

**SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION**

**INDIRECT TRANSFER OF FACILITY OPERATING LICENSES**

**DOCKET NOS. 50-295 AND 50-304**

**ZION NUCLEAR POWER STATION, UNITS 1 AND 2**

**AND IMPORT LICENSE NOS. IW017 AND IW029**

**AND EXPORT LICENSES NOS. XW010, XW018, XW020, XCOM1211, AND XSOU8825**

**DUE TO**

**ROCKWELL HOLDCO, INC.'S ACQUISITION OF ENERGYSOLUTIONS, INC.**

1.0 **INTRODUCTION:**

By letter dated January 10, 2013 (Agencywide Documents and Access Management System (ADAMS) Accession No. ML13014A007), Zion*Solutions*, LLC (ZS) submitted an application requesting that the U. S. Nuclear Regulatory Commission (NRC) consent to the indirect transfer of control of Facility Operating License Nos. DPR-39 and DPR-48 for the Zion Nuclear Power Station, Units 1 and 2 (Zion) held by ZS, including the General License for the Zion Independent Spent Fuel Storage Installation (ISFSI).

According to ZS, the indirect transfer of control would result from a proposed transaction whereby the current ultimate parent holding company of ZS, Energy*Solutions*, Inc. (ES, Inc.), would be directly acquired by Rockwell Holdco, Inc. (Rockwell), a Delaware corporation that was formed for the purpose of acquiring ES, Inc. and is held by certain investment fund entities organized by controlled affiliates of Energy Capital Partners II, LLC (ECP II).

| This Application was submitted by ZS on behalf of itself, Rockwell, and the other proposed future parent companies of Rockwell. As described, Rockwell is an intermediate holding company held by various affiliated investment funds that are controlled by the general partner, Energy Capital Partners GP II, LP which is the Controlling Partner and a Delaware limited partnership. These investment funds are wholly owned either indirectly or directly by the Controlling Partner and various passive limited partner investors. The (various) Passive Limited Partner Investors do not have any rights to make decisions with respect to running the business portfolios of the investment funds or to participate in the operation of the investments. The Controlling Partner itself is owned by ECP II and various passive limited partner investors, and controlled by ECP II. ECP II is owned by five U.S. citizens (ECP II Managing Members) and their estate planning vehicles, and is controlled by the ECP II Managing Members.

The Agreement and Plan of Merger by and Among Rockwell Holdco, Inc., Rockwell Acquisition Corp., and EnergySolutions, Inc., dated as of January 7, 2013, was filed as Exhibit 2.1 to a Securities and Exchange Commission (SEC) Form 8-K filed by ES Inc., and is available in the SEC's records at:

[http://www.sec.gov/Archives/edgar/data/1393744/000104746913000089/a2212375zex-2\\_1.htm](http://www.sec.gov/Archives/edgar/data/1393744/000104746913000089/a2212375zex-2_1.htm)

ZionSolutions is the licensee and owner of the Zion Nuclear Power Station, Units 1 and 2 (Zion).

## 2.0 BACKGROUND:

By Order dated May 4, 2009, the NRC approved the transfer of control of ZNPS from Exelon Generation Company, LLC (Exelon) to ZS, and on September 1, 2010, the NRC issued license amendments to reflect the transfer of the ZNPS licenses from Exelon to ZS. The decommissioning of ZNPS is actively underway, and pursuant to 10 CFR 50.82(a)(2), the operation of the Zion Units is no longer authorized under the 10 CFR Part 50 licenses. With the support of ES, Inc. and EnergySolutions, LLC (ES, LLC), ZS will continue the decommissioning of ZNPS.

ES, LLC is a direct subsidiary of ES, Inc. and the immediate parent company of ZS. ES, LLC specializes in providing nuclear services, such as high-level waste management, spent fuel handling and transportation, and complex decontamination and decommissioning projects, including the decommissioning of both government nuclear facilities and commercial nuclear power generation facilities. Among the services provided by ES, LLC are packaging, transportation, storage, and disposal of radioactive waste at its disposal facility in Clive, Utah.

ZS is a wholly owned subsidiary of ES LLC. ZS was established solely for the purpose of acquiring the ZNPS and causing the Zion site to be decommissioned and released for unrestricted use, while maintaining the spent nuclear fuel and Greater-Than-Class C radioactive waste safely stored in the ZNPS ISFSI. ES, LLC and ES, Inc. guaranteed the performance of ZS's decommissioning obligations and so obtained a \$200 million letter of credit, payable to a back-up nuclear decommissioning trust (Back-Up NDT). In addition, ES, LLC has granted an irrevocable easement for disposal capacity at its Clive, Utah facility for the disposal of Class A low-level waste from the Zion site, and this disposal capacity asset, together with related contractual rights, are held by the Back-Up NDT.

At the time of the May 4, 2009, Order, the financial qualifications of ZS to perform its obligations under the Licenses had been demonstrated by: (1) the availability to ZS of the Qualified and Non-Qualified Nuclear Decommissioning Funds to pay for the radiological decommissioning of the ZNPS; (2) the executed guaranty by ES, LLC of the performance by ZS of its obligations to decommission ZNPS and the executed guaranty of the obligations of ES LLC by ES Inc.; (3) the provision of additional financial assurance in the form of a \$200 million irrevocable letter of credit; and (4) the disposal capacity easement assuring the availability of disposal capacity at the Clive, Utah disposal facility.

These financial assurances were reviewed and accepted by the NRC in connection with the May 4, 2009, approval of the license transfer from Exelon to ZS. Further information regarding the current status of decommissioning funding assurances was submitted by letter dated September 27, 2012, from Mr. Patrick Daly to the NRC (ADAMS Accession No. ML12276A218).

### 3.0 REGULATORY EVALUATION:

The applicants' request for approval of the indirect transfer of the Facilities licenses as described above, and discussed in this Safety Evaluation is made pursuant to Section 184 of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.80.

Specifically, Section 50.80(a) of 10 CFR states:

“No license for a production or utilization facility, or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission shall give its consent in writing.”

The requirements of 10 CFR 50.80(b) and (c) apply. Section 50.80(b) states that an application for a license transfer shall include as much information described in 10 CFR 50.33 and 10 CFR 50.34:

“with respect to the identity and technical and financial qualifications of the proposed transferee as would be required by those sections if the application were for an initial license.” Section 50.80(c) states that “the Commission will approve an application for the transfer of a license, if the Commission determines: (1) that the proposed transferee is qualified to be the holder of the license; and (2) that the transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.”

### 4.0 FINANCIAL QUALIFICATIONS AND DECOMMISSIONING FUNDING:

The NRC has determined that the requirements to provide assurance of decommissioning funding and provision of an adequate amount of decommissioning funding are necessary to ensure the adequate protection of public health and safety.

#### 4.1 General Description of the Licensee of ZNPS

ZS is a Delaware limited liability company and is a wholly owned subsidiary of ES LLC. ZS has been established for the sole purpose of decommissioning the ZNPS. Enclosure 1 of the January 10, 2013, application (Page 12) shows the current ZS Management Structure. Enclosure 2, of the same application (Pages 13, 14, and 15) contains two charts, the first showing the current corporate structure, and the second showing the proposed post-transfer corporate structure, both reflecting the direct and indirect ownership of ZS. The general corporate information required, pursuant to 10 CFR 50.33(d)(3), including identification of the principal officers and directors of ZS and its corporate parents after the proposed transaction is provided in the application as Enclosure 3 (Pages 16 thru 26).

#### 4.2 Proposed Acquisition

As stated, the application was submitted by ZS on behalf of itself, Rockwell and the other proposed future parent companies. Rockwell is an intermediate holding company held by various affiliated investment funds that are controlled by the general partner, Energy Capital Partners GP II, LP, a Delaware limited partnership. These investment funds are wholly owned either indirectly or directly by Energy Capital Partners GP II, LP and various passive limited partner investors (Passive Investors). The Passive Investors do not have any right to make decisions with respect to running the business portfolios of the investment funds or to participate in the operation of the investments. The Energy Capital Partners GP II, LP itself is owned by ECP II and various passive limited partner investors, and controlled by ECP II. ECP II is owned by five U.S. citizens (ECP II Managing Members) and their estate planning vehicles, and is controlled by the ECP II Managing Members.

The shares of ES, Inc. are currently widely held and publicly traded on the New York Stock Exchange. As a result of the proposed transaction, ES Inc.'s public stockholders will cease to own shares of ES, Inc. common stock, and ES Inc. will be acquired by Rockwell and privately held.

The applicants state that while the proposed transaction will result in an indirect transfer of control of ZS and the ZNPS Licenses held by ZS, it will not change the current technical and financial qualifications, or operations, of ZS as the NRC's licensee for Zion. Further, the closing of the transaction and the indirect upstream change of control resulting therefrom are not expected to result in any change in personnel responsible for conducting licensed activities.

As of closing, Rockwell will be directly held by a number of affiliated investment funds controlled by Energy Capital Partners GP II, LP, including the following existing entities: (i) Energy Capital Partners II, LP; (ii) Energy Capital Partners II-A, LP; (iii) Energy Capital Partners II-B, LP; (iv) Energy Capital Partners II-C (Direct IP), LP; and (v) Energy Capital Partners II-D, LP (ECP II Partnerships), each of which is a limited partnership organized under the laws of the State of Delaware.

The ECP II Partnerships are each wholly owned either directly or indirectly by: (i) Energy Capital Partners GP II, LP, a limited partnership organized under the laws of the State of Delaware, as general partner; and (ii) various passive limited partner investors (Passive Investors). The Passive Investors do not have any right to make decisions with respect to running the business portfolios of the ECP II Partnerships or participate in the operation of the investments. Energy Capital Partners GP II, LP, in turn, is directly owned by: (i) ECP II, a limited liability company organized under the laws of the State of Delaware; and (ii) various passive limited partner investors (Passive GP Investors). The Passive GP Investors do not have any right in their capacity as limited partners of Energy Capital Partners GP II, LP to make decisions with respect to running the business portfolios of the ECP II Partnerships or participate in the operation of the investments; however, the Passive GP Investors are generally also employees of the Energy Capital Partners business and may participate in running the business portfolios of the ECP II Partnerships or in the operation of the investments in their capacity as employees, subject to the ultimate authority of ECP II.<sup>1 2 3 4 5 6</sup>

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<sup>1</sup> EnergySolutions, Inc. will be owned by Rockwell Holdco Inc.

ECP II is owned and managed by the ECP II Managing Members, who are five individual U.S. citizens: Mr. Douglas W. Kimmelman (individually and through his estate planning vehicle); Mr. Thomas K. Lane (individually and through his estate planning vehicle); Mr. Andrew D. Singer; Mr. Tyler Reeder; and Mr. Peter Labbat.

#### 4.3 Financial Information for Decommissioning

According to the applicants, following the proposed indirect transfers of control as described in Section 4.2 above, ZS should remain financially qualified to be the licensed owner and “operator” of ZNPS. Because ZS is no longer authorized under the 10 CFR Part 50 licenses to operate or load fuel pursuant to the terms of 10 CFR 50.82(a)(2), ZS will not conduct any of the operations contemplated by the financial qualifications provisions of 10 CFR 50.33(f)(2), but rather all of its licensed activities will involve possession of radioactive material in connection with maintaining the safe condition of the plant, maintaining the spent fuel pool and ISFSI, and completing the decommissioning of ZNPS. Thus, the existing decommissioning trust funds and any other financial assurance for decommissioning are the sources of funds to consider for purposes of evaluating the financial qualifications of ZS.

The financial qualifications of ZS to perform its obligations under the current Licenses have been and should continue to be demonstrated by: (1) the availability to ZS of the Qualified and Non-Qualified Nuclear Decommissioning Funds to pay for the radiological decommissioning of the Zion Units; (2) the executed guaranty by ES LLC of the performance by ZS of its obligations to decommission ZNPS and the executed guaranty of the obligations of ES LLC by ES Inc., its parent company; (3) the provision of additional financial assurance in the form of a \$200 million irrevocable Letter of Credit (LOC); and (4) the disposal capacity easement assuring the availability of disposal capacity at the Clive, Utah disposal facility. These same financial assurances were previously reviewed and accepted by the NRC in connection with the May 4, 2009, approval of the license transfer from Exelon to ZS.

It is reiterated in the application that no changes to these financial assurances are proposed or anticipated in connection with the proposed indirect transfer. If any changes become necessary, such changes would need to be reviewed and approved by the NRC in accordance with applicable requirements.

Table 1, summarizes the latest cash flow estimates by ZionSolutions for the remaining decommissioning and decontamination activities of the Zion Site. This cash flow estimate also includes remaining Spent Fuel Program costs. This cash flow estimate does not envision tapping into the \$200 million irrevocable letter of credit, and reflects the easement that ZionSolutions has at the EnergySolutions disposal site at the Clive, Utah disposal facility.

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<sup>2</sup> Rockwell Holdco Inc. is owned by various passive (with no management control) investment funds and a general partner (with full control) – the general partner is Energy Capital Partners GP II, LP

<sup>3</sup> Energy Capital Partners GP II, LP is owned and controlled by Energy Capital Partners II, LLC

<sup>4</sup> Energy Capital Partners II, LLC is owned by 5 U.S. Citizens.

<sup>5</sup> The 5 U.S. Citizens do business as “Energy Capital Partners”

<sup>6</sup> Energy Capital Partners is a “doing business as” name. They manage two funds through: (1) ECP 1 (“Energy Capital Partners I, LLC”; and ECP 2 (“Energy Capital Partners II, LLC”).

TABLE 1

**ZIONSOLUTIONS, LLC**  
**SUMMARY OF REMAINING PROJECTED CASH FLOW**  
**FOR NRC RADIOLOGICAL DECONTAMINATION AND SPENT FUEL PROGRAM**

**USING TRUST FUNDS**  
(In millions of 2011 \$)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>TOTAL</u>
<b>OPENING TRUST FUND BALANCE:</b>	\$478.9	\$356.4	\$276.4	\$210.8	\$119.4	\$65.5	\$38.5	\$20.2	<b>\$478.9</b>
<b>EXPENSES:</b>									
Decontamination & Demolition	\$7.1	\$3.0	\$4.3	\$12.3	\$9.2	\$2.9	\$1.9	\$0.1	\$40.8
Removal Activities	\$15.0	\$9.7	\$13.7	\$8.1	\$6.7	\$2.6	\$1.3		\$57.1
Transportation & Disposal	\$28.3	\$15.0	\$23.8	\$42.2	\$12.7	\$2.8			\$124.8
D&D Management and Staffing <sup>7</sup>	\$22.8	\$18.4	\$9.8	\$9.2	\$6.9	\$4.6	\$3.0	\$0.9	\$75.6
Materials and Equipment	\$1.8	\$1.6	\$1.3	\$1.0	\$0.9		\$0.2		\$6.8
Local Taxes, Insurance	\$2.3	\$2.4	\$2.0	\$1.7	\$1.7	\$1.5	\$1.6	\$1.6	\$14.8
NRC Fees	\$3.0	\$2.7	\$2.3	\$2.3	\$2.3	\$2.2	\$2.1	\$1.1	\$18.0
Operations & Maintenance	\$11.0	\$9.9	\$8.1	\$8.6	\$7.2	\$5.7	\$3.6	\$1.2	\$55.4
Nuclear Security Management	\$8.8	\$6.4	\$3.4	\$3.4	\$3.5	\$3.6	\$3.7	\$3.6	\$36.4
<b>SPENT FUEL PROGRAM</b>	\$27.6	\$15.0	(\$0.3) <sup>8</sup>	\$3.4	\$3.2	\$1.4	\$0.9	\$0.1	\$51.3
<b>TAXES</b>	\$1.8	\$1.3	\$1.3	\$1.5	\$0.9	\$0.5	\$0.4	\$0.1	\$7.8
<b>TOTAL EXPENSES:</b>	\$129.5	\$85.4	\$69.7	\$93.7	\$55.2	\$27.8	\$18.7	\$8.7	<b>\$488.7</b>
<b>ESTIMATED 2% RRR EARNINGS</b>	\$7.0	\$5.4	\$4.1	\$2.3	\$1.3	\$0.8	\$0.4	\$0.2	<b>\$21.5</b>
<b>CLOSING TRUST FUND BALANCE:</b>	\$365.4	\$276.4	\$210.8	\$119.4	\$65.5	\$38.5	\$20.2	\$11.7	<b>\$111.7<sup>9</sup></b>

<sup>7</sup> Includes the declining cost of the Letter of Credit

<sup>8</sup> The net effect of ZionSolutions selling cask handling equipment for spent fuel

<sup>9</sup> There are additional project expenses forecast for non-radiological decommissioning not shown in the table

According to the applicants, ZS should have sufficient funds to accomplish its licensed activities from the Zion Qualified and Non-Qualified Decommissioning Trust Funds. ZS has prepared Enclosure 4, Schedule and Financial Information for Decommissioning, which provides financial projections for the duration of the Zion Restoration Project and shows that the decommissioning trust funds will be adequate to fund the Zion Restoration Project. The source of funds described herein and the pro forma projected costs for the remaining decommissioning period set forth in Enclosure 4 provide the requisite financial information for this license transfer request consistent with 10 CFR 50.33(f)(2). In addition to the trust funds, ZS has access to other financial assurance mechanisms, including the irrevocable LOC in the amount of \$200 million. ZS also has access to the resources of ES and ES LLC, which have guaranteed ZS's obligations to decommission ZNPS.

The funds available from the decommissioning trust funds and other financial assurance mechanisms provide reasonable assurance that ZS has or will obtain the funds necessary to conduct the required decommissioning activities and management of spent nuclear fuel throughout the period of the licenses.

#### 4.4 Standard Contract for Disposal of Spent Nuclear Fuel

Exelon has retained ownership of the spent nuclear fuel and has kept in effect its Standard Contract for Disposal of Spent Fuel with the U. S. Department of Energy (DOE) for the disposal of spent nuclear fuel to be performed by DOE (Standard Contract). Exelon retains title to the ZNPS spent nuclear fuel, and it retains all rights and obligations under Standard Contract No. DE-CR01-83NE44372, dated June 17, 1983, consistent with the terms of Section 302(b)(4) of the NWSA, which contemplates that Standard Contract rights flow with "title to the spent nuclear fuel or high-level waste involved." 42 U.S.C. § 10222(b)(4).

ZS has possession of the ZNPS spent nuclear fuel and is responsible for possession and storage. ZS does not require any Standard Contract under the terms of Section 302(b) of the Nuclear Waste Policy Act of 1982 (NWSA), because the licenses do not and will not authorize "use" of any production or utilization facility. 42 U.S.C. § 10222(b)(1)(A).

Exelon's continued ownership of the ZNPS spent nuclear fuel and retention of title is authorized under general licenses granted for the ownership, but not possession, of byproduct, source, special nuclear material, and spent nuclear fuel granted pursuant to 10 CFR 31.9, 40.21, 70.20, and 72.6(b), respectively.

#### 5.0 FOREIGN OWNERSHIP, DOMINATION or CONTROL:

Sections 103d and 104d of the Atomic Energy Act of 1954 as amended, prohibit the NRC from issuing a license for a nuclear power plant to "any corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government." The NRC's regulation, 10 CFR 50.38, contains language to implement this prohibition.

As stated in the application and consistent with the requirements of 10 CFR 50.38, ZS is not owned, controlled or dominated by an alien, a foreign corporation, or a foreign government, and the proposed transaction will not result in any such foreign ownership, control or domination. The current parent holding company of ZS, ES, is a public company with its shares widely held and traded on the New York Stock Exchange. Following the proposed transaction, ES will no

longer be publicly traded, but rather will be privately held, with its shares owned directly by Rockwell.

As of closing, Rockwell will be directly held by a number of affiliated investment funds controlled by the Controlling Partner, including the following existing entities: (i) Energy Capital Partners II, LP; (ii) Energy Capital Partners II-A, LP; (iii) Energy Capital Partners II-B, LP; (iv) Energy Capital Partners II-C (Direct IP), LP; and (v) Energy Capital Partners II-D, LP (collectively, the “ECP II Partnerships”), each of which is a limited partnership organized under the laws of the State of Delaware.

The ECP II Partnerships are each wholly owned either directly or indirectly by: (i) the Controlling Partner (i.e., Energy Capital Partners GP II, LP), a limited partnership organized under the laws of the State of Delaware, as general partner; and (ii) various passive limited partner investors (Passive Investors). The Passive Investors do not have any right to make decisions with respect to running the business portfolios of the ECP II Partnerships or participate in the operation of the investments. The Controlling Partner, in turn, is directly owned by: (i) ECP II, a limited liability company organized under the laws of the State of Delaware; and (ii) various passive limited partner investors (Passive GP Investors). The Passive GP Investors do not have any right in their capacity as limited partners of the Controlling Partner to make decisions with respect to running the business portfolios of the ECP II Partnerships or participate in the operation of the investments; however, the Passive GP Investors are generally also employees of the Energy Capital Partners business and may participate in running the business portfolios of the ECP II Partnerships or in the operation of the investments in their capacity as employees, subject to the ultimate authority of ECP II.

ECP II is owned and managed by the ECP II Managing Members, who are five individual U.S. citizens: Mr. Kimmelman (individually and through his estate planning vehicle); Mr. Lane (individually and through his estate planning vehicle); Mr. Singer; Mr. Reeder; and Mr. Labbat. Mr. Murray D. Karp, an individual U.S. citizen and an employee of Energy Capital Partners, is admitted to ECP II for very limited purposes. Mr. Karp is not a managing member of, and has no voting or control rights and no economic interests with respect to ECP II.

As stated by the applicant, less than 40 percent of the equity in all of the ECP II Partnerships and the Controlling Partner is held by various Passive Investors that are foreign domiciled entities, and no foreign domiciled entity or group of foreign domiciled entities under common control holds more than 12 percent of these equity interests. The Passive Investors will have no ability to exercise control or domination over the operations of Rockwell, ES, or any of the ES subsidiaries, including ZS. As such, the Passive Investors will have no direct or indirect control over any NRC-licensed activity conducted by ES or any of its subsidiaries.

Finally, ES, LLC holds a facility security clearance with the DOE. This security clearance requires DOE findings regarding foreign ownership, control or influence (FOCI), and ongoing DOE oversight to assure that the company is not subject to FOCI. DOE implements U.S. government policy regarding FOCI in accordance with Chapter 2, Section 3 of the “National

Industrial Security Program Operating Manual” or NISPOM, DoD 5220.22-M (February 28, 2006), and ES LLC has ongoing reporting obligations regarding its “Certificate Pertaining to Foreign Interests,” Standard Form 328, required in connection with maintaining its security clearances. As stated by the applicant, information regarding the proposed transaction has been provided to DOE, and ES LLC expects to continue to maintain its security clearance

following the proposed transactions, which requires DOE to maintain positive findings that ES LLC is not subject to FOCI or that any potential FOCI is adequately negated.

The applicants stated in the application that ZS is not acting as the agent or representative of another person in the proposed indirect transfer of the Licenses. As the licensee for ZNPS, ZS acts for itself and on behalf of its corporate parents. According to the application, ZS is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government. The NRC staff does not know or have reason to believe otherwise.

#### 6.0 ANTITRUST REVIEW:

The Atomic Energy Act of 1954, as amended (AEA), 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)). The application here postdates the issuance of the operating licenses for the units under consideration in this Safety Evaluation, and therefore no antitrust review is required or authorized.

#### 7.0 PRICE-ANDERSON INDEMNITY and NUCLEAR INSURANCE:

The provisions of the Price-Anderson Act (Section 170 of the Act) and the Commission's regulations at 10 CFR Part 140 require that the current indemnity agreement reflect that ZS will be the licensee after the proposed direct transfer takes effect.

ZS will be required to maintain the financial protection required by 10 CFR Part 140 and the property insurance required by 10 CFR 50.54(w). The NRC staff will issue to ZS modified Price-Anderson indemnity agreements to reflect that ZS will be the owner and licensee.

The proposed transaction does not affect the existing Price Anderson indemnity agreement for ZNPS, and it does not affect the required nuclear property damage insurance pursuant to 10 CFR 50.54(w) and nuclear energy liability insurance pursuant to Section 170 of the AEA and 10 CFR Part 140. ZS will continue to maintain not less than \$50 million onsite insurance coverage and not less than \$100 million offsite coverage in accordance with the exemptions to 10 CFR 50.54(w) and 10 CFR 140.11 issued by the NRC in a letter dated December 21, 1999, published at 64 FR 72700 (December 28, 1999). In addition, participation in the secondary insurance pool is not required based on the permanently defueled status of the Zion Units.

#### 8.0 TECHNICAL QUALIFICATIONS:

The technical qualifications of ZS to carry out its responsibilities as the licensee for ZNPS are not affected by the proposed transaction. There will be no physical changes to ZNPS and no changes in the day to day decommissioning operations of ZS in connection with the proposed transactions. ZS will at all times remain the licensee for ZNPS, and there will be no changes in the ZS senior management team resulting from the proposed transactions. There are no changes to ZS's plans for Spent Fuel Management, Quality Assurance, Security or Emergency Preparedness as a result of the proposed transaction.

## 9.0 REQUEST FOR APPROVAL OF INDIRECT TRANSFER OF IMPORT AND EXPORT LICENSES:

By letter dated April 17, 2013 (Agencywide Documents and Access Management System (ADAMS) Accession No. MLXXXXXXXXXX), EnergySolutions, Inc. (ES), on behalf of its subsidiaries EnergySolutions Services, Inc. (ES Services), Duratek Services, Inc. (Duratek), and Manufacturing Sciences Corp. (MSC) (collectively, the “applicants”), submitted an additional application requesting that the NRC consent to the indirect transfer of control of the below-captioned Import Licenses and Export Licenses. The indirect transfer of control of the Import Licenses and Export Licenses would result from the same proposed transaction whereby ES would be acquired by Rockwell Holdco, Inc.

Import License No. IW017 (Duratek)  
Import License No. IW029 (ES Services)  
Export License No. XW010 (Duratek)  
Export License No. XW018 (ES Services)  
Export License No. XW020 (ES Services)  
Export License No. XCOM1211 (MSC)  
Export License No. XSOU8825 (MSC)

According to the applicants, the structure of the organizations directly controlling the Import Licenses and Export Licenses, MSC, Duratek, and ES Services, will not change due to this transfer of control. However, as described above, their parent company, ES, will be directly controlled by Rockwell and ultimately controlled by the ECP II Managing Members.

The applicants further state that:

- 1.) No changes will be made to the place of use of the Licenses.
- 2.) No changes will be made to the facilities where licensed materials are used or stored.
- 3.) No changes will be made to equipment used in the licensed programs.
- 4.) No procedural changes will be made to the licensed programs.
- 5.) No changes will be made to personnel as a result of this indirect transfer of control.
- 6.) All surveillance items and records required under the Licenses have been performed and will be current as of the date of the transfer. Because MSC and ES Services are maintaining direct control of the Licenses, all required surveillance items will continue to be performed by them.
- 7.) MSC and ES Services agree to abide by all commitments and representations previously made by them in connection with the Import Licenses and Export Licenses.

The NRC staff finds that while the proposed transaction will result in an indirect transfer of control of MSC, Duratek, and ES Services and the Import Licenses and Export Licenses held by them, it will not change the current technical and financial qualifications, or operations, of MSC, Duratek, or ES Services as the NRC’s licensees for these Import Licenses and Export Licenses. Further, the closing of the transaction and the indirect upstream change of control resulting therefrom are not expected to result in any change in personnel responsible for conducting licensed activities.

According to the application, Energy Solutions, Inc. has stated that the -export import licensees have filed applications with the states with content similar to that submitted here and that the states have issued all of the required approvals.

## 10.0 CONCLUSION:

Based on the foregoing, the NRC staff finds that ZionSolutions is qualified to hold the licenses for the Zion Nuclear Power Station, Units 1 and 2, licenses as described in the January 10, 2013, application, and that the proposed indirect transfer of the licenses due to the acquisition by Rockwell Holdco of EnergySolutions, Inc., the current ultimate parent holding company of ZionSolutions, is otherwise consistent with applicable provisions of laws, regulations and orders issued by the Commission pursuant thereto.

In addition, based on the foregoing, the NRC staff finds that EnergySolutions Services, Inc., Duratek Services, Inc., and Manufacturing Sciences Corporation are qualified to hold the licenses for import and export as described in the April 17, 2013 application, and that the proposed indirect transfer of the licenses due to the acquisition by Rockwell Holdco of EnergySolutions, Inc., the current ultimate parent holding company of EnergySolutions Services, Inc., Duratek Services, Inc., and Manufacturing Sciences Corporation, is otherwise consistent with applicable provisions of laws, regulations and orders issued by the Commission pursuant thereto.

Principal Contributor:           M. A. Dusaniwskyj  
  Brooke Smith

Date: