

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
Cleveland Electric)	
Illuminating Company, <u>et al.</u>)	Docket No. 50-440
)	
(Perry Nuclear Power Plant)	
Unit 1))	

**Ohio Edison's Application For License Transfer
In Connection With Sale And Related Transactions**

The Cleveland Electric Illuminating Company ("CEI"), Centerior Service Company ("Centerior"), Duquesne Light Company, Ohio Edison Company ("Ohio Edison"), Pennsylvania Power Company and the Toledo Edison Company are holders of Facility Operating License No. NPF-58, dated November 13, 1986 ("the operating license"). The operating license authorizes the holders to possess the Perry Nuclear Power Plant, Unit No. 1 ("Perry") and authorizes CEI and Centerior to use and operate Perry in accordance with the conditions and requirements set forth in the operating license.

Pursuant to 10 C.F.R. § 50.80, Ohio Edison requests the Nuclear Regulatory Commission ("NRC") to approve a license transfer for a portion of Ohio Edison's ownership interest in the Perry plant to its wholly owned subsidiary, OES Nuclear

Inc. ("OES"). Ohio Edison holds a 30% interest in Perry Unit 1. It holds title to 17.42% of Perry Unit 1 and leases another 12.58% of Perry Unit 1 pursuant to the sale and leaseback transactions previously authorized by amendment 2 to the Perry license. The proposed transactions which give rise to this request for NRC approval concern Ohio Edison's 17.42% ownership interest in Perry Unit 1. The details of the transactions are as follows.

Ohio Edison will form OES as a wholly-owned subsidiary. On or before December 31, 1995, Ohio Edison will sell to OES its 17.42% ownership interest in the Perry Unit 1 facilities except for the transmission facilities that are a part of Unit 1. The purchase price to be paid by OES will be based on the fair market value of the assets sold as determined by an independent appraisal. Attachment A to this Application is the proposed bill of sale consummating this transfer. On January 1, 1996, or immediately thereafter, OES will enter into a take or pay steam sale agreement with Ohio Edison pursuant to which Ohio Edison will purchase from OES the steam generated by the interest in Perry Unit 1 transferred under the bill of sale. In conjunction with these arrangements, OES will grant Ohio Edison the right to utilize the turbine generator portion of Perry Unit 1 transferred to OES by the bill of sale. Both the agreement for the sale of steam and the grant of the right to use the turbine generator will run for the term of the Perry Unit 1 license through completion of plant decommissioning. Pursuant to the terms of the arrangements, Ohio Edison will have the option to convert the steam purchase agreement and its right to utilize the Unit 1 turbine generator to a lease to itself of the interest in Perry Unit 1 conveyed to OES by the bill of sale.

The above transactions are being undertaken by Ohio Edison to reduce costs in anticipation of a more competitive marketplace for electricity. The arrangements will not affect Ohio Edison's license or financial responsibilities for Perry. Ohio Edison will remain a named licensee on the Perry license as well as OES.^{1/2} Under the proposed arrangements, Ohio Edison will make payments to OES in an amount sufficient for OES to pay all of its expenses. Ohio Edison will retain full responsibility for the costs of operating and maintaining the interest in Perry Unit 1 transferred to OES. Ohio Edison's financial responsibility will include, without limitation, any costs associated with meeting NRC safety and other requirements. Ohio Edison will remain responsible for all decommissioning liabilities associated with the interest transferred to OES and will continue to fund its Nuclear Decommissioning Trust Fund in the same manner and amount as now. Moreover, Ohio Edison, rather than OES, will remain the participant in the Perry Unit 1 Operating Agreement for the 30% interest in Perry that is the subject of the transactions described herein and of the sale and leaseback transactions authorized under amendment 2 to the Perry license, with the concomitant rights and obligations of that agreement remaining as they are.

Part I below sets forth the information required by 10 C.F.R. § 50.80 in support of the license transfer. Part II discusses the effective date for the transfer.

^{1/2}A license amendment request in accordance with 10 C.F.R. § 50.90 will be filed shortly by CEI in order to add OES as a licensee to the Perry operating license upon approval of the transfer.

I. General Information For License Transfer

A. General Information Concerning Ohio Edison Company

1. Name and Address

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308-1890
(216) 384-5100

2. Description of Business

Ohio Edison is an investor-owned company engaged in generating, transmitting and distributing electric energy in Ohio to residential, commercial and industrial customers for their own use and in Ohio and elsewhere to wholesale customers for resale.

3. Organization and Management

Ohio Edison is organized and existing under the laws of the State of Ohio. All of Ohio Edison's directors and principal officers are citizens of the United States. Their names and addresses are as follows:

DIRECTORS

Name

Donald C. Blasius

Address

60128 Davie
Chapel Hill, N.C. 27514

H. Peter Burg
Senior Vice President and
Chief Financial Officer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Robert H. Carlson

Pennsylvania Power Company
P.O. Box 891
New Castle, PA 16103-0891

Robert M. Carter

Carter & Associates
1104 Hanna Bldg.
1422 Euclid Avenue
Cleveland, Ohio 44115

Dr. Carol A. Cartwright
President

Kent State University
Executive Offices
Kent, Ohio 44242

Willard R. Holland
President and Chief Executive Officer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Robert L. Loughhead

359 Berkshire Drive
Riva, MD 21140

Glenn H. Meadows

3001 Silver Lake Blvd.
Silver Lake, Ohio 44224

Paul J. Powers
Chairman of the Board
and Chief Executive Officer

Commercial Intertech Corporation
1775 Logan Avenue
Youngstown, Ohio 44505

Charles W. Rainger
President

Sandusky International, Inc.
615 West Market Street
Sandusky, Ohio 44870

George M. Smart
Chairman of the Board
and President

Phoenix Packaging Corporation
3075 Brookline Road
P.O. Box 2158
North Canton, Ohio 44720

Jesse T. Williams, Sr.
Vice President

Goodyear Tire & Rubber Company
1144 East Market Street
Akron, Ohio 44316

PRINCIPAL OFFICERS

Name

Address

Willard R. Holland
President and Chief Executive Officer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Anthony J. Alexander
Senior Vice President and
General Counsel

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

H. Peter Burg
Senior Vice President and
Chief Financial Officer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Anthony N. Gorant
Senior Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Robert J. McWhorter
Senior Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Earl T. Carey
Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Arthur R. Garfield
Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

John A. Gill
Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Barry M. Miller
Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

David L. Yeager
Vice President

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Nancy C. Brink
Secretary

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Richard H. Marsh
Treasurer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Harvey L. Wagner
Comptroller

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Theodore F. Struck II
Assistant Treasurer and
Assistant Secretary

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Howard J. Tuber
Assistant Comptroller

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Ohio Edison is not owned, controlled or dominated by an alien, foreign corporation or foreign government. Ohio Edison is not acting as an agent or representative of any another person.

B. General Information Concerning OES

1. Name and Address

OES Nuclear, Inc.
76 South Main Street
Akron, Ohio 44308-1890
(216) 384-5100

2. Description of Business

OES will be a wholly owned subsidiary of Ohio Edison. It will acquire and hold title to the interest in Perry Unit 1 conveyed in the proposed sale agreement (Attachment A). It will sell steam to Ohio Edison produced by the interest in Perry Unit 1 transferred under the sale agreement and permit Ohio Edison to use that steam to produce electricity from OES's interest in the Perry Unit 1 turbine generator so transferred.

3. Organization and Management

OES will be organized and existing under the laws of the State of Ohio. All of OES's directors and principal officers will be citizens of the United States. Their names and addresses are as follows:

DIRECTORS

<u>Name</u>	<u>Address</u>
Willard R. Holland	Ohio Edison Company 76 South Main Street Akron, Ohio 44308
H. Peter Burg	Ohio Edison Company 76 South Main Street Akron, Ohio 44308
David L. Feltner	Ohio Edison Company 76 South Main Street Akron, Ohio 44308

OFFICERS

<u>Name</u>	<u>Address</u>
Willard R. Holland President	Ohio Edison Company 76 South Main Street Akron, Ohio 44308
David L. Feltner Secretary	Ohio Edison Company 76 South Main Street Akron, Ohio 44308

Richard H. Marsh
Treasurer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

Theodore F. Struck
Assistant Treasurer

Ohio Edison Company
76 South Main Street
Akron, Ohio 44308

As a wholly owned subsidiary of Ohio Edison, OES will not be owned or dominated by an alien, foreign corporation or foreign government and will not be acting as an agent or representative of any other person.

C. Technical Qualifications

The sale of Ohio Edison's part ownership interest in Perry Unit 1 and its right to use or lease some or all of that interest from OES relate solely to Ohio Edison's right to possess the Perry nuclear facility under license NPF-58. Ohio Edison has no authority to operate the Perry facility and the transactions involve no change to either the management organization or technical personnel responsible for operating and maintaining the Perry nuclear facility. Both before and after the transactions, CEI and Centerior will be responsible for the operation and maintenance of the Perry plant and the CEI and Centerior management organization and technical personnel so responsible will not be changed by the transfer.

D. Financial Qualifications

Ohio Edison is an electric utility within the meaning of the definition set out in 10 C.F.R. § 50.2. It generates and distributes electricity and recovers the cost of this

electricity through rates authorized by the Public Utilities Commission of Ohio and by the Federal Energy Regulatory Commission. OES, as a wholly owned subsidiary of Ohio Edison and part owner of the Perry generating plant, will similarly fall within the definition of an electric utility under 10 C.F.R. § 50.2. Therefore, the financial qualifications of OES to possess the Perry plant are presumed by NRC regulations and no specific demonstration is required under 10 C.F.R. § 50.33(f). Moreover, under the arrangements described herein, Ohio Edison will be obligated to make payments to OES in an amount sufficient for OES to pay all of its costs and expenses with respect to Perry.

E. Decommissioning Funding

NRC regulations require information showing "reasonable assurance . . . that funds will be available to decommission the facility." 10 C.F.R. § 50.33(k). Ohio Edison has filed a decommissioning report with the NRC under 10 C.F.R. § 50.75(b) and is providing financial assurance for decommissioning a 30% interest of Perry in accordance with the report through an external sinking trust fund in which it deposits monies at least annually. Under the proposed transactions, Ohio Edison will remain fully responsible for the decommissioning liabilities associated with the 30% interest in Perry attributable to Ohio Edison. As such, the transactions will result in no changes being made to the decommissioning trust fund for this 30% interest in Perry. The existing decommissioning trust fund will remain with Ohio Edison as will the obligation to make future payments to this fund.

F. Antitrust Information

The proposed license transfer will result in no change in the applicability of the Perry antitrust conditions to Ohio Edison. Ohio Edison remains a licensee with the antitrust conditions remaining fully applicable to it. Additionally, OES agrees to be bound by the existing antitrust conditions in the Perry license. Accordingly, no antitrust review need be conducted with respect to the proposed license transfer. See 59 Fed. Reg. 40,928 (1994) ("Centerior, et al.; License Amendment Requests Proposed Merger of Toledo Edison Co. and Cleveland Electric Illuminating Co.; Antitrust Determination").

G. Statement Of Purposes For The Transfer And Nature Of The Transactions Necessitating Or Making The Transfer Desirable

The proposed transactions are being undertaken in anticipation of a more competitive marketplace for electricity. Ohio Edison has recently received approval from the Ohio Public Utilities Commission to implement a comprehensive rate plan to reduce costs associated with its fixed charges. By restructuring in the manner described in this application, Ohio Edison will reduce its current operating costs and improve its ability to compete in a cost effective way.

H. Restricted Data

This application does not contain any Restricted Data or other defense information, and it is not expected that any will become involved. However, both Ohio Edison and OES agree that they will appropriately safeguard such information if it does become involved and that they will not permit any individual to have access to

Restricted Data until the Office of Personnel Management (the successor to the Civil Service Commission) shall have made an investigation and report to the Nuclear Regulatory Commission on the character, associations, and loyalty of such individual, and the Nuclear Regulatory Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

II. Effective Date

The proposed sale by Ohio Edison to OES is to occur on or before December 31, 1995. Accordingly, the NRC is requested to issue -- prior to December 31, 1995 -- an order approving the proposed sale and transfer of license to OES.^{2/} Because of the limited time between now and December 31, a draft notice of the proposed transfer for publication in the Federal Register is included as Attachment B and a draft order approving the proposed transfer is included as Attachment C.

^{2/}After the transfer is finalized, the Perry operating license will need to be amended -- "for administrative purposes" -- to add OES as a licensee. Long Island Lighting Co. (Shoreham Nuclear Power Station, Unit 1), CLI-92-4, 35 NRC. 69, 77 n. 6 (1992). The purpose of the license amendment request to be filed shortly will be to add OES as a licensee to the Perry license. Such an amendment will involve no significant hazards consideration. Long Island Lighting Co., 35 NRC. at 77, n.6 (a license amendment reflecting an effective license transfer "presents no safety questions and clearly involves no significant hazards considerations").

Based on the foregoing, the NRC is requested to approve under 10 C.F.R. § 50.80 the transfer of Ohio Edison's license and ownership interest in Perry Unit 1, as described herein, to its wholly owned subsidiary, OES.

Anthony J. Alexander
Anthony J. Alexander
Senior Vice President and General Counsel
Ohio Edison Company

Subscribed to and sworn to before me
This 17th day of November, 1995

Dorothy A. Bratanov
Notary Public, State of Ohio
My Commission expires: 2/24/98

DOROTHY A. BRATANOV
Notary Public, State of Ohio
Resident of Summit County
My Commission Expires Feb. 24, 1998
2987401 / DOCSID:1

ATTACHMENT A

BILL OF SALE, INSTRUMENT OF TRANSFER
AND SEVERANCE AGREEMENT

THIS BILL OF SALE, INSTRUMENT OF TRANSFER AND SEVERANCE AGREEMENT made this ____ day of December, 1995, between OHIO EDISON COMPANY, an Ohio corporation (the "Seller"), and OHIO EDISON SUBSIDIARY, an Ohio corporation (the "Buyer").

W I T N E S S E T H:

WHEREAS, the Seller desires to sell, and the Buyer desires to purchase, the assets herein described, for and in consideration of the amount paid by the Buyer to the Seller; and

WHEREAS, the Seller and the Buyer desire to set forth their agreement and understanding as to the character of such assets and the relationship of such assets to the real property on which such assets are located;

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

Unless otherwise defined herein, or unless the context shall otherwise require, capitalized terms used herein shall have the respective meanings assigned thereto in Appendix A hereto.

SECTION 2. Sale.

The Seller, subject to the provisions of Section 9 hereof, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER AND SET OVER unto the Buyer, its successors and assigns, all of the Seller's right, title and interest in and to a 17.42% undivided interest (the "Undivided Interest") in all the improvements, fixtures, equipment and other tangible property constituting the Perry Nuclear Power Plant Unit 1 located in Lake County, Ohio, whether or not constituting real or personal property ("Unit 1"), which Undivided Interest is identified in Annex A attached hereto and made a part hereof and is located on the real property in Lake County, Ohio identified in Annex B attached hereto (the "Site"), To HAVE AND TO HOLD the same unto the Buyer, its successors and assigns, FOREVER.

SECTION 3. Seller's Warranty.

The Seller does hereby WARRANT that it is the lawful owner of the Undivided Interest and has good right to sell the same and that good, merchantable, marketable and indefeasible title to the Undivided Interest is on the date hereof hereby conveyed to the Buyer free and clear of all Liens other than Permitted Liens and that the Seller will warrant and defend such title against the claims of all Persons.

SECTION 4. Severance of the Property From the Real Estate.

The parties hereto intend, understand and agree that the Undivided Interest in Unit 1 and each portion thereof is severed, and shall be and remain severed, from the real estate constituting the Site and, even if physically attached thereto, shall retain the character of personal property, shall be treated as personal property with respect to the rights of all persons whomsoever, shall not be or become fixtures or otherwise part of the Site or of any other property, real or personal, of the Seller.

SECTION 5. Assignment of Warranties.

The Seller hereby grants, bargains, sells, assigns, conveys, transfers and sets over to and for the benefit of the Buyer all right, title and interest of the Seller in, to and under any and all contracts to which Seller is a party relating to the design, manufacture, construction, installation or testing of Unit 1 (the "Unit 1 Contracts") including, without limitation, all claims for damages arising under the representations, indemnities, warranties, guaranties and agreements made to or for the benefit of the Seller by the parties (other than the Seller) to the Unit 1 Contracts (other than the Seller, the "Unit 1 Contractors"), and the right to compel performance of the terms of the Unit 1 Contracts; provided, however, that (a) the Seller shall at all times remain liable to the Unit 1 Contractors under the respective Unit 1 Contracts to perform all the duties and obligations of the Seller thereunder as if this assignment had not been executed, (b) the Buyer shall not be liable for any of the obligations or duties of the Seller under the Unit 1 Contracts, nor shall this agreement give rise to any duties or obligations whatsoever on the part of the Buyer owing to any of the Unit 1 Contractors and (c) the Buyer shall not be obligated to make any payment or to make any inquiry as to the sufficiency of any payment received by any Unit 1 Contractor or to present or file any claim or to take any other action to collect or enforce any claim under any Unit 1 Contract. The Seller agrees to preserve and protect the Buyer's rights under any warranty, covenant or representation made by each Unit 1 Contractor with respect to Unit 1, and the Seller warrants that the Seller will not take any action which will impair such rights of the Buyer, and covenants to act solely in compliance with any restrictions and requirements prerequisite to the continued

existence, enforcement, validity and maintenance of any warranty, covenant or representation.

SECTION 6. Governing Law.

The interpretation of this Bill of Sale, Instrument of Transfer and Severance Agreement and the rights and obligations of the parties shall be governed by and construed and enforced in accordance with the laws of the State of Ohio.

SECTION 7. Further Assurances; Etc.

The Seller will cause to be promptly and duly taken, executed, acknowledged or delivered all such further acts, conveyances, documents and assurances as the Buyer may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Bill of Sale, Instrument of Transfer and Severance Agreement.

SECTION 8. Amendment.

The terms of this Bill of Sale, Instrument of Transfer and Severance Agreement shall not be altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by each of the parties hereto.

SECTION 9. Nonpartition.

The conveyance of the Undivided Interest herein made is subject to the condition that the Buyer waive and release all rights it may have to take any action (including without limitation, commencing or maintaining any proceeding in any court) for the purpose of or which might result in partition or sale for division of the proceeds, in whole or in part, of Unit 1 or of any and all other improvements made or to be made in connection with the construction, operation, maintenance and repair of Unit 1, and the Buyer, by these premises, hereby does so waive and release all rights it may have to (and agrees that it will not) take any such action with respect to any of said property, whether now existing or hereafter accruing, and in the event any such right shall hereafter accrue, the Buyer shall execute and deliver such further instruments as may be necessary or appropriate to confirm the foregoing waiver and release. This waiver and release shall be effective to bind any successor or assign of the Buyer.

IN WITNESS WHEREOF, the parties hereto have caused this Bill of Sale, Instrument of Transfer and Severance Agreement to be duly executed and delivered by their respective officers thereunto duly authorized on the day and year first above written.

Signed and acknowledged in the
Presence of:

OHIO EDISON COMPANY

By: _____

Name:

Title:

Signed and acknowledged in the
Presence of:

OHIO EDISON SUBSIDIARY

By: _____

Name:

Title:

Prior instrument reference in Volume 847, page 544 of Lake County Records.

STATE OF OHIO)
 : ss.:
COUNTY OF SUMMIT)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named OHIO EDISON COMPANY, an Ohio corporation, by _____, a _____, who acknowledged that he did sign the foregoing instrument on behalf of said Corporation by authority of its Board of Directors and that the same is the free act and deed of said Corporation and his free act and deed individually and as such officer.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Akron, Ohio this _____ day of December, 1995.

Notary Public

STATE OF OHIO)
 : ss.:
COUNTY OF SUMMIT)

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above-named OHIO EDISON SUBSIDIARY, an Ohio corporation, by _____, a _____, who acknowledged that he did sign the foregoing instrument on behalf of said Corporation by authority of its Board of Directors and that the same is the free act and deed of said Corporation and his free act and deed individually and as such officer.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Akron, Ohio this _____ day of December, 1995.

Notary Public

This instrument was prepared by:

John H. Byington, Jr., Esq.
Winthrop, Stimson, Putnam & Roberts
1 Battery Park Plaza
New York, New York 10004-1490

ANNEX A

Description of Unit 1

Unit No. 1 of the Perry Nuclear Power Plant ("PNPP"), located in Lake County, Ohio, approximately 35 miles east of the City of Cleveland, Ohio, CONSISTING OF:

I. Unit No. 1 General Electric BWR-6 boiling water nuclear reactor steam supply system (the "NSSS"). The NSSS is comprised of a reactor vessel containing 748 fuel assemblies with approximately 150 tons of enriched uranium (fuel assemblies, however, are not a part of Unit No. 1 and are not included in the Undivided Interest being sold), two recirculation pumps, steam separators, steam dryers, and various additional systems and subsystems. The licensed thermal rating of the NSSS is 3,579 MW.

II. Unit No. 1 GE TC6F-43, 1800 RPM tandem-compound, six flow, reheat turbine-generator including turbine, generator, moisture separator-reheater, exciter, controls, and auxiliary subsystems. The turbine-generator is direct connected, conductor cooled and rated at 1,447 MVA at 22,000 V, 3 phase, 60 Hz, 2.01/2.48/3.22 in Hg ABS back pressure, and approximately 1,252 MW maximum gross electric output.

III. Unit No. 1 Reactor Building which includes a freestanding domed steel containment vessel made of 1 1/2 inch thick steel plates welded together, having an inside diameter of 120 feet, designed for 15 psig, and a shield building constructed of steel reinforced concrete with walls three feet thick having an inside diameter of 130 feet, enclosing the steel containment vessel, and all associated internal structures.

IV. Unit No. 1 auxiliary systems and equipment including engineered safeguards systems, reactor auxiliary systems, and turbine-generator auxiliary systems associated with items I, II, and III above, extending to and including the Unit No. 1 start-up transformer.

V. Unit No. 1 cooling tower system consisting of one (1) hyperbolic natural draft cooling tower approximately 411 feet in diameter at the base and approximately 516 feet high, including a closed cycle circulating water system, make-up water system, and blowdown system.

VI. Unit No. 1 emergency diesel-generator system, including a diesel-generator building which contains three Unit 1 diesel generators, fuel oil systems, storage tanks, control and instrumentation systems, and other equipment.

BUT EXCLUDING:

I. Nuclear fuel for Unit No. 1, including spare fuel assemblies and spent nuclear fuel.

II. Spare parts (Unit No. 1).

III. Transmission facilities (including any and all facilities and equipment providing interconnection between the Unit 1 turbine generator and the High Voltage Switchyard, including step-up transformers and standby equipment and systems).

IV. Oil and Diesel fuel inventories (Unit No. 1).

V. Any interest in land or other real property interests.

ATTACHMENT B

NUCLEAR REGULATORY COMMISSION (NRC)

[Docket No. 50-440]

Cleveland Electric Illuminating Company, et al.;
Notice of
Transfer of Ownership of Perry Nuclear Power Plant

DATE: November __, 1995

Notice is hereby given that the United States Nuclear Regulatory Commission (Commission) is considering approval under Title 10 of the Code of Federal Regulations (CFR), Section 50.80 of the transfer of 17.42 percent (except for related transmission facilities) of the ownership of the facilities for the Perry Nuclear Power Plant, Unit No. 1 (PNPP Unit 1) from the Ohio Edison Company (Ohio Edison) to a wholly owned subsidiary of Ohio Edison, OES Nuclear Inc. (OES). By "Application For License Transfer In Connection With Sale And Related Transactions" filed November 17, 1995, Ohio Edison informed the Commission that it will sell to OES on or before December 31, 1995, a 17.42% ownership interest in the PNPP Unit 1 facility, except for the transmission facilities that are a part of Unit 1. On January 1, 1996, or immediately thereafter, OES will enter into a take or pay steam sale agreement with Ohio Edison pursuant to which Ohio Edison will purchase from OES the steam generated by the interest in PNPP Unit 1 transferred to OES. OES will also grant Ohio Edison the right to utilize the turbine generator portion of PNPP Unit 1 transferred to OES. Both the agreement for the sale of steam and the grant of the right to use the turbine generator will run for the term of the PNPP Unit 1 license through completion of plant decommissioning. Pursuant to the terms of the arrangements, Ohio Edison will have the option to convert the steam purchase agreement and its right to utilize the Unit 1 turbine generator to a lease to itself of the interest in PNPP Unit 1 conveyed to OES.

Pursuant to 10 CFR 50.80 the Commission may approve the transfer of a license, after notice to interested persons, upon the Commission's determination that the holder of the license following the transfer of control is qualified to be a holder of the license and that the transfer of control is otherwise consistent with applicable provisions of law, regulations, and orders of the Commission. Ohio Edison has

requested consent under 10 CFR 50.80 to the transfer of the license effectuated by the change in control of such ownership interest in PNPP Unit 1.

For further details with respect to this action, see the November 17, 1995 Application, which is available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington DC, and at the local public document room located at the Perry Public Library, 3753 Main Street, Perry, Ohio 44081.

Dated at Rockville, Maryland this ____ day of November 1995

For the Nuclear Regulatory Commission.

Gail H. Marcus,
Director, Project Directorate III-3, division of Reactor Projects--III/IV, Office of
Nuclear Reactor Regulation.

ATTACHMENT C

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
Cleveland Electric)	
Illuminating Company, <u>et al.</u>)	Docket No. 50-440
)	(License No. NPF-58)
(Perry Nuclear Power Plant)	
Unit 1))	

ORDER APPROVING
LICENSE TRANSFER

I.

Operating License No. NPF-58 authorizes the Ohio Edison Company (Ohio Edison) to possess the Perry Nuclear Power Plant, Unit No. 1 (PNPP Unit 1) in which it holds a 30% interest. It holds title to 17.42% of PNPP Unit 1 and leases another 12.58% of PNPP Unit 1 pursuant to the sale and leaseback transactions previously authorized by amendment 2 to the PNPP Unit 1 license. The Cleveland Electric Illuminating Company (CEI), Centerior Service Company (Centerior), Duquesne Light Company, Pennsylvania Power Company and the Toledo Edison Company are the other holders of Facility Operating License No. NPF-58. Under the license, only CEI and Centerior, acting as agent and representative of the licensed holders, have authority to operate PNPP Unit 1. PNPP Unit 1 is located in Lake County, Ohio.

II.

November 17, 1995, Ohio Edison filed an "Application For License Transfer In Connection With Sale And Related Transactions" concerning Ohio Edison's 17.42% ownership interest in PNPP Unit 1. The Application requests the Nuclear Regulatory Commission (NRC) to approve a license transfer for part of this ownership interest in PNPP Unit 1 to a wholly owned subsidiary, OES Nuclear Inc. (OES). Notice of this request for approval was published in the FEDERAL REGISTER on November ____, 1995 (60 FR ____).

Under the proposed sale and related transactions underlying the license transfer request, Ohio Edison would sell to OES on or before December 31, 1995, its 17.42% ownership interest in the PNPP Unit 1 facility except for the transmission facilities that are a part of Unit 1. On January 1, 1996, or immediately thereafter, OES would enter into a take or pay steam sale agreement with Ohio Edison pursuant to which Ohio Edison would purchase from OES the steam generated by the interest in PNPP Unit 1 transferred to OES. OES would also grant Ohio Edison the right to utilize the turbine generator portion of PNPP Unit 1 transferred to OES. Both the agreement for the sale of steam and the grant of the right to use the turbine generator would run for the term of the PNPP Unit 1 license through completion of plant decommissioning. Pursuant to the terms of the arrangements, Ohio Edison would have the option to convert the steam purchase agreement and its right to utilize the Unit 1 turbine generator to a lease to itself of the interest in PNPP Unit 1 conveyed to OES.

The transfer of any right under License NPF-58 is subject to the NRC's approval under 10 CFR § 50.80. Based on information provided by the License Transfer Application of November 17, 1995 and other information before the Com-

mission, the NRC staff has concluded that OES is qualified to be a holder of License NPF-58 and that the license transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission. The NRC staff has determined that OES, as a wholly owned subsidiary of Ohio Edison, will be an electric utility as defined in 10 CFR § 50.2 and, consequently, as provided in 10 CFR § 50.33(f), is not required to provide information on financial qualifications to be a holder of License NPF-58. Further, Ohio Edison will remain a named licensee on License NPF-58 and will, under the proposed arrangements, retain full responsibility for the costs of operating, maintaining and decommissioning the interest in PNPP Unit 1 transferred to OES, including without limitation any costs associated with meeting NRC safety and other requirements. The technical qualifications of OES are not material to the license transfer since only CEI and Centerior have authority to operate PNPP Unit 1 under License NPF-58.

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC §§ 2201(b), 2201(i), 2234, and 10 CFR § 50.80, IT IS HEREBY ORDERED that the Commission consents to the proposed license transfer from Ohio Edison to OES described herein.

This Order is effective upon issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

William T. Russell, Director
Office of Nuclear Reactor Regulation

Dated at Rockville, Maryland,
this ____ day of December 1995