

June 13, 2001

Mr. Mark Reddemann
Site Vice President
Kewaunee and Point Beach Nuclear Power Plants
Nuclear Management Company, LLC
6610 Nuclear Road
Two Rivers, WI 54241

SUBJECT: KEWAUNEE NUCLEAR POWER PLANT - REQUEST FOR ADDITIONAL INFORMATION RELATED TO APPLICATION FOR CONSENT TO TRANSFER NON-OPERATING OWNERSHIP INTEREST IN KEWAUNEE NUCLEAR POWER PLANT FACILITY AND REQUEST FOR CONFORMING ADMINISTRATIVE AMENDMENTS TO THE FACILITY OPERATING LICENSE NO. DPR-43 AND PLANT TECHNICAL SPECIFICATIONS (TAC NO. MB1877)

Dear Mr. Reddemann :

By letter dated April 30, 2001, Nuclear Management Company, LLC (NMC or the licensee) submitted a proposed amendment for application for consent to transfer non-operating ownership interest in the Kewaunee Nuclear Power Plant Facility Operating License No. DPR-43 and request for conforming administrative amendments to the facility operating license and plant technical specifications.

The Nuclear Regulatory Commission (NRC) staff finds that the additional information identified in the enclosure is needed.

A phone call was held between the NRC staff and Dave Molzahn (NMC), et. al., on June 12, 2001, to discuss the questions to ensure that there was no misunderstanding. Also, the phone call established a mutually agreeable response date of 14 days from the date of this letter.

Please contact me at (301) 415-1446 if future circumstances should require a change in this response date.

Sincerely,

/RA/

John G. Lamb, Project Manager, Section 1
Project Directorate III
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

Docket No. 50-305

Enclosure: Request for Additional Information

cc w/encl: See next page

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Site Vice President
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Nuclear Management Company, LLC
6610 Nuclear Road
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NAME	JLamb	THarris	JStang for CCraig
DATE	06/13/01	06/13/01	06/13/01

ACCESSION NO. ML011640460

OFFICIAL RECORD COPY

Kewaunee Nuclear Power Plant

cc:

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Mr. Roy A. Anderson
Executive Vice President and
Chief Nuclear Officer
Nuclear Management Company, LLC
700 First Street
Hudson, WI 54016

REQUEST FOR ADDITIONAL INFORMATION REGARDING
APPLICATION FOR CONSENT TO TRANSFER NON-
OPERATING OWNERSHIP INTEREST IN KEWAUNEE NUCLEAR POWER PLANT FACILITY
AND REQUEST FOR CONFORMING ADMINISTRATIVE
AMENDMENTS TO THE FACILITY OPERATING LICENSE NO. DPR-43 AND PLANT
TECHNICAL
SPECIFICATIONS (TAC NO. MB1877)

Pursuant to 10 CFR 50.33(f)(4), and consistent with previous Commission positions regarding evaluation of financial qualifications in license transfer applications¹, the Nuclear Regulatory Commission (NRC) staff has identified the following questions or concerns that require clarification or additional information in order for the NRC staff to complete a review:

1. On page 1 of the application, the licensee states that "On September 29, 1998, [Wisconsin Public Service Corporation] WPSC and [Madison Gas & Electric] entered into an agreement to transfer WPSC the 17.8 percent share of [Kewaunee Nuclear Power Plant] KNPP owned by MG&E."

Please provide a copy of this purchase agreement with any necessary explanation.

2. On page 2 of the application, the licensee states that "MG&E will be provided with an option to purchase power from WPSC, at a fixed price, for two years following the date of ownership transfer. The amount of potential power to be provided is approximately equal to the current share of the power generated by the plant that belongs to MG&E."

Please provide a copy of this power purchase agreement with any necessary explanation.

3. Provide information to demonstrate that WPSC will continue to meet the 10 CFR 50.2 definition of an "electric utility". Specifically, address electric utility restructuring and deregulation within the State of Wisconsin, and whether or not WPSC will continue to be a rate regulated utility.
4. On page 2 of the application, the licensee states "MG&E will also provide to WPSC: (1) its qualified decommissioning trust at the date of the ownership change; (2) a commitment to dedicate funds available in its nonqualified trust for decommissioning; and (3) a commitment to make annual decommissioning contributions of \$8,091,000 through the year 2002. These funds and contributions are expected to fully fund the share of total plant decommissioning costs currently belonging to MG&E."

ENCLOSURE

¹ *North Atlantic Energy Service Corp.* (Seabrook Station, Unit 1), CLI-99-06, 49 NRC 201, 219-21 (1999); *GPU Nuclear, et. al.* (Oyster Creek Nuclear Generating Station), CLI-00-06, 51 NRC 197 (2000).

With regard to this proposed decommissioning funding assurance, provide the following:

- (1) The amounts currently accumulated in both the qualified and non-qualified funds,
- (2) Provide copies of any agreements, instruments, etc. relating to each aspect of the decommissioning funding arrangement,
- (3) Explain why the nonqualified fund will not be transferred, and provide any precedent or other regulatory basis for allowing a non-governmental, non-licensee to hold or otherwise maintain a decommissioning fund,
- (4) Explain the measures, if any, to insure that funds not being transferred will remain intact and will be used only for decommissioning, and
- (5) Explain in greater detail the reasons behind, and any associated regulatory basis, for MG&E's proposed annual \$8,091,000 contributions.