (c) The decommissioning trust agreement for Peach Bottom, Unit 2, must provide that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director, Office of Nuclear Reactor Regulation, 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.
- (d) The decommissioning trust agreement must provide that the agreement cannot be amended in any material respect without 30 days prior written notification to the Director of the Office of Nuclear Reactor Regulation.
- (e) The appropriate section of the decommissioning trust agreement shall state that 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(a)(3) of the Federal Energy Regulatory Commission's regulations.
- (9) Exelon Generation Company shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Peach Bottom, Unit 2, license and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.

3. This amended license is subject to the following conditions for the protection of the environment:

- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit No. 2 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
- B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations

established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.

4. This license is effective as of the date of issuance and shall expire at midnight on August 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by R. C. DeYoung, for

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

Attachments:
Appendices A and B -
Technical Specifications

Date of Issuance: October 25, 1973

PECO ENERGY COMPANY

PSEG NUCLEAR LLC

ATLANTIC CITY ELECTRIC COMPANY

DOCKET NO. 50-278

PEACH BOTTOM ATOMIC POWER STATION, UNIT 3

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 242
License No. DPR-56

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment filed by PECO Energy Company, et al. (the licensee), dated December 20, 1999, as supplemented January 3, February 14, March 10, March 23, March 30, and June 15, 2000, and by application dated October 10, 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 Facility Operating License No. DPR-56 is hereby amended as indicated in the attachment hereto.

3. The license amendment is effective as of the date of its issuance and shall be implemented within 30 days.

FOR THE NUCLEAR REGULATORY COMMISSION

/RA/

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment: Changes to the License

Date of Issuance: January 12, 2001

ATTACHMENT TO LICENSE AMENDMENT NO. 242

FACILITY OPERATING LICENSE NO. DPR-56

DOCKET NO. 50-278

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

Remove Pages

1
2
3
5
6
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Insert Pages

1
2
3
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7

EXELON GENERATION COMPANY, LLC
PSEG NUCLEAR LLC
ATLANTIC CITY ELECTRIC COMPANY
DOCKET NO. 50-278
PEACH BOTTOM ATOMIC POWER STATION, UNIT 3
FACILITY OPERATING LICENSE

License No. DPR-56

1. The Atomic Energy Commission (the Commission) having found that:
 - A. The application for license filed by Exelon Generation Company, LLC (Exelon Generation Company), PSEG Nuclear LLC, and Atlantic City Electric Company (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;
 - B. Construction of the Peach Bottom Atomic Power Station, Unit 3 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-38 and 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: (1) that the activities authorized by this operating license can be conducted without endangering the health and safety of the public, and (2) that such activities will be conducted in compliance with the rules and regulations of the Commission;
 - E. Exelon Generation Company is technically qualified and the licensees are financially qualified to engage in the activities authorized by this amended operating license in accordance with the rules and regulations of the Commission;
 - 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-56 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; and
 - 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 Parts 30, 40, and 70, including 10 CFR Section 30.33, 40.32, and 70.23 and 70.31.
2. Facility Operating License No. DPR-56 is hereby issued to the Exelon Generation Company, PSEG Nuclear LLC (PSEG Nuclear), and Atlantic City Electric Company (ACEC), is hereby amended in its entirety to read as follows:
- A. This license applies to the Peach Bottom Atomic Power Station, Unit 3, a single cycle, forced circulation, boiling water nuclear reactor and associated equipment (the facility), owned by the licensees and operated by Exelon Generation Company. The facility is located in Peach Bottom, York County, Pennsylvania and is described in the "Final Safety Analysis Report" as supplemented and amended and the Environmental Report as supplemented and amended.
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - (1) Exelon Generation Company, pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility and PSEG Nuclear, and ACEC to possess the facility at the designated location in Peach Bottom, York County, Pennsylvania in accordance with the procedures and limitations set forth in this license;
 - (2) Exelon Generation Company, 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 Final Safety Analysis Report, as supplemented and amended;
 - (3) Exelon Generation Company, 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;
 - (4) Exelon Generation Company, 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 when associated with radioactive apparatus or components;

- (5) Exelon Generation Company, pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not to separate, such byproduct and special nuclear material as may be produced by 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 below:

(1) Maximum Power Level

Exelon Generation Company is authorized to operate the Peach Bottom Atomic Power Station, Unit 3, at steady state reactor core power levels not in excess of 3458 megawatt thermal. |

(2) Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. , are hereby incorporated in the license. PECO shall operate the facility in accordance with the Technical Specifications.

The Surveillance Requirements (SRs) listed in the licensee's letter dated August 4, 1995 are not required to be performed immediately upon implementation of Amendment No. 214. The SRs listed in the licensee's letter dated August 4, 1995 shall be successfully demonstrated prior to the time and condition specified below for each:

- a) Those SRs listed as Category A SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the implementation date for Amendment 214, the specified frequency for each SR and the allowance of SR 3.0.2;
- b) Those SRs listed as Category B SRs in the licensee's August 4, 1995 letter shall be completed within a period consistent with the last completion data for the related existing SRs, the specified frequency for each SR and the allowance of SR 3.0.2.

- 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. However, upon completion of decommissioning, as defined above, the assets may be used for any purpose authorized by law.
 - 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.
- (6) Exelon Generation Company shall provide to the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from Exelon Generation Company to its direct or indirect parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of Exelon Generation Company's consolidated net utility plant, as recorded on Exelon Generation Company's books of account.

- (7) Exelon Generation Company shall have decommissioning trust funds for Peach Bottom, Unit 3, in the following minimum amount, when Peach Bottom, Unit 3, is transferred to Exelon Generation Company:

Peach Bottom, Unit 3	\$73,497,654
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- (8) The decommissioning trust agreement for Peach Bottom, Unit 3, at the time the transfer of the unit to Exelon Generation Company is effected and thereafter, is subject to the following:
- (a) The decommissioning trust agreement must be in a form acceptable to the NRC.
 - (b) With respect to the decommissioning trust fund, investments in the securities or other obligations of Exelon Corporation or affiliates thereof, or their successors or assigns shall be prohibited. 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.
 - (c) The decommissioning trust agreement for Peach Bottom, Unit 3, must provide that no disbursements or payments from the trust shall be made by the trustee unless the trustee has first given the Director of the Office of Nuclear Reactor Regulation 30 days prior written notice of payment. The decommissioning trust agreement shall further contain a provision that no disbursements or payments from the trust shall be made if the trustee receives prior written notice of objection from the NRC.
 - (d) The decommissioning trust agreement must provide that the agreement can not be amended in any material respect without 30 days prior written notification to the Director of the Office of Nuclear Reactor Regulation.
 - (e) The appropriate section of the decommissioning trust agreement shall state that 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(a)(3) of the Federal Energy Regulatory Commission's regulations.
- (9) Exelon Generation Company shall take all necessary steps to ensure that the decommissioning trust is maintained in accordance with the application for approval of the transfer of the Peach Bottom, Unit 3, license and the requirements of the Order approving the transfer, and consistent with the safety evaluation supporting the Order.

3. This license is subject to the following conditions for the protection of the environment:
- A. To the extent matters related to thermal discharges are treated therein, operation of Peach Bottom Atomic Power Station Unit 3 will be governed by NPDES Permit No. PA 0009733, as now in effect and as hereafter amended. Questions pertaining to conformance thereto shall be referred to and shall be determined by the NPDES Permit issuing or enforcement authority, as appropriate.
 - B. In the event of any modification of the NPDES Permit related to thermal discharges or the establishment (or amendment) of alternative effluent limitations established pursuant to Section 316 of the Federal Water Pollution Control Act, the licensees shall inform the NRC and analyze any associated changes in or to the Station, its components, its operation or in the discharge of effluents therefrom. If such change would entail any modification to this license, or any Technical Specifications which are part of this license, or present an unreviewed safety question or involve an environmental impact different than analyzed in the Final Environmental Statement, the licensees shall file with the NRC, as applicable, an appropriate analysis of any such change on facility safety, and/or an analysis of any such change on the environmental impacts and on the overall cost-benefit balance for facility operation set forth in the Final Environmental Statement and a request for an amendment to the operating license, if required by the Commission's regulations. As used in this Condition 3.B, Final Environmental Statement means the NRC Staff Final Environmental Statement related to Operation of Peach Bottom Atomic Power Station Units Nos. 2 and 3 dated April 1973, as modified by (1) the Initial Decision of the Atomic Safety and Licensing Board dated September 14, 1973, (2) the Supplemental Initial Decision of the Atomic Safety and Licensing Board dated June 14, 1974, (3) the Decision of the Atomic Safety and Licensing Appeal Board dated July 5, 1974, (4) the Memorandum and Order of the Commission dated August 8, 1974, (5) any further modification resulting from further review by the Appeal Board and by the Commission, if any, and (6) any Environmental Impact Appraisal which has been or may be issued by the NRC since the FES was published in April 1973.
4. This license is effective as of the date of issuance and shall expire at midnight on July 2, 2014.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by Roger Boyd, for

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

Attachments:
Amended pages to Appendices A and B
DPR-44 & DPR-56 Technical
Specifications

Date of Issuance: July 2, 1974