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NPL 99-0676

November 24, 1999

10 CFR 50.80
10 CFR 50.90

Document Control Desk
U.S. NUCLEAR REGULATORY COMMISSION
Mail Station P1-137
Washington, DC 20555

Ladies and Gentlemen:

DOCKET NOS. 50-266, 50-301, AND 72-005
APPLICATION FOR ORDER AND CONFORMING LICENSE AMENDMENTS
TRANSFER OF OPERATING AUTHORITY
POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

Pursuant to 10 CFR 50.80, Wisconsin Electric Power Company, licensee for Point Beach Nuclear Plant, Units 1 and 2, hereby requests an order consenting to the transfer of operating authority for the Point Beach Nuclear Plant from Wisconsin Electric Power Company to a new operating company called Nuclear Management Company, LLC. This application also requests, pursuant to 10 CFR 50.90, conforming amendments to Operating Licenses Nos. DPR 24 and DPR 27 for Point Beach Nuclear Plant, Units 1 and 2, respectively, to include Nuclear Management Company, LLC as a licensee thereunder and to designate Nuclear Management Company, LLC as the licensee authorized to use and operate Point Beach Nuclear Plant in accordance with the terms and conditions of the licenses. As a result of the transfer of licenses and conforming license amendments, Nuclear Management Company, LLC will also act as the general licensee for the Independent Spent Fuel Storage Installation at Point Beach Nuclear Plant pursuant to 10 CFR 72.210. This operating arrangement is expected to enhance the already high level of safety, operational efficiency and cost-effective operation of Point Beach Nuclear Plant.

This request to transfer operating authority and conforming license amendments involves no change in plant ownership. Wisconsin Electric Power Company will remain as owner of Point Beach Nuclear Plant. All costs associated with the safe operation, maintenance, and decommissioning of Point Beach Nuclear Plant and the Independent Spent Fuel Storage Installation will continue to be borne by Wisconsin Electric Power Company.

The enclosed application and related attachments contain the information to support the request for transfer pursuant to 10 CFR 50.80 and supporting license amendments pursuant to 10 CFR 50.90. Attachment 1 to the enclosed application depicts the proposed organization and associated business relationship between Wisconsin Electric Power Company and Nuclear Management Company, LLC. Attachment 2 is a summary of the proposed changes to the Point Beach Nuclear Plant Operating Licenses. Attachment 3 provides a copy of the proposed revised operating licenses. Attachment 4 provides a copy of the operating licenses marked-up with proposed changes. Attachment 5 contains a Safety Evaluation.

FOR ADOAC 050266
A subsidiary of Wisconsin Energy Corporation

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As described in the enclosed application, a Nuclear Power Plant Operating Services Agreement has been executed between Wisconsin Electric Power Company and Nuclear Management Company, LLC to govern operation of Point Beach Nuclear Plant by Nuclear Management Company, LLC. A copy of the Nuclear Power Plant Operating Services Agreement is provided for information only as Attachment 6.

It is intended that the proposed operation of Point Beach Nuclear Plant by Nuclear Management Company, LLC take place as soon as possible after consummation of all proposed business agreements and applicable regulatory approvals. We respectfully request that the NRC coordinate the reviews of this application and issue an order consenting to the transfer of operating authority as soon as possible, and in any event no later than April 1, 2000. Wisconsin Electric Power Company will keep the NRC staff informed of the status of Nuclear Management Company, LLC and will notify the NRC staff when we are ready for the conforming license amendments to be issued.

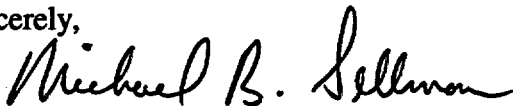
The Point Beach Nuclear Plant Manager's Supervisory Staff and Offsite Safety Review Committee have reviewed and approved the attached application and associated proposed license changes.

This is one of four applications seeking consent to transfer operating authority to Nuclear Management Company, LLC. IES Utilities Inc., Northern States Power Company, and Wisconsin Public Service Corporation have made, or will make, similar application submittals.

If you have any questions or require additional information, please contact us. Please direct any communications regarding this application to me and to our counsel:

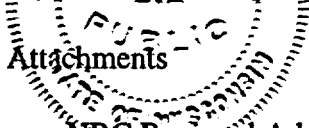
John H. O'Neill, Jr.
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Sincerely,



Michael B. Sellman
Senior Vice President and Chief Nuclear Officer
Wisconsin Electric Power Company

Subscribed to and sworn before me
this 24th day of November, 1999
Christine K. Pozorski
Notary Public, State of Wisconsin
My commission expires 8/25/2002



cc: NRC Regional Administrator
NRC Resident Inspector

NRC Project Manager
Public Service Commission of Wisconsin

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
Wisconsin Electric Power Company)	Docket Nos. 50-266, 50-301 and 72-005
)	
Point Beach Nuclear Plant)	

APPLICATION FOR CONSENT AND CONFORMING LICENSE AMENDMENTS
TO
TRANSFER OPERATING AUTHORITY TO NUCLEAR MANAGEMENT COMPANY, LLC

I. SUMMARY OF REQUEST

This application requests that the Nuclear Regulatory Commission ("NRC"), pursuant to 10 CFR 50.80, issue an order consenting to the transfer of operating authority for the Point Beach Nuclear Plant, Units 1 and 2 ("Point Beach") from the Wisconsin Electric Power Company ("WEPCo") to a new operating company called Nuclear Management Company, LLC ("NMC"). This application also requests, pursuant to 10 CFR 50.90, conforming amendments to Facility Operating Licenses Nos. DPR-24 and DPR-27 for Point Beach Nuclear Plant, Units 1 and 2, respectively, to include NMC as a licensee thereunder and to designate NMC as the licensee authorized to use and operate Point Beach, and to possess and use related licensed nuclear materials in accordance with the same conditions and authorizations included in the current operating licenses. By virtue of this order and amendments, NMC will also act as the general licensee for the Independent Spent Fuel Storage Installation at Point Beach pursuant to 10 CFR 72.210.

WEPCo is the owner and licensed operator of Point Beach. The operating licenses presently authorize WEPCo to possess Point Beach as owners, and to use and operate Point Beach in accordance with the terms and conditions of the licenses.

As explained in more detail below, WEPCo has entered into a Nuclear Power Plant Operating Services Agreement with NMC. NMC is jointly owned by Alliant Energy Nuclear, LLC, NSP Nuclear Corporation, WEC Nuclear Corporation, and WPS Nuclear

Corporation (collectively, the "Owners"). In accordance with the Nuclear Power Plant Operating Services Agreement, NMC will assume exclusive responsibility for the operation and maintenance of Point Beach. This Nuclear Power Plant Operating Services Agreement is expected to enhance the already high level of public safety, operational efficiency, and cost-effective operations at Point Beach. A copy of the Nuclear Power Plant Operating Services Agreement is provided for information only as Attachment 6.

Ownership of Point Beach will not be affected by the proposed transfer of operating authority. WEPCo will retain its current ownership interest. NMC will not own any portion of Point Beach. Likewise, WEPCo's entitlement to capacity and energy from Point Beach will not be affected by the transfer of operating authority.

NMC will be dedicated to operating and maintaining the nuclear units owned by the contracting utilities. Concurrent with the transfer of operating authority to the NMC, it is expected that substantially all WEPCo operating personnel who are dedicated to Point Beach will be transferred to NMC, as NMC employees or as utility employees under the supervision of the NMC. Therefore, the technical qualifications of the proposed NMC organization will be substantially equivalent to those of the existing organization, and personnel qualification requirements defined in the Point Beach Technical Specifications will continue to be met.

Under the terms of the Nuclear Power Plant Operating Services Agreement between NMC and WEPCo, all costs associated with operating Point Beach will continue to be borne by WEPCo to the same extent as they are now. Further, WEPCo's status as an "electric utility" under the NRC's financial qualifications requirements of 10 CFR 50.33(f) will be unaffected. Accordingly, there will be no change in the financial qualifications of the licensee ultimately financially responsible for the safe operation, maintenance and decommissioning of Point Beach.

II. BACKGROUND AND DESCRIPTION OF ORGANIZATION

Point Beach is a dual unit nuclear powered electric generating facility located on the shore of Lake Michigan in the Town of Two Creeks, Wisconsin. As the owner and plant operator, WEPCo has exclusive responsibility and control over construction, operation and maintenance of Point Beach. WEPCo owns 100% of Point Beach.

NMC has been established as a Wisconsin limited liability corporation owned equally by Alliant Energy Nuclear, LLC, NSP Nuclear Corporation, WEC Nuclear Corporation, and WPS Nuclear Corporation. Alliant Energy Nuclear, LLC is a wholly owned subsidiary of Alliant Energy Corporation. Alliant Energy Corporation is the parent holding company of IES Utilities, Inc. which is the majority owner and operator of the Duane Arnold Energy Center. NSP Nuclear Corporation is a wholly owned subsidiary of

Northern States Power Company. Northern States Power Company is owner and operator of the Prairie Island Nuclear Plant and Monticello Nuclear Plant. WEC Nuclear Corporation is a wholly owned subsidiary of Wisconsin Energy Corporation. Wisconsin Energy Corporation is the parent holding company of Wisconsin Electric Power Company, which owns and operates Point Beach. WPS Nuclear Corporation is a wholly owned subsidiary of WPS Resources, Inc. WPS Resources, Inc. is the parent holding company of Wisconsin Public Service Corporation, which is the majority owner, and operator of Kewaunee Nuclear Power Plant. NMC's corporate purpose is to provide services in connection with the operation and eventual decommissioning of licensed nuclear facilities on behalf of and for the benefit of the contracting utilities.

This proposed organization and the associated business relationships between Wisconsin Energy Corporation, Wisconsin Electric Power Company, WEC Nuclear Corporation, and the other NMC Owners are depicted in Attachment 1.

The relationship between WEPCo and NMC is established in the Nuclear Power Plant Operating Services Agreement which sets forth NMC's rights, responsibilities, and limitations of authority regarding the operation of Point Beach and establishes that NMC has the sole authority, as operator of Point Beach, to make all decisions regarding public health and safety. WEPCo will continue to provide all funds for the safe operation and maintenance of Point Beach by NMC, including the funds necessary to ensure the ability of NMC to comply with the operating licenses, Technical Specifications and commitments to the NRC. WEPCo will also continue to fund the decommissioning trust fund. WEPCo's financial responsibility includes providing the funding and support for any emergency situations that might arise at Point Beach and continuing all financial protection as required by 10 CFR Part 140 and site insurance coverage as required by 10 CFR 50.54(w). Any necessary conforming changes in the insurance and indemnity agreements will be made in due course by separate correspondence.

III. REQUESTED APPROVALS

This application requests that the NRC, pursuant to 10 CFR 50.80, issue an order consenting to the transfer of operating authority for Point Beach from WEPCo to NMC. It is requested that this order be issued as soon as practicable, but no later than April 1, 2000, and be made immediately effective. It is also requested that the order remain effective through April 1, 2001, subject to extension for good cause.

This application also requests that the NRC, pursuant to 10 CFR 50.90, issue conforming amendments to Operating Licenses Nos. DPR-24 and DPR-27 for Point Beach Nuclear Plant, Units 1 and 2, respectively, to reflect the transfer of license authority to use and operate Point Beach from WEPCo to NMC. These amendments would be issued by the NRC upon notification by the applicant that all proposed business agreements and

applicable regulatory approvals required for the transfers have been completed. The requested amendments would designate NMC as the entity authorized to use and operate Point Beach, pursuant to Section 104b of the Atomic Energy Act and 10 CFR Part 50, and to receive, possess and use the related licensed nuclear materials, including byproduct and special nuclear material, pursuant to 10 CFR Parts 30 and 70. Under the amendments, WEPCo would be authorized to possess, but not use and operate, Point Beach.

A summary of the proposed changes to the Point Beach Operating Licenses is included as Attachment 2. Revised pages of the Point Beach Operating Licenses are provided as Attachment 3. Mark-ups of the Point Beach Operating Licenses with the proposed changes necessary to reflect the change in operating authority for Point Beach are included in Attachment 4.

As described in Attachment 5, a Safety Evaluation has been performed supporting the proposed license amendments. The Safety Evaluation concludes that the proposed changes are administrative only. Operation of Point Beach in accordance with the proposed changes will not be inimical to the public health and safety or common defense and security. The conclusion of this specific review is consistent with the generic determination of 10 CFR 2.1315(a) that license amendments, which do no more than reflect a license transfer, do not involve a "significant hazards consideration".

IV. GENERAL INFORMATION FOR LICENSE TRANSFERS

The information required to be included in an application for the transfer of a license pursuant to 10 CFR 50.80 is set forth below. This information demonstrates that the requested consent is consistent with the applicable provisions of the Atomic Energy Act and NRC regulations.

A. Name and Address of Successor Licensee

Nuclear Management Company, LLC
231 West Michigan Street
Milwaukee, Wisconsin 53201

B. Description of Business of Operating Company

The Owners have established NMC as a Wisconsin limited liability company. The Owners will take all necessary corporate actions to authorize it to operate Point Beach, subject to regulatory approvals. NMC's purpose is to operate and maintain the nuclear plants owned by the contracting utilities.

Upon completion of proposed business agreements and receipt of necessary regulatory approvals, NMC, as distinct from WEPCo, will have responsibility for and control over the construction, operation and maintenance of Point Beach.

C. Organization and Management of Operating Company

NMC is a limited liability company organized and existing under the laws of the State of Wisconsin. Its executive headquarters are located in Milwaukee, Wisconsin. NMC is neither owned, controlled, nor dominated by an alien, foreign corporation or a foreign government.

All directors of NMC are citizens of the United States. Their names and addresses are as follows:

Directors

Mr. Richard A. Abdoo
Chief Executive Officer
Wisconsin Electric Power Company
231 W. Michigan Street
P.O. Box 2046
Milwaukee, WI 53201-2046

Mr. Erroll B. Davis
Chief Executive Officer
Alliant Energy Corporation
222 West Washington Avenue
P.O. Box 192
Madison, WI 53701-0192

Mr. James Howard
Chief Executive Officer
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401-1993

Mr. Larry Weyers
Chief Executive Officer
Wisconsin Public Service Corporation
700 North Adams Street
P.O. Box 19001
Green Bay, WI 54307-9001

The principal officers of NMC are citizens of the United States, with one exception, a Canadian citizen as indicated below. Names of the principal officers of the NMC are as follows:

Principal Officers

Mr. Dean Ekstrom	Vice President
Mr. Benjamin Ewers, Jr.	Vice President-Treasurer & Chief Financial Officer
Mr. William Hill	Vice President (Canadian citizen)
Mr. Mark Marchi	Vice President
Mr. Michael Sellman	President
Mr. Michael Wadley	Vice President
Mr. David Wilson	Vice President
Mr. Walter Woelfle	Secretary

The address of the principal officers of the NMC is as follows:

Nuclear Management Company, LLC
231 West Michigan Street
Milwaukee, Wisconsin 53201

D. Technical Qualifications

The technical qualifications of NMC to carry out its responsibilities under the operating licenses for Point Beach, as amended, will be equivalent to or exceed the present technical qualifications of WEPCo. NMC will have a corporate headquarters staffed with executives, principal officers and centralized support staff. Concurrent with transfer of operational authority, the Point Beach on-site organization will transfer substantially intact to NMC. It is expected that substantially all WEPCo operating personnel who are dedicated to Point Beach will be transferred to the NMC, as NMC employees or as utility employees under the supervision of the NMC. The technical qualifications of the proposed NMC organization, therefore, will be substantially equivalent to those of the existing organization, and personnel qualification requirements defined in the Point Beach Technical Specifications will continue to be met.

The primary objective of the proposed transfer of employees, or their supervision, and operating responsibilities from WEPCo to NMC is to enhance safety and reliability while ensuring there is no disruption to the operation of the plant, and to maintain the integrity of the existing, successful organization. When the

transfer of operational authority becomes effective, NMC will operate, manage and maintain Point Beach in accordance with the operating license, conditions and requirements established by the NRC and with the same regard for public and personnel safety heretofore exemplified by WEPCo.

The transfer of Wisconsin Electric Power Company personnel to NMC will be conducted with minimal organizational changes or disruption to the existing, dedicated site organization. Further, ongoing plant improvement plans and other initiatives will not be adversely impacted.

E. Statement of Benefits of the Transfer of Licenses

The assumption of operational authority for Point Beach by NMC will provide significant benefits. Some of the expected benefits are as follows:

- (1) NMC senior management will be devoted to the business of nuclear plant operation. Such single-purpose management will be able to focus on overall excellence in nuclear power operations.
- (2) NMC will be a repository of the contracting owners' nuclear operating and management expertise and experience. The consolidation of nuclear operations talent from several successful organizations into one company will provide opportunities to enhance both public safety and the reliability and economy of plant operation.
- (3) The salary structures, career path policies and procedures for nuclear plant employees of NMC will be separate and distinct from WEPCo's non-nuclear employees and will be determined by the management and Board of Directors of NMC. This will permit nuclear managers to focus on the special needs, qualifications and requirements of nuclear plant employees.

F. Financial Considerations

The proposed transfer of licenses will not adversely impact WEPCo's ability to obtain or provide the funds necessary to cover all costs for the operation, maintenance, repair, decontamination, and decommissioning of Point Beach Nuclear Plant and the Independent Spent Fuel Storage Installation. WEPCo will remain liable for such costs under the Nuclear Power Plant Operating Services Agreement. WEPCo's financial responsibility for Point Beach and its sources of funds to support the facility will remain the same as under the present licenses.

To summarize, the following interrelations will be established by the Nuclear Power Plant Operating Services Agreement between WEPCo and NMC:

- (1) NMC will not have any ownership interest in Point Beach; however, it will have overall responsibility for the safe operation of Point Beach. NMC will operate Point Beach in accordance with the operating licenses.
- (2) WEPCo will retain its current authority to review and approve budgets. This will not encumber NMC's ability to make operational safety decisions and will have no impact on safe operation of Point Beach. NMC will have the sole authority to make all decisions relating to public health, safety, and security.
- (3) Pursuant to the Nuclear Power Plant Operating Services Agreement, all costs, including costs for the operation, maintenance, repair, decontamination and decommissioning of Point Beach Nuclear Plant and the Independent Spent Fuel Storage Installation incurred and accrued are liabilities of WEPCo when incurred or accrued, and WEPCo will commit to provide NMC with funds to pay these costs.

Thus, the sources of funds for operating Point Beach will remain unchanged.

A full financial qualification review is not necessary as a result of the proposed license transfer. Under the terms of the Nuclear Power Plant Operating Services Agreement between NMC and WEPCo, all costs associated with operating Point Beach will continue to be borne by WEPCo to the same extent they are now, and accordingly, there will be no change in the financial qualifications associated with Point Beach. Similarly, under the Nuclear Power Plant Operating Services Agreement, WEPCo is not liable for costs associated with the operation of the facilities owned by the other contracting utilities. Further, the status of WEPCo as an "electric utility" under the NRC's financial qualifications rule will be unaffected by this reorganization. Therefore, the information required by 10 CFR 50.33(f) regarding the financial qualifications of NMC to carry out the activities described in this application is not required.

G. Antitrust Considerations

The Atomic Energy Act only provides for an antitrust review in connection with a construction permit application and, where there have been "significant changes" from the time of the construction permit, in connection with the initial operating license application. 42 U.S.C. § 2135(c). As the Commission recently decided in its review of the license transfer application of Wolf Creek Generation Station,

Unit 1, antitrust reviews of post-operating license transfer applications are neither required nor authorized by the Atomic Energy Act.¹ Furthermore, the Atomic Energy Act does not provide for an antitrust review in connection with plants – such as Point Beach – licensed under Section 104b of the Atomic Energy Act.

H. Restricted Data

This application does not contain any Restricted Data or other classified defense information, and it is not expected that any such information will become involved. However, NMC will appropriately safeguard such information if any such information does become involved and that it will not permit any individual to have access to any such information until the Office of Personnel Management (the successor to the Civil Service Commission) shall have made an investigation and report to the NRC on the character, associations, and loyalty of such individual, and the NRC shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

I No Environmental Impact

The proposed transfer of licenses and conforming license amendments meet the categorical exclusion criteria of 10 CFR 51.22(c)(21), in that this application does no more than request the approval of a direct transfer of licenses and the associated amendments of NRC licenses. Accordingly, we request the NRC issue and publish a finding of no significant environmental impact pursuant to 10 CFR §§ 51.21, 51.32, and 51.35.

V. SPECIFIC INFORMATION

A. Public Health, Safety and Welfare Considerations

The proposed transfer of licenses and related amendments designate NMC as a licensee and authorize NMC to manage, operate, and maintain Point Beach on

¹See Kansas Gas and Electric Co. (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (June 18, 1999).

behalf of WEPCo. It will not affect the physical configuration of the facility or alter any Technical Specifications requirements under which Point Beach operates. Moreover, as described in this application, the technical qualifications of NMC will be substantially equivalent to those of WEPCo. Consistent with the generic determination of 10 CFR 2.1315(a), the proposed transfer of licenses and related conforming amendments will not have any adverse impact on the public health, safety and welfare.

B. Emergency Planning

Concurrent with the transfer of operating authority, NMC will assume authority and responsibility for functions necessary to fulfill the emergency planning requirements specified in 10 CFR 50.47(b) and Part 50, Appendix E. No substantive changes will be made to the existing Point Beach Emergency Plan presently implemented by WEPCo.

Appropriate action will also be taken with respect to existing agreements for support from outside organizations and agencies, to notify the parties to such agreements of NMC's relationship with WEPCo and NMC's responsibility for the management and operation of Point Beach. This will be accomplished by WEPCo prior to the transfer of responsibility.

In sum, the proposed transfer of licenses and conforming amendments will not impact compliance with the emergency planning requirements. Because the effectiveness of the Emergency Plan will not be decreased, specific Emergency Plan and procedure changes will be submitted to the NRC after the changes are made, in accordance with 10 CFR 50.54(q) and Appendix E, Section V, as appropriate.

C. Offsite Power

Offsite power is currently provided to Point Beach over transmission facilities owned and operated by WEPCo. This arrangement will not change as a result of the change in operational authority requested by this application. The proposed transfer of licenses to authorize assumption of operating responsibility by NMC involve no changes in ownership or design of the offsite power system for Point Beach, or in its operation, maintenance, or testing. Upon transfer of operating authority to the NMC, WEPCo will continue to fulfill its current responsibilities with respect to compliance with the design requirements as defined in the updated Final Safety Analysis Report (FSAR).

Based on the foregoing, there is adequate assurance that independent sources of offsite power will continue to be provided to Point Beach.

D. Exclusion Area

Concurrent with transfer of operational authority, NMC will have authority to determine and control all activities within the Point Beach exclusion area, to the extent required by 10 CFR Part 100.

As the owner and plant operator, WEPCo has authority to exercise appropriate exclusion area control. Under the Nuclear Power Plant Operating Services Agreement, the parties have expressly agreed that NMC will have unrestricted access to the property constituting the Point Beach site including all land, facilities, switchyard, equipment and personal property on the site. The Nuclear Power Plant Operating Services Agreement also grants NMC authority to exercise complete control over the exclusion area as defined in the updated Final Safety Analysis Report (FSAR) and to determine all activities in that area.

With respect to the activities unrelated to plant operations that will occur within the exclusion area identified in the updated FSAR, there will be no change. NMC will assume responsibility for the Emergency Plan as discussed above.

E. Security

The proposed transfer of licenses will not impact compliance with the physical security requirements of 10 CFR Part 73. Upon assumption of operating responsibility, NMC will assume ultimate responsibility for implementation of all aspects of the present security program. Appropriate action will be taken with respect to existing agreements for support from outside organizations and agencies to notify the parties to such agreements of NMC's relationship with WEPCo and NMC's responsibility for management and operation of Point Beach. Changes to the plan reflecting this transition will not decrease the effectiveness of the plans and will be submitted to the NRC within two months after the changes are made, in accordance with 10 CFR 50.54(p).

F. Quality Assurance Program

The proposed transfer of licenses will not impact compliance with the quality assurance requirements of 10 CFR 50, Appendix B, nor will it reduce the commitments in the NRC-accepted quality assurance program for Point Beach. Upon assumption of operating authority, NMC will assume ultimate responsibility for present functions associated with the Point Beach Quality Assurance Program.

The Quality Assurance organization will have direct access to the NMC President on matters related to quality. Therefore, the effectiveness of this organization will not be degraded by the transfer of operating authority to NMC. Changes to reflect the transition, which will be handled in accordance with 10 CFR 50.54(a), will not reduce the commitments in the quality assurance program description.

G. Final Safety Analysis Report

With the exception of the areas discussed in this application, the proposed transfer of licenses will not change or invalidate information presently appearing in the Point Beach updated FSAR. Revisions to the FSAR necessary to reflect the assumption of operating authority by NMC will be incorporated into the Point Beach FSAR following NRC approval in accordance with 10 CFR 50.71(e).

H. Training

The proposed transfer of licenses will not impact compliance with the operator re-qualification program requirements of 10 CFR 50.54 and related sections, nor maintenance of the Institute of Nuclear Power Operations accreditation for licensed and non-licensed personnel training. Upon assumption of operating responsibility of Point Beach, NMC will assume ultimate responsibility for implementation of present operator training programs. Changes to the programs to reflect the transition will not decrease the scope of the approved operator re-qualification program in accordance with 10 CFR 50.54(i).

I. Decommissioning

In accordance with 10 CFR 50.75, WEPCo has certified that sufficient funding will be made available for the proper decommissioning of Point Beach. The funding mechanism(s) for WEPCo is in place, and the proposed change to the licensed operator for Point Beach will not impact WEPCo's obligations for the Point Beach decommissioning costs.

VI. CORRESPONDENCE

On the effective date of the transfer of licenses, all NRC correspondence related to Docket Nos. 50-266, 50-301, and 72-005, including any NRC response to pending licensing actions that were submitted earlier than and remain outstanding as of the effective date of the transfer, should be directed to NMC. All applicable correspondence related to Point Beach will be transmitted by NMC to the NRC. NMC will notify NRC of any exceptions to this policy.

VII. EFFECTIVE DATE

The proposed operation of Point Beach by NMC is conditioned upon the consummation of proposed business agreements and applicable regulatory approvals, in addition to NRC approvals. It is intended that the change in licensed operator of Point Beach take place as soon as possible after all regulatory approvals are obtained. It is requested that the NRC review this request on a schedule that will permit issuance of an immediately effective order consenting to the transfer as soon as possible and in any event no later than April 1, 2000. It is requested that the order remain effective through April 1, 2001, subject to extension for good cause. WEPCo will keep the NRC staff informed as to the status of any changes in the estimated date of consummation and will notify the NRC staff when it is ready for the conforming license amendments to be issued.

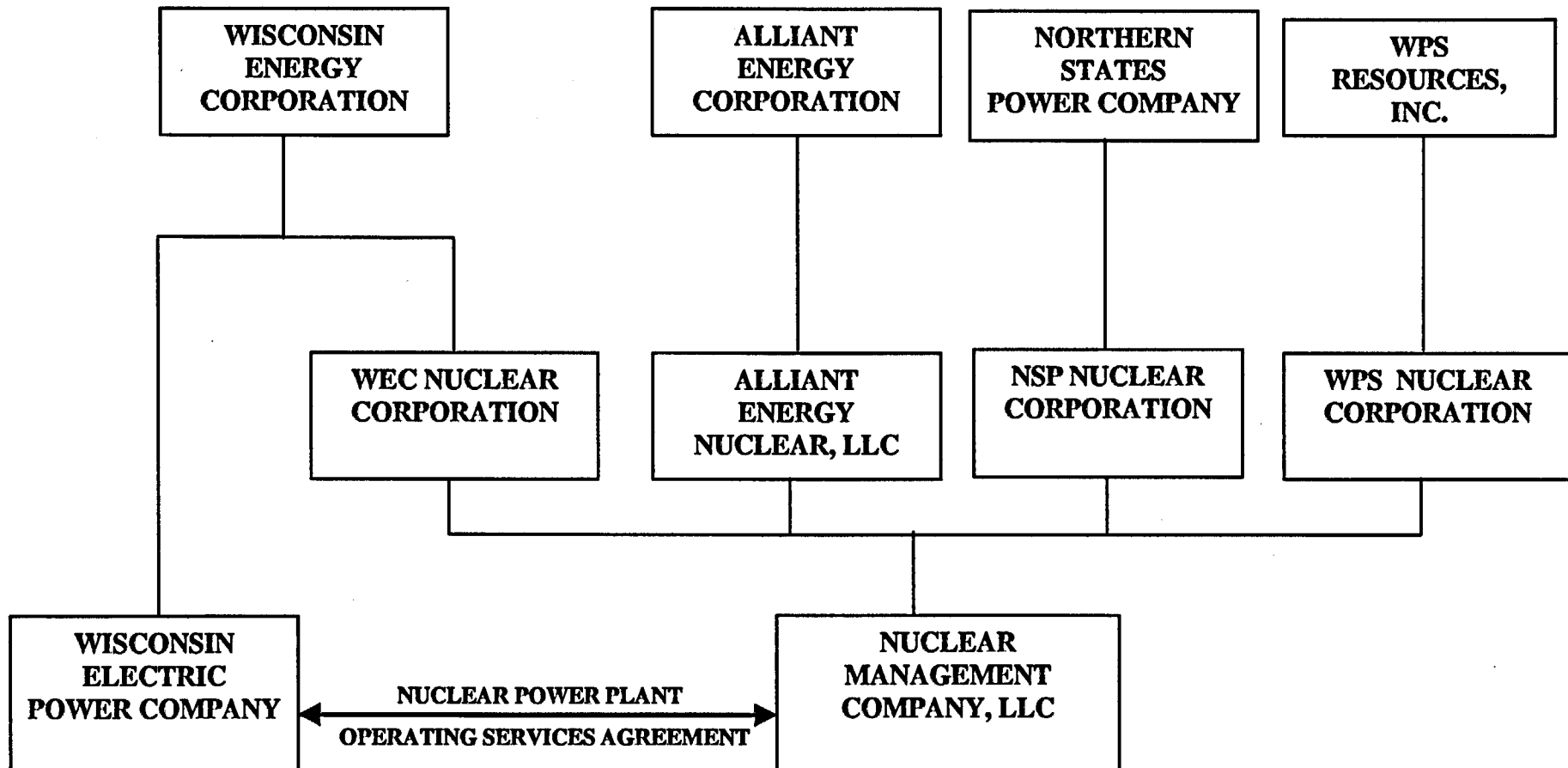
ATTACHMENTS

1. Summary of Organization
2. Summary of Changes to Operating Licenses
3. Revised Operating Licenses
4. Marked-up Operating Licenses with Proposed Changes
5. Safety Evaluation
6. Nuclear Power Plant Operating Services Agreement

NPL-99-0676
Attachment 1
November 24, 1999

ATTACHMENT 1
SUMMARY OF ORGANIZATION
(1 page to follow)

SUMMARY OF ORGANIZATION



NPL-99-0676
Attachment 2
November 24, 1999

ATTACHMENT 2

SUMMARY OF PROPOSED CHANGES TO OPERATING LICENSES

(3 pages to follow)

DOCKET NOS. 50-266, 50-301, AND 72-005
APPLICATION FOR ORDER AND CONFORMING LICENSE AMENDMENTS
TRANSFER OF OPERATING AUTHORITY
POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

SUMMARY OF PROPOSED CHANGES TO OPERATING LICENSES

The proposed amendment would make the following changes to License DPR-24:

- Revise the title of the license to add "Nuclear Management Company, LLC."
- Revise Commission finding "e" to remove the reference to "The licensee" and replace with "NMC". Add clarification stating that "NMC is technically qualified and Wisconsin Electric Power Company is financially qualified to engage in activities authorized by this operating license..."
- Revise the asterisked footnote associated with Commission finding "a" to reflect that Nuclear Management Company, LLC succeeds Wisconsin Electric Power Company as operator of Point Beach Nuclear Plant, Unit 1. The asterisked footnote is revised by adding the following to the footnote:

"Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds Wisconsin Electric Power Company as operator of the Point Beach Nuclear Plant, Unit 1. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over physical construction, operation, and maintenance of the facility."

- Revise paragraph 1 to delete "the licensee's" from the description of the plant location. This change eliminates potential confusion with multiple entities named as licensees.
- Revise paragraph 2.A to specify that "...Wisconsin Electric Power Company to possess, and NMC to use and operate the facility..."
- Revise paragraphs 2.B, 2.C, 2.D and 2.E to add and specify that "NMC" is the applicable licensee.
- Revise paragraphs 3.A, 3.B, 3.C, 3.D, 3.F, 3.I and 3.K to replace "The licensee" with "NMC."
- Revise paragraph 3.E to include an asterisked footnote. The asterisked footnote reads as follows:

"Reference to the licensee in License Conditions 3.E., 3.G, and 3.J refers to Wisconsin Electric Power Company and is maintained for historical purposes."

License Conditions 3.E, 3.G, and 3.J refer to specific authorized plant modifications that have been previously successfully completed by Wisconsin Electric Power Company. Alternatively, at the discretion of the Commission, as these license conditions have been satisfied, these license conditions may be deleted.

- **Revise paragraph 3.H to replace "Wisconsin Electric" and "The licensee" with "NMC."**
- **Revise the first paragraph in Appendix C - Additional Conditions to replace "Wisconsin Electric Power Company" with "Nuclear Management Company, LLC."**
- **Revise the cover sheet to Appendices A (the PBNP Technical Specifications) and B (Non-radiological Technical Specifications) to add "Nuclear Management Company, LLC" and delete "Wisconsin Michigan Power Company." As documented in the footnote to Commission finding "a" of the license, Wisconsin Michigan Power Company merged with Wisconsin Electric Power Company effective December 31, 1977, with Wisconsin Electric Power Company surviving the merger.**

The proposed amendment would make the following changes to License DPR-27:

- **Revise the title of the license to add "Nuclear Management Company, LLC."**
- **Revise Commission finding "d" to state that "Nuclear Management Company, LLC is technically qualified and Wisconsin Electric Power Company is financially qualified to engage in the activities authorized by this operating license..."**
- **Revise the asterisked footnote associated with Commission finding "d" to depict that Nuclear Management Company, LLC succeeds Wisconsin Electric Power Company as operator of Point Beach Nuclear Plant, Unit 2. The asterisked footnote is revised by adding the following to the footnote:**

"Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds Wisconsin Electric Power Company as operator of the Point Beach Nuclear Plant, Unit 2. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over the physical construction, operation, and maintenance of the facility."

- Revise paragraph 1 to delete "the licensee's" from the description of the plant location. This change eliminates potential confusion with multiple entities named as licensees.
- Revise paragraph 2.A to specify "...Wisconsin Electric Power Company to possess, and NMC to use and operate the facility..."
- Revise paragraphs 2.B, 2.C, 2.D and 2.E to add and specify that "NMC" is the applicable licensee.
- Revise paragraphs 3.A, 3.B, 3.C, 3.D, 3.F, 3.I and 3.J to replace "The licensee" with "NMC."
- Revise paragraph 3.E to include an asterisked footnote. The asterisked footnote reads as follows:

"Reference to the licensee in License Conditions 3.E and 3.G refers to Wisconsin Electric Power Company and is maintained for historical purposes."

License Conditions 3.E and 3.G refer to specific plant modifications that have been previously successfully completed by Wisconsin Electric Power Company. Alternatively, at the discretion of the Commission, as these license conditions have been satisfied, these license conditions may be deleted.

- Revise paragraph 3.H to replace "Wisconsin Electric" and "The licensee" with "NMC."
- Revise the first paragraph in Appendix C – "Additional Conditions" to replace "Wisconsin Electric Power Company" with "Nuclear Management Company, LLC."
- Revise the cover sheet to Appendices A (the PBNP Technical Specifications) and B (Non-radiological Technical Specifications) to add "Nuclear Management Company, LLC" and delete "Wisconsin Michigan Power Company." As documented in the footnote to Commission finding "a" of the license, Wisconsin Michigan Power Company merged with Wisconsin Electric Power Company effective December 31, 1977, with Wisconsin Electric Power Company surviving the merger.

NPL-99-0676
Attachment 3
November 24, 1999

ATTACHMENT 3
REVISED OPERATING LICENSES
(18 pages to follow)

WISCONSIN ELECTRIC POWER COMPANY

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-266

FACILITY OPERATING LICENSE

License No. DPR-24
Amendment No.

The Atomic Energy Commission (the Commission) now the Nuclear Regulatory Commission having found that:

- a. The application for facility license filed by Wisconsin Electric Power Company and Wisconsin Michigan Power Company,* dated March 12, 1969, as amended by Supplements Nos. 1 through 10, thereto, dated September 2, 1969, January 19, 1970, February 11, 1970, March 13, 1970, April 2, 1970, April 7, 1970, April 21, 1970, June 5, 1970, June 17, 1970, and July 27, 1970, respectively, complies with the requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter 1; and
- b. Construction of the Point Beach Nuclear Plant Unit No. 1 (the facility) has been substantially completed, in conformity with Provisional Construction Permit No. CPPR-32, as amended, the application as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- 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; and
- d. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the regulations of the Commission set forth in 10 CFR Chapter 1; and
- e. NMC is technically qualified and Wisconsin Electric Power Company is financially qualified to engage in the activities authorized by this operating license, in accordance with the regulations of the Commission set forth in 10 CFR Chapter 1; and

* On December 31, 1977, Wisconsin Electric Power Company and Wisconsin Michigan Power Company (formerly the licensees) merged with Wisconsin Electric Power Company surviving the merger. This license, as amended, was amended, as of the effective date of the merger with Wisconsin Electric Power Company remaining as the licensee. Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds

Wisconsin Electric Power Company as operator of the Point Beach Nuclear Plant, Unit 1. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

1. This amended license applies to the Point Beach Nuclear Plant Unit No. 1, a closed cycle, pressurized, light water moderated and cooled reactor, and associated steam generators and electric generating equipment (the facility). The facility is located on the Point Beach site, in the Town of Two Creeks, Manitowoc County, Wisconsin, and is described in the "Final Safety Analysis Report", as supplemented and amended.
2. Subject to the conditions and requirements incorporated here in the Commission hereby licenses
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," Wisconsin Electric Power Company to possess, and NMC to use and operate the facility at the designated location on the Point Beach site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Part 70, NMC 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 Final Facility Description and Safety Analysis Report, as supplemented and amended as of March 17, 1976;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC 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;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC 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 associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess such byproduct and special nuclear materials as may be produced by the operation of the facility, but not to separate such materials retained within the fuel cladding.

3. This amended license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations: 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR part 40, Sections 50.54 and 50.59 of 10 CFR Part 50, and Section 70.32 of 10 CFR Part 70; and 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:

A. Maximum Power Levels

NMC is authorized to operate the facility at reactor core power levels not in excess of 1518.5 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 190, are hereby incorporated in the license. NMC shall operate the facility in accordance with Technical Specifications.

C. Report

NMC shall make certain reports in accordance with the requirements of the Technical Specifications.

D. Records

NMC shall keep facility operating records in accordance with the requirements of the Technical Specifications.

E. Spent Fuel Pool Modification

The licensee* is authorized to modify the spent fuel storage pool to increase its storage capacity from 351 to 1502 assemblies as described in licensee's application dated March 21, 1978, as supplemented and amended. In the event that the on-site verification check for poison material in the poison assemblies discloses any missing boron plates, the NRC shall be notified and an on-site test on every poison assembly shall be performed.

- * Reference to the licensee in License Conditions 3.E, 3.G and 3.J refers to Wisconsin Electric Power Company and is maintained for historical purposes.

3. F. NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FFR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Point Beach Nuclear Plant Modified Amended Security Plan," with revisions submitted through March 23, 1988; "Point Beach Nuclear Plant Modified Amended Security Force Training and Qualification Plan," with revisions submitted through August 6, 1982; and "Point Beach Nuclear Plant Modified Amended Security Contingency Plan," with revisions submitted through March 6, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

3 G. Safety Injection Logic

The licensee is authorized to modify the safety injection actuation logic and actuation power supplies and related changes as described in licensee's application for amendment dated April 27, 1979, as supplemented May 7, 1979. In the interim period until the power supply modification has been completed, should any DC powered safety injection actuation channel be in a failed condition for greater than one hour, the unit shall thereafter be shutdown using normal procedures and placed in a block-permissive condition for safety injection actuation.

- H. NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated August 2, 1979 (and Supplements dated October 21, 1980, January 22, 1981, and July 27, 1988) and the safety evaluation issued January 8, 1997, for Technical Specification Amendment No. 170, subject to the following provision:

NMC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

I. Secondary Water Chemistry Monitoring Program

NMC shall implement a secondary water chemistry monitoring program to inhibit steam generator tube degradation. This program shall include:

1. Identification of a sampling schedule for the critical parameters and control points for these parameters;
2. Identification of the procedures used to quantify parameters that are critical to control points;
3. Identification of process sampling points
4. Procedure for the recording and management of data;
5. Procedures defining corrective actions for off control point chemistry condition; and
6. A procedure for identifying the authority responsible for the interpretation of the data, and the sequence and timing of administrative events required to initiate corrective action.

- J. The licensee is authorized to repair Unit 1 steam generators by replacement of major components. Repairs shall be conducted in accordance with the licensee's commitments identified in the Commission approved Point Beach Nuclear Plant Unit No. 1 Steam Generator Repair Report dated August 9, 1982 and revised March 1, 1983 and additional commitments identified in the staff's related Safety Evaluation.

K. Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. 174, are hereby incorporated into this license. NMC shall operate the facility in accordance with the Additional Conditions.

4. The issuance of this amended license is without prejudice to subsequent licensing action which may be taken by the Commission with regard to the ongoing rulemaking hearing on the Interim Acceptance Criteria for Emergency Core Cooling Systems (Docket No. RM 50-1).
5. This amended license is effective as of the date of issuance, and shall expire at midnight on October 5, 2010.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed By

**A. Giambuso, Deputy Director
for Reactor Projects
Directorate of Licensing**

Attachments:

1. **Appendix A -Technical Specifications**
2. **Appendix B - Environmental Technical Specifications**
3. **Appendix C - Additional Conditions**

Date of Issuance: October 5, 1970

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE DPR-24

Nuclear Management Company, LLC shall comply with the following conditions and the schedules noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
174	This amendment authorizes changes to Technical Specification requirements for the service water system, component cooling water systems, and control room ventilating system as detailed in an application dated September 30, 1996, as supplemented on November 26 and December 12, 1996, February 13, March 5, April 2, April 16, May 9, June 3, June 13 (two), and June 25, 1997, and evaluated in the staff's safety evaluation attached to this amendment. This amendment is authorized contingent on compliance with commitments provided by the licensee to meet the dose limits associated with Title 10, <i>Code of Federal Regulations</i> , Part 50, Appendix A, General Design Criterion (GDC) 19 by: (1) submitting a license amendment application including supporting analyses and evaluations by February 27, 1998, that contains the proposed methods for compliance with GDC 19 dose limits under accident conditions based on system design and without reliance on the use of potassium iodide and/or supplied air breathing apparatus, and (2) implementing the proposed changes within 2 years of the date that NRC approval for the proposed license amendment is granted.	(1) February 27, 1998 (2) Two years from date amendment is approved
174	This amendment is authorized contingent on compliance with commitments provided by the licensee to operate Point Beach Nuclear Plant in accordance with its service water system analyses and approved procedures. Specifically, each unit will utilize only one component cooling water heat exchanger until such time as analyses are completed and the service water system reconfigured as necessary to allow operation of one or both units with two heat exchangers in service. If two component cooling water heat exchangers are required in one or both units for maintaining acceptable component cooling water temperature prior to completion of necessary analyses to allow operation in the required configuration, the service water system will be considered in an unanalyzed condition, declared inoperable, and action taken as specified by TS 15.3.0.B except for short periods of time as necessary to effect procedurally controlled changes in system lineups and unit operating conditions.	Immediately

WISCONSIN ELECTRIC POWER COMPANY

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-301

FACILITY OPERATING LICENSE

License No. DPR-27

Amendment No.

The Atomic Energy Commission (the Commission), now the Nuclear Regulatory Commission, having found that:

- a. Construction of the Point Beach Nuclear Plant Unit No. 2 (the facility) has been substantially completed, in conformity with Provisional Construction Permit No. CPPR-47, the application, as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- b. The facility will operate in conformity with the application as amended, the provisions of the Act, and the rules and regulations of the commission; and
- c. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission; and
- d. Nuclear Management Company, LLC is technically qualified and Wisconsin Electric Power Company* is financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission; and
- e. The Wisconsin Electric Power Company has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of the Commission's regulations; and
- f. The issuance of this amended license will not be inimical to the common defense and security or to the health and safety of the public.
- g. In accordance with the requirements of Appendix D to 10 CFR Part 50, the operating license should be issued subject to conditions for protection of the environment set forth in the Technical Specifications incorporated herein.
- * On December 31, 1977, Wisconsin Electric Power Company and Wisconsin Michigan Power Company (formerly the licensees) merged with Wisconsin Electric Power Company surviving the merger. This license, as amended, was amended, as of the effective date of the merger with Wisconsin Electric Power Company remaining as the

licensee. Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds Wisconsin Electric Power Company as operator of the Point Beach Nuclear Plant, Unit 2. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

1. This amended license applies to the Point Beach Nuclear Plant Unit No. 2, a closed cycle, pressurized, light water moderated and cooled reactor, and associated steam generators and electric generating equipment (the facility). The facility is located on the Point Beach site, in the Town of Two Creeks, Manitowoc County, Wisconsin, and is described in the "Final Safety Analysis Report", as supplemented and amended.
2. Subject to the conditions and requirements incorporated here in the Commission hereby licenses
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," Wisconsin Electric Power Company to possess, and NMC to use and operate the facility at the designated location on the Point Beach site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Part 70, NMC 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 Final Facility Description and Safety Analysis Report, as supplemented and amended as of March 17, 1976;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC to receive, possess and use at any time any byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed source for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC to receive, possess and use in amounts as required any byproduct, source of special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess such byproduct and special nuclear materials as may be produced by the operation of the facility, but not to separate such materials retained within the fuel cladding.

3. This amended license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations: 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR part 40, Sections 50.54 and 50.59 of 10 CFR Part 50, and Section 70.32 of 10 CFR Part 70; and 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:

A. Maximum Power Levels

NMC is authorized to operate the facility at reactor core power levels not in excess of 1518.5 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 195, are hereby incorporated in the license. NMC shall operate the facility in accordance with Technical Specifications.

C. Report

NMC shall make certain reports in accordance with the requirements of the Technical Specifications.

D. Records

NMC shall keep facility operating records in accordance with the requirements of the Technical Specifications.

E. Spent Fuel Pool Modification

The licensee* is authorized to modify the spent fuel storage pool to increase its storage capacity from 351 to 1502 assemblies as described in licensee's application dated March 21, 1978, as supplemented and amended. In the event that the on-site verification check for poison material in the poison assemblies discloses any missing boron plates, the NRC shall be notified and an on-site test on every poison assembly shall be performed.

- * Reference to the licensee in License Conditions 3.E and 3.G refers to Wisconsin Electric Power Company and is maintained for historical purposes.

3. F. Physical Protection

NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Point Beach Nuclear Plant Modified Amended Security Plan," with revisions submitted through March 23, 1988; "Point Beach Nuclear Plant Modified Amended Security Force Training and Qualification Plan," with revisions submitted through August 6, 1982; and "Point Beach Nuclear Plant Modified Amended Security Contingency Plan," with revisions submitted through March 6, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

G. Safety Injection Logic

The licensee is authorized to modify the safety injection actuation logic and actuation power supplies and related changes as described in licensee's application for amendment dated April 27, 1979, as supplemented May 7, 1979. In the interim period until the power supply modification has been completed, should any DC powered safety injection actuation channel be in a failed condition for greater than one hour, the unit shall thereafter be shutdown using normal procedures and placed in a block-permissive condition for safety injection actuation.

H. NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated August 2, 1979 (and Supplements dated October 21, 1980, January 22, 1981, and July 27, 1988) and the safety evaluation issued January 8, 1997, for Technical Specification Amendment No. 174, subject to the following provision:

NMC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

I. Secondary Water Chemistry Monitoring Program

NMC shall implement a secondary water chemistry monitoring program to inhibit steam generator tube degradation. This program shall include:

1. Identification of a sampling schedule for the critical parameters and control points for these parameters;
2. Identification of the procedures used to quantify parameters that are critical to control points;
3. Identification of process sampling points
4. Procedure for the recording and management of data;
5. Procedures defining corrective actions for off control point chemistry condition; and
6. A procedure for identifying the authority responsible for the interpretation of the data, and the sequence and timing of administrative events required to initiate corrective action.

J. Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. 178, are hereby incorporated into this license. NMC shall operate the facility in accordance with the Additional Conditions.

4. The issuance of this amended license is without prejudice to subsequent licensing action which may be taken by the Commission with regard to the on-going rulemaking hearing on the Interim Acceptance Criteria for Emergency Core Cooling Systems (Docket No. RM 50-1).
5. This amended license is effective as of the date of issuance, and shall expire at midnight on March 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed By

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

Attachments:

1. Appendix A -Technical Specifications
2. Appendix B - Environmental Technical Specifications
3. Appendix C - Additional Conditions

Date of Issuance: March 8, 1973

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-27

Nuclear Management Company, LLC shall comply with the following conditions and the schedules noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
178	This amendment authorizes changes to Technical Specification requirements for the service water system, component cooling water systems, and control room ventilating system as detailed in an application dated September 30, 1996, as supplemented on November 26 and December 12, 1996, February 13, March 5, April 2, April 16, May 9, June 3, June 13 (two), and June 25, 1997, and evaluated in the staff's safety evaluation attached to this amendment. This amendment is authorized contingent on compliance with commitments provided by the licensee to meet the dose limits associated with Title 10, <i>Code of Federal Regulations</i> , Part 50, Appendix A, General Design Criterion (GDC) 19 by: (1) submitting a license amendment application including supporting analyses and evaluations by February 27, 1998, that contains the proposed methods for compliance with GDC 19 dose limits under accident conditions based on system design and without reliance on the use of potassium iodide and/or supplied air breathing apparatus, and (2) implementing the proposed changes within 2 years of the date that NRC approval for the proposed license amendment is granted.	(1) February 27, 1998 (2) Two years from date amendment is approved
178	This amendment is authorized contingent on compliance with commitments provided by the licensee to operate Point Beach Nuclear Plant in accordance with its service water system analyses and approved procedures. Specifically, each unit will utilize only one component cooling water heat exchanger until such time as analyses are completed and the service water system reconfigured as necessary to allow operation of one or both units with two heat exchangers in service. If two component cooling water heat exchangers are required in one or both units for maintaining acceptable component cooling water temperature prior to completion of necessary analyses to allow operation in the required configuration, the service water system will be considered in an unanalyzed condition, declared inoperable, and action taken as specified by TS 15.3.0.B except for short periods of time as necessary to effect procedurally controlled changes in system lineups and unit operating conditions.	Immediately

APPENDIX A
TO
FACILITY OPERATING LICENSE DPR-24
AND
FACILITY OPERATING LICENSE DPR-27
FOR POINT BEACH NUCLEAR PLANT UNIT NOS. 1 AND 2
WISCONSIN ELECTRIC POWER COMPANY
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET NOS. 50-266 AND 50-301

APPENDIX B

TO

FACILITY OPERATING LICENSE DPR-24

AND

FACILITY OPERATING LICENSE DPR-27

FOR POINT BEACH NUCLEAR PLANT UNIT NOS. 1 AND 2

WISCONSIN ELECTRIC POWER COMPANY

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NOS. 50-266 AND 50-301

ATTACHMENT 4

MARKED-UP OPERATING LICENSES WITH PROPOSED CHANGES

(18 pages to follow)

WISCONSIN ELECTRIC POWER COMPANY

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-266

FACILITY OPERATING LICENSE

License No. DPR-24
Amendment No. 30

The Atomic Energy Commission (the Commission) now the Nuclear Regulatory Commission having found that:

- a. The application for facility license filed by Wisconsin Electric Power Company and Wisconsin Michigan Power Company,* dated March 12, 1969, as amended by Supplements Nos. 1 through 10, thereto, dated September 2, 1969, January 19, 1970, February 11, 1970, March 13, 1970, April 2, 1970, April 7, 1970, April 21, 1970, June 5, 1970, June 17, 1970, and July 27, 1970, respectively, complies with the requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter 1; and
- b. Construction of the Point Beach Nuclear Plant Unit No. 1 (the facility) has been substantially completed, in conformity with Provisional Construction Permit No. CPPR-32, as amended, the application as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- 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; and
- d. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the regulations of the Commission set forth in 10 CFR Chapter 1; and
- e. The licensee-NMC is technically qualified and Wisconsin Electric Power Company is financially qualified to engage in the activities authorized by this operating license, in accordance with the regulations of the Commission set forth in 10 CFR Chapter 1; and

* On December 31, 1977, Wisconsin Electric Power Company and Wisconsin Michigan Power Company (formerly the licensees) merged with Wisconsin Electric Power Company surviving the merger. This license, as amended, was amended, as of the effective date of the merger with Wisconsin Electric Power Company remaining as the

licensee. Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds Wisconsin Electric Power Company as operator of the Point Beach Nuclear Plant, Unit 1. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

1. This amended license applies to the Point Beach Nuclear Plant Unit No. 1, a closed cycle, pressurized, light water moderated and cooled reactor, and associated steam generators and electric generating equipment (the facility). The facility is located on the licensee's Point Beach site, in the Town of Two Creeks, Manitowoc County, Wisconsin, and is described in the "Final Safety Analysis Report", as supplemented and amended.
2. Subject to the conditions and requirements incorporated here in the Commission hereby licenses
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," Wisconsin Electric Power Company to possess, and NMC to use and operate the facility at the designated location on the Point Beach site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Part 70, NMC 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 Final Facility Description and Safety Analysis Report, as supplemented and amended as of March 17, 1976;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC 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;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC 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 associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess such byproduct and special nuclear materials as may be produced by the operation of the facility, but not to separate such materials retained within the fuel cladding.

3. This amended license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations: 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR part 40, Sections 50.54 and 50.59 of 10 CFR Part 50, and Section 70.32 of 10 CFR Part 70; and 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:

A. Maximum Power Levels

The licensee NMC is authorized to operate the facility at reactor core power levels not in excess of 1518.5 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 190, are hereby incorporated in the license. The licensee NMC shall operate the facility in accordance with Technical Specifications.

C. Report

The licensee NMC shall make certain reports in accordance with the requirements of the Technical Specifications.

D. Records

The licensee NMC shall keep facility operating records in accordance with the requirements of the Technical Specifications.

E. Spent Fuel Pool Modification

The licensee* is authorized to modify the spent fuel storage pool to increase its storage capacity from 351 to 1502 assemblies as described in licensee's application dated March 21, 1978, as supplemented and amended. In the event that the on-site verification check for poison material in the poison assemblies discloses any missing boron plates, the NRC shall be notified and an on-site test on every poison assembly shall be performed.

* Reference to the licensee in License Conditions 3.E, 3.G and 3.J refers to Wisconsin Electric Power Company and is maintained for historical purposes.

3. F. The licensee NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions to of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Point Beach Nuclear Plant Modified Amended Security Plan," with revisions submitted through March 23, 1988; "Point Beach Nuclear Plant Modified Amended Security Force Training and Qualification Plan," with revisions submitted through August 6, 1982; and "Point Beach Nuclear Plant Modified Amended Security Contingency Plan," with revisions submitted through March 6, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

3 G. Safety Injection Logic

The licensee is authorized to modify the safety injection actuation logic and actuation power supplies and related changes as described in licensee's application for amendment dated April 27, 1979, as supplemented May 7, 1979. In the interim period until the power supply modification has been completed, should any DC powered safety injection actuation channel be in a failed condition for greater than one hour, the unit shall thereafter be shutdown using normal procedures and placed in a block-permissive condition for safety injection actuation.

- H. ~~Wisconsin Electric~~ NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated August 2, 1979 (and Supplements dated October 21, 1980, January 22, 1981, and July 27, 1988) and the safety evaluation issued January 8, 1997, for Technical Specification Amendment No. 170, subject to the following provision:

The licensee NMC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

I. Secondary Water Chemistry Monitoring Program

The licensee NMC shall implement a secondary water chemistry monitoring program to inhibit steam generator tube degradation. This program shall include:

1. Identification of a sampling schedule for the critical parameters and control points for these parameters;
2. Identification of the procedures used to quantify parameters that are critical to control points;
3. Identification of process sampling points
4. Procedure for the recording and management of data;
5. Procedures defining corrective actions for off control point chemistry condition; and
6. A procedure for identifying the authority responsible for the interpretation of the data, and the sequence and timing of administrative events required to initiate corrective action.

- J. The licensee is authorized to repair Unit 1 steam generators by replacement of major components. Repairs shall be conducted in accordance with the licensee's commitments identified in the Commission approved Point Beach Nuclear Plant Unit No. 1 Steam Generator Repair Report dated August 9, 1982 and revised March 1, 1983 and additional commitments identified in the staff's related Safety Evaluation.

K. Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. 174, are hereby incorporated into this license. The licensee NMC shall operate the facility in accordance with the Additional Conditions.

4. The issuance of this amended license is without prejudice to subsequent licensing action which may be taken by the Commission with regard to the ongoing rulemaking hearing on the Interim Acceptance Criteria for Emergency Core Cooling Systems (Docket No. RM 50-1).
5. This amended license is effective as of the date of issuance, and shall expire at midnight on October 5, 2010.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed By

**A. Giambuso, Deputy Director
for Reactor Projects
Directorate of Licensing**

Attachments:

1. **Appendix A - Technical Specifications**
2. **Appendix B - Environmental Technical Specifications**
3. **Appendix C - Additional Conditions**

Date of Issuance: October 5, 1970

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-24

~~Wisconsin Electric Power Company~~ Nuclear Management Company, LLC shall comply with the following conditions and the schedules noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
174	This amendment authorizes changes to Technical Specification requirements for the service water system, component cooling water systems, and control room ventilating system as detailed in an application dated September 30, 1996, as supplemented on November 26 and December 12, 1996, February 13, March 5, April 2, April 16, May 9, June 3, June 13 (two), and June 25, 1997, and evaluated in the staff's safety evaluation attached to this amendment. This amendment is authorized contingent on compliance with commitments provided by the licensee to meet the dose limits associated with Title 10, <i>Code of Federal Regulations</i> , Part 50, Appendix A, General Design Criterion (GDC) 19 by: (1) submitting a license amendment application including supporting analyses and evaluations by February 27, 1998, that contains the proposed methods for compliance with GDC 19 dose limits under accident conditions based on system design and without reliance on the use of potassium iodide and/or supplied air breathing apparatus, and (2) implementing the proposed changes within 2 years of the date that NRC approval for the proposed license amendment is granted.	(1) February 27, 1998 (2) Two years from date amendment is approved
174	This amendment is authorized contingent on compliance with commitments provided by the licensee to operate Point Beach Nuclear Plant in accordance with its service water system analyses and approved procedures. Specifically, each unit will utilize only one component cooling water heat exchanger until such time as analyses are completed and the service water system reconfigured as necessary to allow operation of one or both units with two heat exchangers in service. If two component cooling water heat exchangers are required in one or both units for maintaining acceptable component cooling water temperature prior to completion of necessary analyses to allow operation in the required configuration, the service water system will be considered in an unanalyzed condition, declared inoperable, and action taken as specified by TS 15.3.0.B except for short periods of time as necessary to effect procedurally controlled changes in system lineups and unit operating conditions.	Immediately

WISCONSIN ELECTRIC POWER COMPANY

NUCLEAR MANAGEMENT COMPANY, LLC

DOCKET NO. 50-301

FACILITY OPERATING LICENSE

License No. DPR-27
Amendment No. 34

The Atomic Energy Commission (the Commission), now the Nuclear Regulatory Commission, having found that:

- a. Construction of the Point Beach Nuclear Plant Unit No. 2 (the facility) has been substantially completed, in conformity with Provisional Construction Permit No. CPPR-47, the application, as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- b. The facility will operate in conformity with the application as amended, the provisions of the Act, and the rules and regulations of the commission; and
- c. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission; and
- d. ~~The licensee*, (Wisconsin Electric Power Company)~~ Nuclear Management Company, LLC is technically qualified and Wisconsin Electric Power Company* is financially qualified to engage in the activities authorized by this operating license in accordance with the rules and regulations of the Commission; and
- e. The licensee Wisconsin Electric Power Company has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of the Commission's regulations; and
- f. The issuance of this amended license will not be inimical to the common defense and security or to the health and safety of the public.
- g. In accordance with the requirements of Appendix D to 10 CFR Part 50, the operating license should be issued subject to conditions for protection of the environment set forth in the Technical Specifications incorporated herein.

- * On December 31, 1977, Wisconsin Electric Power Company and Wisconsin Michigan Power Company (formerly the licensees) merged with Wisconsin Electric Power Company surviving the merger. This license, as amended, was amended, as of the effective date of the merger with Wisconsin Electric Power Company remaining as the licensee. Nuclear Management Company, LLC, hereinafter referred to as NMC, succeeds Wisconsin Electric

Power Company as operator of the Point Beach Nuclear Plant, Unit 2. Consequently, NMC is authorized to act as agent for Wisconsin Electric Power Company and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

1. This amended license applies to the Point Beach Nuclear Plant Unit No. 2, a closed cycle, pressurized, light water moderated and cooled reactor, and associated steam generators and electric generating equipment (the facility). The facility is located on the licensee's Point Beach site, in the Town of Two Creeks, Manitowoc County, Wisconsin, and is described in the "Final Safety Analysis Report", as supplemented and amended.
2. Subject to the conditions and requirements incorporated here in the Commission hereby licenses
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," Wisconsin Electric Power Company to possess, and NMC to use and operate the facility at the designated location on the Point Beach site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Part 70, NMC 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 Final Facility Description and Safety Analysis Report, as supplemented and amended as of March 17, 1976;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC to receive, possess and use at any time any byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed source for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, NMC to receive, possess and use in amounts as required any byproduct, source of special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, NMC to possess such byproduct and special nuclear materials as may be produced by the operation of the facility, but not to separate such materials retained within the fuel cladding.

3. This amended license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations: 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR part 40, Sections 50.54 and 50.59 of 10 CFR Part 50, and Section 70.32 of 10 CFR Part 70; and 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:

- A. Maximum Power Levels

The licensee NMC is authorized to operate the facility at reactor core power levels not in excess of 1518.5 megawatts thermal.

- B. Technical Specifications

The Technical Specifications contained in Appendices A and B, as revised through Amendment No. 195, are hereby incorporated in the license. The licensee NMC shall operate the facility in accordance with Technical Specifications.

- C. Report

The licensee NMC shall make certain reports in accordance with the requirements of the Technical Specifications.

- D. Records

The licensee NMC shall keep facility operating records in accordance with the requirements of the Technical Specifications.

- E. Spent Fuel Pool Modification

The licensee* is authorized to modify the spent fuel storage pool to increase its storage capacity from 351 to 1502 assemblies as described in licensee's application dated March 21, 1978, as supplemented and amended. In the event that the on-site verification check for poison material in the poison assemblies discloses any missing boron plates, the NRC shall be notified and an on-site test on every poison assembly shall be performed.

* Reference to the licensee in License Conditions 3.E and 3.G refers to Wisconsin Electric Power Company and is maintained for historical purposes.

3. F. Physical Protection

~~The licensee~~ NMC shall fully implement and maintain in effect all provisions of the Commission-approved physical security guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "Point Beach Nuclear Plant Modified Amended Security Plan," with revisions submitted through March 23, 1988; "Point Beach Nuclear Plant Modified Amended Security Force Training and Qualification Plan," with revisions submitted through August 6, 1982; and "Point Beach Nuclear Plant Modified Amended Security Contingency Plan," with revisions submitted through March 6, 1981. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

G. Safety Injection Logic

The licensee is authorized to modify the safety injection actuation logic and actuation power supplies and related changes as described in licensee's application for amendment dated April 27, 1979, as supplemented May 7, 1979. In the interim period until the power supply modification has been completed, should any DC powered safety injection actuation channel be in a failed condition for greater than one hour, the unit shall thereafter be shutdown using normal procedures and placed in a block-permissive condition for safety injection actuation.

H. ~~Wisconsin Electric~~ NMC shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated August 2, 1979 (and Supplements dated October 21, 1980, January 22, 1981, and July 27, 1988) and the safety evaluation issued January 8, 1997, for Technical Specification Amendment No. 174, subject to the following provision:

~~The licensee~~ NMC may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

I. Secondary Water Chemistry Monitoring Program

~~The licensee~~ NMC shall implement a secondary water chemistry monitoring program to inhibit steam generator tube degradation. This program shall include:

1. Identification of a sampling schedule for the critical parameters and control points for these parameters;
2. Identification of the procedures used to quantify parameters that are critical to control points;
3. Identification of process sampling points
4. Procedure for the recording and management of data;
5. Procedures defining corrective actions for off control point chemistry condition; and
6. A procedure for identifying the authority responsible for the interpretation of the data, and the sequence and timing of administrative events required to initiate corrective action.

J. Additional Conditions

The Additional Conditions contained in Appendix C, as revised through Amendment No. 178, are hereby incorporated into this license. ~~The licensee~~ NMC shall operate the facility in accordance with the Additional Conditions.

4. The issuance of this amended license is without prejudice to subsequent licensing action which may be taken by the Commission with regard to the on-going rulemaking hearing on the Interim Acceptance Criteria for Emergency Core Cooling Systems (Docket No. RM 50-1).
5. This amended license is effective as of the date of issuance, and shall expire at midnight on March 8, 2013.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed By

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

Attachments:

1. Appendix A -Technical Specifications
2. Appendix B - Environmental Technical Specifications
3. Appendix C - Additional Conditions

Date of Issuance: March 8, 1973

APPENDIX C
ADDITIONAL CONDITIONS
OPERATING LICENSE NO. DPR-27

~~Wisconsin Electric Power Company~~ Nuclear Management Company, LLC shall comply with the following conditions and the schedules noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
178	This amendment authorizes changes to Technical Specification requirements for the service water system, component cooling water systems, and control room ventilating system as detailed in an application dated September 30, 1996, as supplemented on November 26 and December 12, 1996, February 13, March 5, April 2, April 16, May 9, June 3, June 13 (two), and June 25, 1997, and evaluated in the staff's safety evaluation attached to this amendment. This amendment is authorized contingent on compliance with commitments provided by the licensee to meet the dose limits associated with Title 10, <i>Code of Federal Regulations</i> , Part 50, Appendix A, General Design Criterion (GDC) 19 by: (1) submitting a license amendment application including supporting analyses and evaluations by February 27, 1998, that contains the proposed methods for compliance with GDC 19 dose limits under accident conditions based on system design and without reliance on the use of potassium iodide and/or supplied air breathing apparatus, and (2) implementing the proposed changes within 2 years of the date that NRC approval for the proposed license amendment is granted.	(1) February 27, 1998 (2) Two years from date amendment is approved
178	This amendment is authorized contingent on compliance with commitments provided by the licensee to operate Point Beach Nuclear Plant in accordance with its service water system analyses and approved procedures. Specifically, each unit will utilize only one component cooling water heat exchanger until such time as analyses are completed and the service water system reconfigured as necessary to allow operation of one or both units with two heat exchangers in service. If two component cooling water heat exchangers are required in one or both units for maintaining acceptable component cooling water temperature prior to completion of necessary analyses to allow operation in the required configuration, the service water system will be considered in an unanalyzed condition, declared inoperable, and action taken as specified by TS 15.3.0.B except for short periods of time as necessary to effect procedurally controlled changes in system lineups and unit operating conditions.	Immediately

APPENDIX A
TO
FACILITY OPERATING LICENSE DPR-24
AND
FACILITY OPERATING LICENSE DPR-27
FOR POINT BEACH NUCLEAR PLANT UNIT NOS. 1 AND 2
WISCONSIN ELECTRIC POWER COMPANY
~~WISCONSIN MICHIGAN POWER COMPANY~~
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET NOS. 50-266 AND 50-301

APPENDIX B
TO
FACILITY OPERATING LICENSE DPR-24
AND
FACILITY OPERATING LICENSE DPR-27
FOR POINT BEACH NUCLEAR PLANT UNIT NOS. 1 AND 2
WISCONSIN ELECTRIC POWER COMPANY
~~WISCONSIN MICHIGAN POWER COMPANY~~
NUCLEAR MANAGEMENT COMPANY, LLC
DOCKET NOS. 50-266 AND 50-301

August 9, 1972

NPL 99-0676
Attachment 5
November 24, 1999

ATTACHMENT 5
SAFETY EVALUATION
(3 pages to follow)

DOCKET NOS. 50-266, 50-301, AND 72-005
APPLICATION FOR ORDER AND CONFORMING LICENSE AMENDMENTS
TRANSFER OF OPERATING AUTHORITY
POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

SAFETY EVALUATION

In accordance with the requirements of 10 CFR 50.80 and 10 CFR 50.90, Wisconsin Electric Power Company (WEPCo), licensee for Point Beach Nuclear Plant Units 1 and 2, requests an order and conforming license amendments to transfer operating authority for the Point Beach Nuclear Plant (Point Beach) to a new operating company called Nuclear Management Company, LLC (NMC). These license amendments will designate NMC as the licensee authorized to use and operate Point Beach Nuclear Plant in accordance with the terms and conditions of the Point Beach Operating Licenses. Under the license amendments, WEPCo would be authorized to possess, but not operate, Point Beach. As a result of the transfer of licenses and conforming license amendments, NMC will also act as the general licensee for the Independent Spent Fuel Storage Installation at Point Beach pursuant to 10 CFR 72.210. This operating arrangement is expected to enhance the already high level of safety, operational efficiency and cost-effective operation of Point Beach.

WEPCo has entered into a Nuclear Power Plant Operating Services Agreement with NMC, which is owned equally by Alliant Energy Nuclear, LLC, NSP Nuclear Corporation, WEC Nuclear Corporation, and WPS Nuclear Corporation. In accordance with the Nuclear Power Plant Operating Services Agreement, NMC will assume exclusive authority for the safe operation, maintenance, and decommissioning of Point Beach Nuclear Plant and the Independent Spent Fuel Storage Installation located at the Point Beach site.

Ownership of Point Beach will not be affected by the proposed transfer of operating authority. WEPCo will remain as owner of Point Beach Nuclear Plant. NMC will not own any portion of Point Beach. Likewise, WEPCo's entitlement to capacity and energy from Point Beach will not be affected by the transfer of operating authority.

Under the terms of the Nuclear Power Plant Operating Services Agreement between NMC and WEPCo, all costs associated with operating Point Beach will continue to be borne by WEPCo to the same extent as they are now. Further, WEPCo's status as an "electric utility" under the NRC's financial qualifications requirements of 10 CFR 50.33(f) will be unaffected. Accordingly, there will be no change in the financial qualifications of the party responsible for funding the safe operation, maintenance and decommissioning of Point Beach.

The relationship between WEPCo and NMC is established in the Nuclear Power Plant Operating Services Agreement. This Nuclear Power Plant Operating Services Agreement sets forth NMC's rights, responsibilities, and limitations of its authority regarding the operation of Point Beach and establishes that NMC has the sole authority, as operator of Point Beach, to make all decisions regarding public health and safety. WEPCo will continue to provide all funds for the operation and maintenance of Point Beach by NMC and will continue to fund the decommissioning trust fund. WEPCo's financial responsibility includes providing the funding for any emergency situations that might arise at Point Beach.

Concurrent with transfer of operating authority to the NMC, it is expected that substantially all WEPCo operating personnel who are dedicated to Point Beach will be transferred to NMC, as NMC employees or as utility employees under the supervision of the NMC. The Point Beach Nuclear Plant on-site organization will transfer substantially intact to the NMC. Therefore, the technical qualifications of the proposed NMC organization will be substantially equivalent to those of the existing organization and personnel qualification requirements defined in the Point Beach Technical Specifications will continue to be met.

NMC will be a repository of the contracting utilities' nuclear operating and management expertise and experience. The consolidation of nuclear operations talent from several successful organizations into one company will provide opportunities to enhance both public safety and the reliability and economy of plant operation.

The proposed license transfer and related amendments would designate NMC as a licensee and authorize NMC to manage, operate, and maintain Point Beach on behalf of WEPCo. It would not affect the physical configuration of the facility or adversely affect the Technical Specifications under which Point Beach operates. The proposed license transfer and related amendments will, therefore, not have any adverse impact on the public health, safety and welfare.

Concurrent with transfer of operating authority, NMC will assume authority and responsibility for functions necessary to fulfill the emergency planning requirements specified in 10 CFR 50.47(b) and Part 50, Appendix E. No substantive changes will be made to the existing Point Beach Emergency Plan presently implemented by WEPCo. Appropriate action will also be taken with respect to existing agreements for support from outside organizations and agencies, to notify the parties to such agreements of NMC's relationship with WEPCo and NMC's responsibility for the management and operation of Point Beach. This will be accomplished by WEPCo prior to the transfer of responsibility. Therefore, the proposed license transfers and amendments will not impact compliance with the emergency planning requirements or the effectiveness of the Emergency Plan.

Offsite power is currently provided to Point Beach over transmission facilities owned and operated by WEPCo. This arrangement will not change as a result of the change in operational authority requested by this application. The proposed license transfers to authorize assumption of operating authority by NMC involve no changes in ownership or design of the offsite power system for Point Beach. Upon transfer of operating authority, WEPCo will continue to fulfill its current responsibilities with respect to compliance with the design requirements as defined in the updated Final Safety Analysis Report. Based on the foregoing, there is adequate assurance that independent sources of offsite power will continue to be provided to Point Beach.

The proposed transfer will not impact compliance with the physical security requirements of 10 CFR Part 73. Upon assumption of operating responsibility, NMC will assume ultimate responsibility for implementation of all aspects of the present security program. Appropriate action will be taken with respect to existing agreements for support for outside organizations and agencies to notify the parties to such agreements of NMC's relationship with WEPCo and NMC's responsibility for management and operation of Point Beach. Changes to the plan reflecting this transition will not decrease the effectiveness of the plan and will be submitted to the NRC within two months after the changes are made, in accordance with 10 CFR 50.54(p).

The proposed transfer will not impact compliance with the quality assurance requirements of 10 CFR Part 50, Appendix B, nor will it reduce the commitments in the NRC-accepted quality assurance program for Point Beach. Upon assumption of operating responsibility, NMC will assume ultimate responsibility for present functions associated with the Point Beach Quality Assurance Program. The Quality Assurance organization will have direct access to the NMC President on matters related to quality. Otherwise, the organization, function and structure of the Point Beach Quality Assurance organization will not be affected. Changes to reflect the transition, which will be handled in accordance with 10 CFR 50.54(a), will not reduce the commitments in the quality assurance program description.

The proposed transfer will not impact compliance with the operator re-qualification program requirements of 10 CFR 50.54 and related sections, nor maintenance of the Institute of Nuclear Power Operations accreditation for licensed and non-licensed personnel training. Upon assumption of operating responsibility of Point Beach, NMC will assume ultimate responsibility for implementation of present operator training programs. Changes to the programs to reflect the transition will not decrease the scope of the approved operator re-qualification program in accordance with 10 CFR 50.54(i).

The requested order and conforming license amendments will transfer the operating authority for Point Beach from WEPCo to NMC. WEPCo will continue to be authorized to possess, but not use and operate, Point Beach. These changes are consistent with the above evaluation and will ensure that upon the transfer of operating authority to NMC, operation of Point Beach will continue to meet regulatory requirements, and will not be inimical to the public health and safety or common defense and security.

NPL-99-0676
Attachment 6
November 24, 1999

ATTACHMENT 6

NUCLEAR POWER PLANT OPERATING SERVICES AGREEMENT

(44 pages to follow)

NUCLEAR POWER PLANT OPERATING SERVICES AGREEMENT

BETWEEN

WISCONSIN ELECTRIC POWER COMPANY

AND

NUCLEAR MANAGEMENT COMPANY, LLC

November 23, 1999

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NUCLEAR POWER PLANT OPERATING SERVICES AGREEMENT

This Nuclear Power Plant Operating Services Agreement (hereinafter referred to as "NPPOSA") is made and entered into as of November 23, 1999 between Nuclear Management Company, LLC, a Wisconsin limited liability company (hereinafter referred to as "NMC") and Wisconsin Electric Power Company (hereinafter referred to as "Contracting Owner").

WHEREAS, Contracting Owner, a public utility subject to retail public utility regulation by the Public Service Commission of Wisconsin and the Michigan Public Service Commission, generates, transmits and distributes electricity in the States of Wisconsin and Michigan and operates a nuclear power plant located in the Town of Two Creeks, Manitowoc County, Wisconsin ("the Plant"); and

WHEREAS, Contracting Owner is the holder of Facility Operating Licenses, Unit No. 1—DPR 24 and Unit No. 2—DPR 27, issued by the NRC, and also is the general licensee of the Independent Spent Fuel Storage Installation ("ISFSI") located at, and deemed a part of, the Plant; and

WHEREAS, NMC's goals are to achieve enhanced reliability and continued safe operation, to pursue overall excellence in nuclear power operations, as well as to identify efficiencies in the provision of operating services to nuclear facilities; and

WHEREAS, Contracting Owner desires to transfer to NMC certain operating responsibility for, but not ownership of, the Plant; and

WHEREAS, Contracting Owner desires that such operating responsibility transferred to NMC be consistent with Contracting Owner's obligations and responsibilities under all pertinent state and federal law; and

WHEREAS, Contracting Owner desires to contract with NMC so as to enable NMC to have physical control of, use, Operate, and Decommission the Plant as Contracting Owner's agent, but that, except as may be necessary for reasons of safety, NMC not have any authority to determine the electrical output of the Plant and NMC desires to undertake such responsibility, all subject to and in accordance with the terms and conditions set forth herein;

NOW THEREFORE, IN CONSIDERATION of the mutual obligations set forth herein, the parties hereto agree to the following:

ARTICLE 1
Definition of Terms

As used herein:

1.1 "Affiliate" means any Person coming within the definition of "affiliated interests" with respect to any Owner, and/or any Person who is an affiliate of, or affiliated with, any Owner under the meaning of any provision of the laws, rules or regulations of any state concerning the regulation of public utilities, or under the Public Utility Holding Company Act to which the Company or any Member is subject or by which the Company or any Member is bound.

1.2 "Application" means the Application of Contracting Owner (consented to by NMC) before the Nuclear Regulatory Commission for consent to the transfer of the Operating License and conforming amendments to the Operating License so as to authorize and reflect in the Operating License the change from Contracting Owner to NMC as the Co-licensee authorized to Operate the Plant, as previously or hereafter supplemented or amended.

1.3 "Capital Improvements" means improvements, additions, modifications or replacements of property at the Plant that are properly capitalized and recorded on Contracting Owner's books of account as assets in accordance with generally accepted accounting principles, and that are in accordance with applicable rules and regulations of any regulatory or other authority having jurisdiction in the matter.

1.4 "Co-licensee" shall mean, with respect to a nuclear power plant for which the NRC has issued a license to own or possess to one person and a license to use and operate to another person, each of such persons.

1.5 "Costs of Capital Improvements" means all costs of Capital Improvements as defined in Section 1.3 herein.

1.6 "Costs of Operation" or "Cost of Operation" means all costs of Operation, Decommissioning and any related fees, charges, or taxes incurred or accrued under or with respect to this NPPOSA and attributable or allocable to the Plant and properly recordable in expense accounts in accordance with generally accepted accounting principles and applicable rules or regulations of any regulatory or other authority having jurisdiction. These costs shall include, without limitation, any costs incurred by NMC in connection with the Operation of the Plant, including, but not limited to, the salaries and benefits of NMC employees, the direct cost of contractors retained by NMC to work on or for the Plant (except as such contractor cost may be included in Costs of Capital Improvements), all administrative and overhead costs, and an allocable portion of the return on and of the investment by NMC in capital items owned by NMC used for NMC's operation or in connection with or in support of the Operation of the Plant, based on a composite of the authorized overall pre-tax capital returns of the Owners, and including the cost of inventory purchased by NMC for Contracting Owner, but excluding amounts paid directly by Contracting Owner for Nuclear Fuel that is owned by Contracting Owner or leased directly by Contracting Owner from one or more third parties. For purposes of

calculating the outstanding investment of NMC in capital items, deferred income taxes relative to such capital items recorded on the books of NMC Members shall be considered. All of such Costs of Operation shall be calculated, and allocation of such amounts shall be made, consistent with the principles and methodology set forth in Exhibit A attached hereto and made a part hereof, as the parties shall from time to time agree, and shall be made in accordance with any applicable rules and regulations of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, the FERC under the Federal Power Act and other regulatory authorities having jurisdiction in the matter.

1.7 "Decommission" means all activities associated with the entombment, decontamination, dismantlement, removal, and disposal of the structures, systems, and components of the Plant in compliance with the rules and orders of the NRC and other regulatory authorities having jurisdiction in the matter, including engineering and other planning activities to remove a facility or site safely from service and reduce residual radioactivity to a level that permits (1) release of the property for unrestricted use and termination of the NRC license; or (2) release of the property under restricted conditions and termination of the NRC license.

1.8 "Effective Date" means the effective date of this NPPOSA as determined pursuant to Section 8.1.

1.9 "FERC" means the Federal Energy Regulatory Commission or its successor.

1.10 "Force Majeure" shall have the meaning set forth in Section 13.9.

1.11 "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant proportion of the electric utility industry or, as appropriate, the domestic nuclear electric power industry, at the time of the reference, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expedition. Good Utility Practice shall apply not only to functional parts of the Plant, but also to appropriate structures, landscaping, signs, lighting and other facilities. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of prudent and acceptable practices, methods or acts.

1.12 "INPO" means the Institute of Nuclear Power Operations and any successor organization.

1.13 "Market Price" means the generally prevailing price for similar services or products in the region served by NMC.

1.14 "Member" means a person who is a member, as defined in Section 183.0102(5), Wis. Stats., of NMC.

1.15 "Misconduct" means any act or omission by or authorized by a party's officers, persons reporting directly to such officers or its Board of Directors that is performed, authorized or omitted consciously with prior actual knowledge, or with reckless disregard of facts indicating, that such conduct or omission is likely to result in actionable damages or injury to persons or property or to result in a violation of laws or regulations.

1.16 "NMC's Business Plan for Plant" means a forward looking operating plan including the three-year operating budget and five-year capital budget for the Plant prepared by NMC, or, if requested by Contracting Owner, budgets covering longer than (i) three years for operation, or (ii) five years for capital.

1.17 "NMC Personnel" means NMC employees or contractors to NMC.

1.18 "NRC" or "Nuclear Regulatory Commission" means the United States Nuclear Regulatory Commission or its successor having responsibility for administration of the licensing and regulation of the operation of nuclear utilization facilities under the Atomic Energy Act of 1954 and amendments thereto.

1.19 "Nuclear Fuel" means any source, special nuclear or by-product material as defined in the Atomic Energy Act of 1954 and any amendments thereto, including any ores, mined or unmined, uranium concentrates, natural or enriched uranium hexafluoride, or any other material in process containing uranium, and any fuel assemblies or parts thereof, any of which are required for the generation of electricity at the Plant.

1.20 "Operate" and its derivatives, including "Operator," "Operation," and "Operating," means to have physical control of, use, manage, control, maintain, repair, operate and Decommission a nuclear power plant consistent with the authority and responsibility as set forth in Section 2.1.

1.21 "Operating License" means the Facility Operating License Nos. Unit 1—DPR 24 and Unit 2—DPR 27, including Plant Technical Specifications and amendments thereto as issued from time to time by the NRC.

1.22 "Operating Services" means the making of Capital Improvements, Operation of the Plant and Decommissioning.

1.23 "Owner" means a person which: (a) owns an interest in a nuclear power plant located in the United States; (b) if there is more than one person who owns an interest in such nuclear power plant facility, is the person designated as the "operator," "operating company" or "managing member" under the applicable ownership agreement for such nuclear power plant facility; and (c) is a Member or an Affiliate of a Member of NMC (other than solely by reason of the relationship of such person and a Member with NMC).

1.24 "Plant Emergency Plan" shall mean a plan required to demonstrate compliance with the standards described in 10 CFR 50.47 that defines readiness requirements

and emergency response actions intended to protect members of the public, plant personnel, and plant equipment in the event of a radiological emergency.

ARTICLE 2

NMC's Authority and Responsibility with Respect to Operation of the Plant

2.1 Authority for Operation.

(a) NMC and Contracting Owner agree that NMC shall act as the agent of Contracting Owner to take all actions necessary to Operate the Plant and to make Capital Improvements, each in accordance with Good Utility Practice, in the best interest of Contracting Owner, and in compliance with all applicable laws, regulations, the Operating License and other applicable licenses, and permits, as well as the provisions of this NPPOSA. Contracting Owner hereby grants NMC the authority to take any and all action, in Contracting Owner's name and on Contracting Owner's behalf, necessary to obtain and/or maintain the Operating License and all licenses and permits issued by the NRC or other regulatory bodies relating to the Plant and necessary to comply with all applicable regulations of the NRC and other governmental bodies having jurisdiction over any aspect of the Cost of Operation, Cost of Capital Improvements, making of Capital Improvements and/or Operation of the Plant.

(b) Without limiting the foregoing delegation, NMC shall act as the agent for Contracting Owner in all matters related to the Operating License and NRC regulation of the Plant. Furthermore, NMC shall provide Contracting Owner with data and assistance as may be requested by Contracting Owner to enable Contracting Owner to satisfactorily discharge, as Contracting Owner and Co-licensee of the Plant, its responsibilities with regard to the Plant, including its responsibilities to its securities holders, to regulatory authorities and others.

(c) Notwithstanding any other provisions to the contrary in this NPPOSA or any other agreement, on and after the Effective Date, NMC shall have the sole authority, as the Operator of the Plant, to make all decisions relating to public health, safety, and security, and is hereby exclusively authorized to take such actions in the Operation of the Plant, including without limitation to Operate the Plant at a reduced capacity or to place all or part of the Plant in a safe shutdown condition at any time, as NMC in its sole discretion deems necessary to protect the health, safety, and security of the public, including the personnel engaged in the Operation and maintenance of the Plant, and to protect the property at the Plant or to comply with the Operating License or other requirements of the NRC, the Atomic Energy Act, or other applicable laws or regulations. In order that NMC may meet such responsibility and implement such authority, Contracting Owner shall provide NMC with financial resources in accordance with the terms of this NPPOSA and shall otherwise cooperate with NMC in meeting such responsibility and implementing such authority. NMC agrees to seek the consent of Contracting Owner when time is available, or, in the event of an emergency, to immediately notify Contracting Owner of any such actions taken pursuant to this provision. All costs incurred by NMC in taking such action relating to Operation at reduced capacity, shutdown of the Plant, or Decommissioning shall be considered Costs of Operation or Costs of Capital Improvements, as the case may be.

(d) Subject to the provisions of Sections 2.2 and 2.3 herein, in order to enable NMC to fully and effectively perform its duties hereunder, NMC shall have, and Contracting Owner does hereby grant to NMC, as agent for Contracting Owner, the power and authority to exercise in accordance with applicable laws, the rights of Contracting Owner under, and to execute, modify, amend or terminate, any contracts, including, without limitation, leases, easements, agreements, purchase orders, licenses, permits and privileges relating to the Operation of, and making of Capital Improvements to, the Plant.

NMC shall and will cause NMC Personnel to comply with applicable Contracting Owner policies, as may be amended from time to time, including, without limitation, policies applicable to personnel granted unescorted access to the Plant. Such policies are identified on Exhibit D attached hereto and made a part hereof. NMC Personnel providing Operating Services under this NPPOSA shall all be qualified by education, training, or experience, and shall be capable of performing to industry and/or applicable professional standards. Such NMC Personnel also shall meet all applicable requirements of the Operating License, NRC, Plant Technical Specifications, and other applicable regulatory requirements and commitments. Qualification of NMC Personnel shall be subject to audit by Contracting Owner and NMC Personnel shall not engage in activities for which they are not qualified. Contracting Owner shall have the right to approve of, or request removal of, either or both of the highest ranking NMC employees at the Plant, which generally shall be NMC Site Vice President and NMC Plant Manager, provided that any such denial of approval or request for removal shall be reasonably exercised.

The duties of Contracting Owner and NMC hereunder shall be subject in all events to receipt of any further necessary consents or regulatory approvals. Subject to NMC's obligations and responsibilities under this NPPOSA, the Operating License and applicable laws and regulatory requirements, NMC agrees that it shall comply with directions from Contracting Owner relating to the Operation of, and making of Capital Improvements (including the costs thereof) to, the Plant.

2.2 Limitation on NMC's Authority. Notwithstanding Section 2.1 above, except for such action pursuant to Section 2.1(c), NMC shall have no authority under this NPPOSA, without the written approval (or verbal approval promptly confirmed in writing) of Contracting Owner, to:

- a) obligate Contracting Owner to pay Costs of Capital Improvements and Costs of Operation that are either in excess of or materially different in scope from the expenditures to be agreed upon pursuant to Section 5.1 herein,
- b) obligate Contracting Owner, to pay Costs of Capital Improvements that have not been approved in accordance with Contracting Owner's policy with respect to Contracting Owner's Board of Directors' approval of capital expenditures,
- c) modify, amend or terminate any contracts executed by Contracting Owner that are existing or were in effect prior to the Effective Date, and/or

d) sell, encumber or otherwise dispose of any real property or any equipment or personal property comprising the Plant, provided that this provision shall not apply to any equipment or personal property, as the case may be, which is replaced in a timely fashion, by equipment which is of like kind and of value at least equal to that of the disposed of equipment or personal property.

In addition, Contracting Owner shall have exclusive authority to define the economic life and to determine when the economic life of the Plant has ended and, in its sole discretion, may direct NMC, in writing or verbally, immediately confirmed in writing, to retire and Decommission the Plant or to Operate the Plant at reduced capacity (except that written confirmation is not required for dispatch orders in the normal course of business, unless Contracting Owner's policies require such), and/or to place the Plant in a safe shutdown condition. Contracting Owner shall have exclusive authority to determine whether or not to amend the Operating License to extend the licensed life of the Plant.

2.3 Form of NMC Purchases and Contracting Owner Review of Proposed Contracts. With respect to acquisitions by NMC, as agent for Contracting Owner of Capital Improvements and other equipment or property, including, but not limited to, materials, supplies and spare parts inventories, for the Plant, Contracting Owner's Chief Financial Officer, or his or her designee, shall provide NMC from time to time as necessary with instructions or guidelines as to the preferred financial structure of such acquisitions (i.e., purchase, lease, etc.), with which NMC shall reasonably attempt to comply in making such acquisitions. It is further agreed that the Chief Financial Officer of Contracting Owner, or his or her designee, shall notify NMC in writing of the contracts or types of contracts related to the Plant that are to be executed by NMC, in its capacity as Contracting Owner's agent, that Contracting Owner desires to review and approve prior to execution and/or to monitor thereafter. Accordingly, NMC agrees to provide Contracting Owner copies of such contracts within a reasonable time prior to NMC's proposed execution thereof.

2.4 Execution; Disclosures in Third-Party Contracts. Contracts relating to the Operation of the Plant, including, without limitation, any contracts for Capital Improvements or contracts for the sale, lease or acquisition of materials, inventories, supplies, spare parts, equipment, fuel, Nuclear Fuel (excluding contracts for the financing through lease or otherwise for Nuclear Fuel) or services, shall be executed by NMC, as agent for Contracting Owner or by Contracting Owner, upon NMC's reasonable request. If a contract subject to Section 2.1 relates to both the Plant and one or more other power plants that are Operated by NMC, such contracts ("Multi-Plant Contracts") shall be executed by Contracting Owner at NMC's request, on reasonable grounds, or by NMC, on reasonable grounds, on behalf of Contracting Owner, and the owners of the other applicable plants. NMC further agrees that with respect to Multi-Plant Contracts, NMC will not enter into such Multi-Plant Contracts without the prior written consent of Contracting Owner unless such contract contains a provision for several but not joint liability of the owners of the plants under such Multi-Plant Contracts in proportion to the costs allocated to the various power plants under such contracts.

Subject to the limitations in Section 2.2 and 2.3, above, in order to induce third parties to contract with NMC with regard to the performance of NMC's obligations under this NPPOSA, Contracting Owner hereby expressly agrees to be bound by the terms of all contracts executed by NMC in accordance with its agency authority as described herein (including, without limitation, any provisions that limit or protect against a third party's liability, provisions granting indemnity to third parties and limitations or exclusions of warranties) to the same extent as if Contracting Owner were an original signatory to such contract. In addition, if Contracting Owner's signature is deemed by NMC to be necessary to induce a third party to contract with NMC, Contracting Owner agrees to not unreasonably refuse to execute such third-party agreements as NMC may request from time to time.

2.5 Enforcement of Rights.

a) Contracting Owner hereby recognizes that, except with respect to facts and circumstances existing, or litigation instituted by or against Contracting Owner, prior to the Effective Date, NMC has complete and exclusive authority with respect to the handling of the defense, prosecution and/or settlement of disputes with third parties relating in any way to the Operation of the Plant, provided that NMC shall obtain Contracting Owner's written consent and direction prior to instituting or settling any lawsuit, claim, proceeding or action relating to the Plant which is of a type categorized as material by Contracting Owner, and Contracting Owner shall have the right to participate in such material lawsuit, claim, proceeding or action or to institute such action if NMC has not done so.

b) With respect to litigation relating in any way to the Plant that arises out of facts or circumstances existing prior to the Effective Date, Contracting Owner shall, after consultation with NMC, decide in its sole judgment upon the appropriate manner of defending, prosecuting or settling such litigation.

c) Except as to matters for which indemnification of NMC is not applicable pursuant to Article 6, it is further agreed that to the extent NMC incurs any liability to a third party in performing its duties under this NPPOSA, amounts paid by NMC because of such liability and NMC's expenses in defending claims by third parties or prosecuting claims against third parties shall be considered Costs of Operation.

2.6 NMC's Responsibilities at Other Plants. NMC's duties and responsibilities under this NPPOSA shall not be construed to interfere with NMC's authority and responsibility to Operate any other plants for which it has Operating responsibility. NMC agrees that it shall not knowingly take or fail to take any action in connection with the Plant that is inconsistent with Good Utility Practice or where such action or inaction would be reasonably expected to put Contracting Owner or the Plant at a disadvantage to any other plant which NMC Operates or to which it provides Operating Services, or which jeopardizes the safety, integrity, or reliability of the Plant's Operations. NMC agrees that in providing Operating Services under this NPPOSA, NMC will comply with all applicable governmental rules and regulations regarding Contracting Owner's Plant. If NMC believes it may not be able to fulfill its obligations under this NPPOSA, it shall promptly notify Contracting Owner.

It is recognized that NMC is or shall be Operating multiple nuclear power plants for Owners under agreements substantially similar to the NPPOSA. NMC shall, consistent with Good Utility Practice, and in conformance with applicable laws and regulations, facilitate the coordination of the outage schedules of such nuclear power plants as agreed to by each such Owner, recognizing that an Owner may also need to coordinate its nuclear power plant outage with those of its other generating facilities, with other power plant owners, with transmission system operators, or with regional reliability organizations. NMC shall comply with any outage scheduled by Contracting Owner.

2.7 Transfer of Organization and Staff. On the Effective Date, Contracting Owner shall transfer substantially intact to NMC and, subject to Section 3.7, NMC shall accept the Contracting Owner's on-site organization, including Contracting Owner's employees and contractors (to the extent allowed under the applicable agreements), responsible for licensed activities at the Plant. Prior to the Effective Date, Contracting Owner and NMC shall in cooperation take all measures necessary to effect such transfer without disruption and as efficiently as possible. After the Effective Date, NMC shall maintain such organization until such time as NMC in its sole discretion determines that changes in the organization or personnel are appropriate. All changes in NMC Personnel or in the assignments of NMC Personnel shall be in accordance with all applicable laws and regulations and subject to the provisions of the NPPOSA.

2.8 Membership and Participation in Industry Organizations. NMC intends to be a member of INPO and is hereby authorized to participate in all applicable INPO programs which will benefit the Plant, including programs conducted by the National Academy for Nuclear Training. NMC is also authorized to participate as Contracting Owner's agent or in lieu of Contracting Owner in other industry groups which will benefit the Plant. As mutually agreed, NMC will take the place of Contracting Owner in INPO, NEI, Westinghouse Owners' Groups, and other similar groups. The costs of such membership and participation shall be included in the Costs of Operation.

2.9 NMC Oversight. Contracting Owner understands that NMC may establish a nuclear oversight function which may consist of a committee of NMC's Board of Directors. Contracting Owner agrees to cooperate fully with such nuclear oversight function and its staff members.

ARTICLE 3

Contracting Owner's Responsibility and Obligations

3.1 Payment. In consideration of the services rendered by NMC hereunder, and subject to the provisions of this NPPOSA, Contracting Owner hereby agrees to pay the Costs of Operation and Costs of Capital Improvements incurred by NMC pursuant to Article 5 hereof.

3.2 Site Access and Control. In order for NMC to Operate the Plant in accordance with the Operating License and other applicable regulatory requirements, Contracting Owner grants NMC unrestricted access to and the exclusive right to use and control the use of the property constituting the Plant, including, without limitation, the real property and the

switchyard (or substation), facilities, equipment and personal property located on the Plant site, and to determine all activities within the site boundary of the Plant. As required by or provided in the Operating License and applicable statutes and NRC regulations, Contracting Owner grants NMC unrestricted access to and the exclusive right to use and exercise control over the Exclusion Area, as defined in the Final Safety Analysis Report for the Plant, as may be updated and amended from time to time.

The parties understand that Contracting Owner is, may or may be required to, become a member of an independent transmission system owner or operator or other similar entity which may operate and have control over Contracting Owner's electric transmission facilities, which may include all or a portion of the Plant switchyard (or substation). Contracting Owner shall obtain the agreement of any such entity to provide NMC such access to and control of the Plant switchyard (or substation) as will meet NRC requirements or Contracting Owner's licensing basis commitments.

Contracting Owner shall notify NMC of any proposed conditions on access to or control of the Plant switchyard (or substation) or on the Operation of the Plant as may be suggested or proposed by an independent transmission system owner or operator and shall allow NMC to review and provide input.

3.3 Compliance With Operating License and Regulations. Contracting Owner shall be and remain in compliance with the Operating License and all licenses, statutes, and regulations which pertain to or affect its ownership of the Plant or the Operation of the Plant by NMC, including, without limitation, maintaining compliance with the licensing basis of the Plant and funding and maintaining the Plant's Decommissioning Trust Funds in accordance with applicable NRC regulations and other state and federal requirements.

3.4 Support Services from Contracting Owner. Contracting Owner agrees that it will cooperate with NMC in a manner so that NMC may exercise its authority and fulfill its responsibilities pursuant to this NPPOSA. In this connection, Contracting Owner further agrees to provide or cause another entity to provide (1) the Plant switchyard, substation, switching station, and transmission line services and other support in accordance with a separate agreement to be executed by the parties contemporaneously with the execution of this NPPOSA, a form of which is attached hereto as Exhibit B, as such agreement may be hereafter supplemented or amended, (2) support for the Plant Emergency Plan and emergency training, drills, and exercises in accordance with a separate agreement to be executed by the parties contemporaneously with the execution of this NPPOSA, a form of which is attached hereto as Exhibit C, as such agreement may be hereafter supplemented or amended.

Contracting Owner agrees to provide, subject to their reasonable capability and availability, additional services or assistance required by NMC and agreed to by Contracting Owner in writing in connection with the Operation of the Plant, including, without limitation, the following: (1) communications access and support, (2) transportation support, (3) payroll and personnel assistance, and (4) other services as may be required in order to allow NMC to conduct safe, economic and efficient Operations at the Plant. NMC agrees to pay Contracting Owner to the extent such additional services or assistance are used to provide services to any other Owner.

3.5 No Changes to Facilities, Procedures or Practices. So that NMC will be capable of Operating the Plant in accordance with the Operating License and other applicable regulatory requirements, Contracting Owner agrees that it will not make, and shall obtain commitments from any future independent transmission system owner or operator or other similar entity, as applicable, that it will not make, any changes to facilities, procedures or practices that affect compliance with NRC regulations or commitments, including, but not limited to, physical changes to the electrical transmission or distribution facilities that directly provide an off-site power supply to the Plant without prior consultation with and written consent from NMC, which consent NMC shall not unreasonably withhold.

3.6 Off-Site Power Supply. Contracting Owner agrees that at its own cost it shall provide the Plant with an assured source of off-site power, sufficient to meet the requirements of the Operating License and NRC regulations, in accordance with procedures to be agreed upon, from time to time, by the parties.

3.7 Contracting Owner's Represented Employees. Contracting Owner may have employees at the Plant who may be represented by one or more labor unions, which employees may not be NMC employees. In such event, Contracting Owner shall place such employees under the supervision of NMC; however, such employees shall remain employees of Contracting Owner. The Contracting Owner hereby designates NMC and its supervisory/management employees as its agents to direct and supervise the work of its bargaining unit employees at the Plant. NMC and Contracting Owner agree to cooperate in the resolution of disputes under the Labor Agreement(s). Contracting Owner shall identify to NMC the types of labor disputes for which notice shall be given to Contracting Owner prior to resolution. NMC shall be responsible for complying with NRC regulations regarding Contracting Owner's employees including, but not limited to, maintaining a safety conscious work environment and an employee concerns program.

Contracting Owner shall keep NMC informed of the progress of any grievances, disciplinary action or proceeding involving a represented employee of Contracting Owner at the Plant, and shall also keep NMC informed of the status of labor negotiations involving Contracting Owner's bargaining unit employees at the Plant. Any change in costs in Plant Operations due to Contracting Owner's agreed-upon changes to a Labor Agreement or to a new Labor Agreement shall be immediately reflected in a corresponding change to the approved annual budget.

ARTICLE 4 Ownership of Capacity and Energy

4.1 Ownership of Capacity and Energy. Contracting Owner at all times during the term of this NPPOSA, shall be and remain the owner of, and shall be entitled to all of, the capacity and energy from the Plant.

4.2 Determination of Output. Contracting Owner shall at all times, subject to NMC's obligations under Article 2, determine the electric output from the Plant. "Net Positive

Output" of the Plant shall be the gross electric power generation of the Plant, less station service requirements, and less adjustments for losses experienced. In the event the Net Positive Output is negative (i.e., station service and losses exceed the gross generation), Contracting Owner shall be responsible for providing necessary power at the Plant during such period in accordance with Good Utility Practice and Section 3.6 herein.

ARTICLE 5

Payment, Audit and Inspection Rights

5.1 Payment Obligation. On or before July 15 (or such other dates as may be agreed to by the parties) of each year during the term of this NPPOSA, (1) NMC will submit for Contracting Owner's review and approval the total proposed annual budget for the Plant for the following year, which shall consist of the annual operating and capital programs (as used herein the term "annual operating and capital programs" shall include details of the budgeted costs for those programs) for the Plant, and NMC's Business Plan for Plant, and (2) NMC and Contracting Owner, within 90 days after such submittal, will agree in writing upon the annual budget for the following budget year and NMC's Business Plan for Plant. Subject to the provisions of this Section 5.1, the annual operating and capital programs portion of the budget shall constitute a cap respectively on the (i) Costs of Operation and (ii) Costs of Capital Improvements. Should the Contracting Owner and NMC fail to reach agreement on the annual budget, the amount for annual operating programs for such year, and the capital programs budget for such year shall be the amounts for such year as contained in the latest agreed upon NMC Business Plan for Plant, increased as necessary to complete capital projects in progress at the beginning of such year (subject to cancellation of the project by Contracting Owner) and the cost of any capital projects which NMC certifies are required for the safe Operation of the Plant, unless Contracting Owner has decided the Plant is to be permanently shut down prior to such budget year.

Contracting Owner and NMC recognize that mutually agreeable adjustments may be made to the previously approved annual budget, or the components of NMC's Business Plan for Plant, from time to time during any budget year, to reflect the impact of Force Majeure, unforeseen circumstances, financial constraints or other events. Any such agreements must be in writing and executed by the Contracting Owner and NMC.

NMC shall provide, on or before the fifth working day of each month, a report of actual expenditures charged or allocated directly to Contracting Owner in the preceding month. NMC shall provide, on or before the tenth working day of each month, a comparison of such actual expenditures and the budget submitted by NMC and approved by the Contracting Owner for the previous month. NMC shall provide, on a monthly basis, a report showing year to date expenditures and shall provide forecasts of expenditures over the remainder of the year. Each monthly report shall address the specific month and year-to-date expenditures and shall provide forecasts of expenditures over the remainder of the year. NMC shall specifically identify any areas in which expenditures are, or are forecasted by the end of the year to be, more than five percent over or under budget and to identify any types of expenditures which differ, or are forecast to differ, materially from the types of expenditures in the approved budget. It is further agreed that NMC will keep Contracting Owner timely informed of costs and obtain Contracting

Owner's approval regarding projects which are reasonably anticipated to cause a material change to the components of the then-current NMC Business Plan for Plant as previously approved by Contracting Owner.

Without limiting Contracting Owner's obligations under Article 6, Contracting Owner agrees to pay any and all Costs of Operation and Costs of Capital Improvements. Based on NMC's monthly financial reports or on such other information which leads Contracting Owner to reasonably conclude that either the Costs of Capital Improvement will exceed by more than five percent the annual capital programs portion of the approved annual budget or that the Costs of Operation will exceed by more than five percent the annual operating portion of the approved annual budget, Contracting Owner may notify and direct NMC to limit, control, or modify its expenditures so as to not exceed 105 percent of the approved annual budget. NMC agrees to use best efforts, consistent with safety and the timing of such notice and direction from Contracting Owner, to limit its expenditures to no more than 105 percent of the approved annual budget in a manner which has the least effect on the Net Positive Output of the Plant. Should NMC fail to so limit its expenditures following notice and direction from Contracting Owner, despite having adequate time to do so, NMC's actions or inactions shall be deemed to constitute Misconduct.

The parties recognize that the date upon which this NPPOSA becomes effective may occur at a time which is inconsistent with the annual budget submission, review, and approval dates described above. In such event, the parties agree to use best efforts to arrive at an annual budget prior to the beginning of the first year and also agree that for the remainder of the year in which the NPPOSA becomes effective, NMC shall adopt the Contracting Owner's budget. Also, during the initial period of its Operation of the Plant, it is understood that NMC may not have developed its own Business Plan for the Plant, and in such event, NMC shall use applicable plans prepared by Contracting Owner.

5.2 Payment and Billing. Subject to Section 5.1 above and in accordance with procedures to be agreed upon in writing by the parties, NMC hereby agrees to furnish Contracting Owner, at such times as may be required by Contracting Owner, estimates of the Costs of Operation and Costs of Capital Improvements expected to be owed for the next succeeding period. Contracting Owner shall promptly deposit in the bank account(s) to be established pursuant to Section 5.3 such funds as the parties determine from time to time is necessary to pay NMC and third parties on a timely basis with respect to Costs of Capital Improvements and Costs of Operation. Payments of the Costs of Capital Improvements and Costs of Operation specified herein shall be made notwithstanding the availability or lack of availability of the Plant to produce power. No payment made pursuant to this Operating Agreement shall constitute a waiver of any right of Contracting Owner to question or contest the correctness of Costs of Capital Improvements and Costs of Operation charged hereunder.

The Costs of Capital Improvements and Costs of Operation billed to Contracting Owner by NMC shall be based upon the actual costs incurred by NMC. Contracting Owner and NMC agree that NMC's actual costs shall be deemed to be the Market Price.

5.3 Bank Accounts. The parties agree that one or more special bank accounts may be established and maintained in one or more banks of Contracting Owner's choice, in a

manner that will indicate the custodial nature of the accounts, for the deposit by Contracting Owner and disbursement by NMC or Contracting Owner of Costs of Capital Improvements and Costs of Operation.

5.4 Financial Audit and Adjustments. NMC shall maintain books and records to support the Costs of Capital Improvements and Costs of Operation for such period of time as Contracting Owner shall direct. From time to time, Contracting Owner may, and NMC shall permit, at Contracting Owner's option and expense as appropriate (in accordance with any applicable established auditing policies agreed upon by the parties), conduct or cause to be conducted by others, including regulatory authorities having jurisdiction, audits of the books and records of NMC. Such audits shall be conducted at reasonable mutually agreed upon times, with agreement not being unreasonably withheld. Further, NMC shall make available to Contracting Owner a copy of any audit reports prepared by or at the request of NMC concerning its books and records relating to the Operation of the Plant, and the cost of preparing such audit reports shall be a Cost of Operation payable pursuant to this Article 5. NMC, at least annually, shall credit Contracting Owner with recoveries, whenever received, from third parties and shall charge or credit Contracting Owner with any underpayments or overpayments of Costs of Capital Improvements and Costs of Operation, as the case may be. Force Majeure shall not excuse failure by NMC to credit Contracting Owner with third-party recoveries or overpayments of Costs of Capital Improvements and Costs of Operation owing to Contracting Owner at any time.

ARTICLE 6

Warranties, Remedies, Limitations on Liability, and Indemnification

6.1 Exclusive Warranties and Remedies. NMC shall provide qualified and experienced personnel to perform its obligations pursuant to this NPPOSA. Names and backgrounds of personnel providing Services shall be provided to Contracting Owner upon request. All Operating Services provided by NMC hereunder shall be performed in a professional and competent manner consistent with Good Utility Practice. If any Operating Services provided by NMC to Contracting Owner fail to conform to this standard, NMC shall, at the option of Contracting Owner, either correct or reperform such deficient Operating Services at Contracting Owner's sole cost, and such reperformance or correction shall be the sole and exclusive remedy available to Contracting Owner hereunder for defective performance, regardless of whether any claims are based on negligence, breach of warranty, breach of contract, tort, strict liability or any other legal theory, except for Misconduct as provided in Section 6.2.

THE WARRANTIES SET FORTH IN THIS SECTION 6.1 CONSTITUTE THE SOLE AND EXCLUSIVE WARRANTIES MADE TO CONTRACTING OWNER AND ARE IN LIEU OF ALL OTHER WARRANTIES OF ANY KIND, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM ANY COURSE OF DEALING OR USAGE OF TRADE.

6.2 Waiver and Disclaimer of Damages. Contracting Owner expressly agrees and acknowledges that NMC, its Members, and any officers, directors or employees of NMC or

its Members shall not be liable to Contracting Owner for any expenses, losses, liabilities, or damages of any kind whatsoever arising out of the performance of this NPPOSA, including direct, indirect, punitive, special or consequential damages, economic losses, lost profits, cost of replacement power, cost of capital, or as a result of fines or penalties imposed by the NRC or other governmental authority, even if NMC has been notified of the possibility of such damages or losses and regardless of whether such damages, losses, or costs are based upon NMC's negligence, breach of warranty, tort, strict liability or any other legal theory, except (a) for direct damages resulting from the Misconduct of NMC, (provided that NMC shall not be liable for direct damages that are covered under the insurance which Section 7.2 requires Contracting Owner to have in place), or (b) if NMC breaches its obligation to pay Contracting Owner for resources provided pursuant to Section 3.4, Contracting Owner may recover such amounts with interest (determined based on Contracting Owner's pre-tax cost of capital).

6.3 Indemnity. Contracting Owner hereby agrees to indemnify and hold harmless NMC, its Members, and any officers, directors, employees and agents of NMC and its Members to the fullest extent permitted by applicable law, from the payment of any sum or sums of money to Contracting Owner or any third party on account of, or resulting from, actions, claims, expenses, losses, liabilities or damages of any kind whatsoever, and regardless of whether based upon NMC's negligence, breach of warranty, breach of contract, tort, strict liability or any other legal or equitable theory in connection with or related to any claim brought by any third party in connection with Operating Services provided by or through NMC pursuant to this NPPOSA; provided, however, that the indemnity obligation of Contracting Owner shall not apply to:

(a) any failure of NMC to make appropriate federal and state employment tax withholding and contributions as may be required; or

(b) any claims for personal injuries suffered by NMC employees to the extent such personal injuries are covered by the proceeds of the workers' compensation policy required to be maintained by NMC; or

(c) any other claims to the extent covered by insurance proceeds of either party.

(d) direct damages resulting from the Misconduct of NMC, except as are covered under the types of insurance which Section 7.2 requires Contracting Owner to have in place, whether or not such insurance is sufficient to cover the damages.

6.4 Survival. The provisions of this Article 6 shall specifically survive the expiration or termination of this NPPOSA for any reason.

ARTICLE 7
Insurance and Nuclear Liability Protection

7.1 NMC Insurance. NMC shall obtain and maintain in full force and effect, the following insurance coverages, or its equivalent satisfactory to Contracting Owner, with minimum limits as indicated, (which may also be revised to reasonable amounts consistent with similar industry practice at the Contracting Owner's discretion from time to time) at all times during the term of this NPPOSA and beyond, as required.

- (a) NMC shall maintain worker's compensation and employer's liability insurance as required by appropriate state law.
- (b) NMC shall maintain commercial general liability (CGL) insurance (or its equivalent satisfactory to Contracting Owner) and, if necessary, commercial umbrella or excess insurance with a total limit of not less than \$2,000,000 each occurrence. Contracting Owner shall be included as an additional insured under the CGL insurance.
- (c) NMC shall maintain automobile liability insurance (or its equivalent satisfactory to Contracting Owner) and, if necessary, commercial umbrella or excess liability insurance with a combined single limit (or equivalent) of not less than \$2,000,000 each accident. Contracting Owner shall be included as an additional insured.
- (d) NMC waives all rights against Contracting Owner and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by any of the insurance required above.

NMC shall furnish the Contracting Owner with duly executed Certificates of Insurance certifying that such insurance has been provided and that the insurance companies will give the Contracting Owner thirty (30) days prior written notice of any material change in, or cancellation of, such insurance coverage. Such certificate shall also specify the dates when such insurance commences and expires. Certificates should be delivered to the Contracting Owner pursuant to Section 13.5.

NMC agrees that such insurance shall be maintained throughout the entire term of this Agreement and beyond, as required. The cost of all insurance procured by NMC, including, without limitation, any deferred or retrospective premium assessments, shall be included in the Costs of Operation.

7.2 Contracting Owner Insurance. At no cost to NMC, Contracting Owner will maintain or cause to be maintained nuclear liability financial protection, nuclear decontamination and property damage insurance, and government indemnification of nuclear liability arising from the operation and maintenance of the Plant, in forms and amounts required by the NRC or other regulatory bodies. NMC shall be a named insured on such insurance and indemnification unless such insurance or indemnification provides coverage to all persons held

legally liable. Contracting Owner shall require its insurers to waive all right of subrogation against NMC and its subcontractors, regardless of fault, for all claims, including, without limitation, decontamination of, physical damage to, or loss or destruction of any property at the location of the Plant as defined in the decontamination and property damage insurance policy for the Plant, and, if Contracting Owner obtains and maintains insurance for the cost of replacement power, for all costs of replacement power. Contracting Owner further hereby waives rights of recovery, including any right to which another may be subrogated, for decontamination of, physical damage to, or loss or destruction of any property at the location of the Plant as is or may be insured under its decontamination and property damage insurance policies arising directly or indirectly out of Operating Services provided pursuant to this NPPOSA.

7.3 Notice of Claim. NMC shall promptly inform Contracting Owner in writing of every employee's workers compensation or tort liability claim for bodily injury, including, but not limited to these, allegedly caused by a nuclear energy hazard arising out of the nuclear facility, or in the course of transporting nuclear material to or from the nuclear facility.

NMC's written notice shall provide:

1. Name and address of claimant;
2. Time and place of alleged exposure to nuclear energy hazard, if known;
 and
3. Description of alleged bodily injury.

7.4 Insurance Renewal. NMC and Contracting Owner will cooperate fully in the renewal and administration of the Contracting Owner's insurance program as it relates to the Plant and NMC's insurance program relating to the Plant. At the direction of Contracting Owner, NMC will establish necessary procedures, cooperate with the insurers and otherwise comply with requirements of the insurers.

ARTICLE 8

Term and Termination

8.1 Term. This NPPOSA shall become effective on the earlier of a date mutually agreed upon by Contracting Owner and NMC, and the first day of the month beginning more than 120 days following (i) receipt of all necessary regulatory approvals, each of which, in the sole determination of Contracting Owner, does not contain unacceptable terms or conditions or which cause or would cause this NPPOSA to be modified in any way unacceptable to Contracting Owner, and (ii) receipt of all necessary regulatory approvals, each of which, in the sole determination of Contracting Owner, does not contain unacceptable terms or conditions or which cause or would cause or require this NPPOSA to be modified in any way unacceptable to Contracting Owner, applicable to one or more nuclear power plants owned by one or more different Members of NMC (other than Contracting Owner) or an Affiliate of such Member pursuant to which NMC shall also be named as the licensed Operator of such other plant. Unless sooner terminated as provided hereinafter, this NPPOSA shall remain in effect, subject to Section 8.2 below, until the Plant shall have been retired and Decommissioned in accordance with all

applicable regulatory and governmental requirements and the parties hereto agree in writing, with agreement not to be unreasonably withheld, that all responsibilities hereunder have been fulfilled.

8.2 Termination Without Cause. Contracting Owner may terminate this NPPOSA without cause by providing NMC with written notice of intent to terminate at the end of one full calendar year following the date of notification. Termination shall occur on the later of the date one full year after the date of notification and the expiration of a reasonable transition period to allow Contracting Owner to engage another operator for the Plant or to resume operational control itself, including time for any regulatory approvals and license transfers. Upon such termination, Contracting Owner shall pay to NMC any Costs of Capital Improvements and Costs of Operation incurred prior to the effective date of termination, as well as an "exit fee" which shall consist of the net present value of (a) the stream of future payments related to depreciation and/or amortization of capital investment, to the extent not funded by the Contracting Owner's or its affiliated Member's capital contributions, if the Contracting Owner (if a Member) or its affiliated Member also voluntarily withdraws from the NMC, unless the voluntary withdrawal was made under circumstances where the Member believed or reasonably should have believed it would be removed as a Member of the NMC, return on such capital investments, and/or leases relating to NMC infrastructure as allocated to Contracting Owner based upon the Composite Allocator under Exhibit A then in effect, and (b) the stream of future payments related to depreciation or amortization of capital investments, and return thereon, made and owned by NMC for the benefit of the Plant and the nuclear generating facilities of one or more other Owners, as allocable to Contracting Owner. The discount factor for the present value calculation shall be the composite after-tax cost of capital of the Owners, as of the date of termination. The composite after-tax cost of capital shall be developed by using the composite pre-tax cost of capital most recently authorized by the state utility regulatory authority in which each of the Owners' nuclear power plants are located, but adjusted for federal income taxes based on the current maximum marginal tax rate and a uniform state effective income tax rate of 5%. Any "exit fees" paid to NMC shall be treated as an offset to the related capital investments for purposes of calculating future charges for depreciation/amortization and the return thereon to the other Owners.

8.3 Termination Because of Governmental or Judicial Acts. If any term or provision of this NPPOSA should be declared invalid or unenforceable by a court of competent jurisdiction or by other governmental or regulatory action or policy or if performance hereof by either party is prohibited or substantially impaired by an order of a regulatory or governmental body having jurisdiction, the parties agree that, to the extent practical, they will renegotiate this NPPOSA in good faith to permit this NPPOSA to be performed or the terms to be implemented as close as possible to the original intent and in a manner that will be consistent with applicable laws, regulations, and court or regulatory agency rulings. However, if such renegotiation is not possible or practical, or the parties cannot reach agreement on the terms of the revised agreement, either party may terminate this NPPOSA effective upon written notice to the other party and the expiration of a reasonable transition period to allow Contracting Owner to engage another operator for the Plant or to resume operational control itself, including time for any regulatory approvals and license transfers. Any such termination, however, shall not relieve a party from its obligation to pay for Operating Services provided, incurred or committed to prior to the date of termination.

8.4 Termination For Cause. Either party may terminate this NPPOSA if the other party commits a "material breach" of its obligations under this NPPOSA, provided that the terminating party must first provide written notice of the "material breach" as defined herein and must allow the other party at least 60 days to cure or provide a remedy for any such "material breach." If after the applicable cure period, the "material breach" has not been remedied or if the parties agree in writing that a longer period of time is to be allowed to remedy such "material breach," then if it is not corrected within such reasonable time as may be agreed upon by the parties, this NPPOSA may be terminated effective upon written notice of termination and the expiration of a reasonable transition period to allow Contracting Owner to engage another operator for the Plant or to resume operational control itself, including time for any regulatory approvals and license transfers.

Upon termination of this NPPOSA by NMC due to a material breach by Contracting Owner, Contracting Owner shall pay to NMC any Costs of Capital Improvements and Costs of Operation incurred prior to the effective date of termination, as well as an "exit fee" which shall consist of the net present value of (a) the stream of future payments related to depreciation and/or amortization of capital investments, to the extent not funded by the Contracting Owner's or its affiliated Member's capital contributions, if the NPPOSA is terminated within the five years after February 25, 1999, return on such capital investments, and/or leases relating to NMC infrastructure as allocated to Contracting Owner based upon the Composite Allocator under Exhibit A then in effect, and (b) the stream of future payments related to depreciation or amortization of capital investments, and return thereon, made and owned by NMC for the benefit of the Plant and the nuclear generating facilities of one or more other Owners, as allocable to Contracting Owner. The discount factor for the present value calculation shall be the composite after-tax cost of capital of the Owners, as of the date of termination. The composite after-tax cost of capital shall be developed by using the composite pre-tax cost of capital most recently authorized by the state utility regulatory authority in which each of the Owners' nuclear power plants are located, but adjusted for federal income taxes based on the current maximum marginal tax rate and a uniform state effective income tax rate of 5%. Any "exit fees" paid to NMC shall be treated as an offset to the related capital investments for purposes of calculating future charges for depreciation/amortization and the return thereon to the other Owners.

For purposes of this NPPOSA, the term "material breach" shall mean the following:

(a) the failure of either party to make any payment required to be made in accordance with the terms hereof; or

(b) the failure of either party to perform, keep or fulfill any other material undertakings, obligations or conditions set forth in this NPPOSA, including without limitation, the obligations of the parties regarding compliance with applicable Contracting Owner policies, record-keeping requirements, insurance and indemnification requirements, confidentiality requirements, representations, and warranties.

8.5 Mutual Agreement. This NPPOSA shall be terminated at any time and for any reason if mutually agreed upon in writing by duly authorized representatives of both parties.

8.6 Transition and Survival. Prior to termination for any reason, the parties shall work in good faith to insure a satisfactory transfer of responsibility and work in process and obtaining approval from any regulatory agency or judicial or governmental body if required for such transfer. NMC agrees that the Operating License and any and all licenses, permits, records, books, privileges or rights acquired by NMC relating to Operation of the Plant shall be assigned or otherwise transferred to Contracting Owner upon termination of this NPPOSA. The indemnification, release, and limitation of liability provisions contained in Article 8 shall survive termination to the extent they pertain to events giving rise to such indemnification, release and liability that occurred during the term of this NPPOSA.

8.7 NMC Employee Severance. In the event that NMC terminates an employee that was formerly an employee of the Contracting Owner for any reason during the first 36 months following the effectiveness of the NPPOSA, except if the termination or cause thereof would not qualify the employee for severance pay under the Contracting Owner's then existing severance plan, then Contracting Owner shall pay to NMC a Severance Amount for each NMC employee which NMC terminates from its employ, except if Contracting Owner offers such employee a comparable job to that which he/she had with NMC. The Severance Amount shall be based on Contracting Owner's then current severance policy with respect to its own employees who qualify for a severance payment, giving credit to the NMC employee under such severance policy for time worked for both Contracting Owner and NMC. Such severance payment shall be the sole charge to Contracting Owner for NMC employee severance due to termination of employees in the 36-month period. NMC shall pay such Severance Amount to the severed employee and any such employee is intended to be a third party beneficiary of this provision of the NPPOSA.

Should NMC terminate an employee who has provided Operating Services to the Plant after the first 36 months following the effectiveness of this NPPOSA, the provisions of NMC's severance policy, if any, shall apply and Contracting Owner shall bear its allocated share of any severance payments based on the amount such NMC employee's time was allocated to the Plant compared to such employee's total time employed by NMC.

ARTICLE 9

Compliance with Laws, Regulations and Site Requirements

9.1 General. Both parties shall observe and comply with all applicable Plant health, safety and security rules, programs or procedures and shall abide by all applicable laws, federal, state and local and the rules and regulations of any lawful regulatory body in connection with Services provided pursuant to this NPPOSA.

9.2 Energy Reorganization Act. Without limiting the generality of Section 9.1 above, both parties specifically agree to comply with Section 211 of the Energy Reorganization Act of 1974, as amended (the "Act"), that prohibits NRC licensees and their contractors and

subcontractors from discharging or otherwise discriminating against any employee engaging in protected activities described in the Act. If either party's employees, agents, subcontractors or suppliers makes any allegations or files a complaint with the Department of Labor pursuant to the provisions of Section 211 of the Act and if such allegation or complaint is made either directly or indirectly in connection with Operating Services performed pursuant to this NPPOSA, then the party first obtaining knowledge or receiving notice of such allegation or complaint shall promptly notify the other party of the complaint and the parties shall keep each other advised as to all significant developments regarding such allegation or complaint. Both parties further agree that neither party will enter into any agreement affecting compensation, terms, conditions and privileges of employment, including any agreement to settle any claim, allegation or complaint filed by an employee with the Department of Labor pursuant to Section 211 of the Act that contains any provisions prohibiting or otherwise discouraging an employee from providing the NRC with information on hazardous conditions, potential violations or any other matters within the NRC's regulatory responsibilities.

ARTICLE 10

Representations and Warranties

10.1 Representations of NMC. NMC hereby represents and warrants to Contracting Owner as follows:

(a) NMC is a limited liability company, duly organized under the laws of the State of Wisconsin.

(b) NMC has taken all action necessary to enter into this NPPOSA and to perform its obligations hereunder.

(c) This NPPOSA has been duly authorized, executed and delivered and constitutes the valid and binding obligation of NMC, enforceable against NMC in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally and as may be set forth on Exhibit E hereto.

(d) The execution and delivery of this NPPOSA and the performance by NMC of its obligations hereunder will not violate any contract to which NMC or any of its Members or their Affiliates is a party, or any law, order, judgment or decree of any federal, state or local court, or require any regulatory approval, except as set forth on Exhibit E hereto.

(e) Except as may be set forth on Exhibit E hereto, there are no actions, suits, or proceedings pending or threatened against NMC before any federal, state, local or other governmental department, regulatory agency or judicial body that would, if decided adversely have a material adverse affect on NMC, its business or its ability to perform this NPPOSA.

10.2 Representations of Contracting Owner. Contracting Owner represents and warrants to NMC as follows:

(a) Contracting Owner is a corporate body, duly organized and existing under the laws of the State of Wisconsin.

(b) Contracting Owner has taken all corporate action necessary to enter into this NPPOSA, to perform its obligations hereunder and to consummate the transactions contemplated by this NPPOSA including, for multiple owner plants, that Contracting Owner has all necessary authority under the Plant's ownership agreement to execute this NPPOSA.

(c) This NPPOSA has been duly executed and delivered by Contracting Owner and constitutes the valid and binding obligation of Contracting Owner, enforceable against Contracting Owner in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally and as may be set forth on Exhibit E hereto.

(d) The execution and delivery of this NPPOSA, the performance by Contracting Owner of its obligations hereunder will not violate any contract or agreement to which Contracting Owner or any of its affiliates is a party or any law, order, judgment or decree of any federal, state or local court or require any regulatory approval, except as set forth on Exhibit E hereto.

(e) Except as set forth on Exhibit E hereto, there are no actions, suits or proceedings pending or threatened against Contracting Owner or its Affiliates before any federal, state, municipal or any other governmental department, regulatory agency or judicial body that would if decided adversely have a material adverse affect on Contracting Owner, its business or its ability to perform this NPPOSA.

ARTICLE 11

Contracting Owner's Performance Oversight

Notwithstanding anything in this NPPOSA to the contrary, Contracting Owner, its agents, employees, independent contractors, members of its Board of Directors, subcommittees, or special committees of its Board of Directors:

(a) May at all reasonable times have access to the Plant and such of NMC's employees Operating or supporting the Operation of the Plant (whether located at the Plant or another location) as Contracting Owner, its agents, employees, independent contractors, members of its Board of Directors, subcommittees, or special committees of its Board of Directors deem necessary or desirable for the purpose of reviewing or auditing the Operation of the Plant;

(b) Shall have the right of access to and copies of any and all reports or evaluations, whether or not deemed confidential by the preparer, concerning the Plant or its Operations prepared by or for NMC or others, including, but not limited to, the NRC, INPO, American Nuclear Insurers, or Nuclear Electric Insurance Limited.

(c) Shall have the right to be present at and participate in all meetings, inspections, exit interviews, and other interactions by and between NMC and regulatory or other entities such as, but not limited to, the NRC, INPO, American Nuclear Insurers, or Nuclear Electric Insurance Limited, concerning or related to the Operation of the Plant.

Should Contracting Owner, in its sole judgment, have concerns over NMC's past, present, or future Operation of the Plant or the Plant's performance, Contracting Owner shall have the right to raise such concern with NMC, NMC staff responsible for Operating the Plant, or directly with NMC's Board of Directors. Contracting Owner may raise its concerns either verbally or in writing, except if such concerns are raised with NMC's Board of Directors, they shall be in writing addressed to Secretary, NMC, with a copy to the President, NMC. Upon receipt of Contracting Owner's concerns, NMC shall respond promptly, addressing each concern, stating its agreement or disagreement, and if NMC agrees a concern is valid, identifying how NMC will address the concern to the satisfaction of Contracting Owner.

ARTICLE 12

Confidentiality

12.1 Nondisclosure. In order for NMC to carry out this NPPOSA, Contracting Owner may need to share confidential and proprietary business information with NMC but shall do so only to the extent needed to carry out the purposes of the Agreement. For purposes of this Agreement, such information shall include Plant specific cost information related to the Operating Services which may be offered by NMC and procedures or operations regarding such Operating Services, as well as information on cost or price of items to be jointly procured by NMC on behalf of Owners. Either party may, from time to time, come into possession of information of the other party that is confidential or proprietary (including, without limitation, Safeguards Information as defined in 10 C.F.R. Part 73). Safeguards Information relative to the Plant shall be controlled and protected in accordance with 10 C.F.R. 73.21.

NMC shall maintain the confidentiality of all proprietary, non-public data and information relating to the Plant and the business affairs of Contracting Owner which NMC may have access to or receive from Contracting Owner. NMC shall treat all data, reports and other written documents developed by NMC and provided to Contracting Owner as part of Operating Services pursuant to this Agreement, as the proprietary information of Contracting Owner. NMC shall not publish or otherwise disclose to any third parties except to its agents, attorneys or consultants who are under obligations of confidentiality, without the prior written consent of Contracting Owner, any of the proprietary, non-public information provided to NMC by Contracting Owner or developed by NMC pursuant to this NPPOSA. NMC shall take steps to assure that proprietary information of Contracting Owner is reviewed only by NMC Service Personnel with a need to see such information to carry out these duties described herein.

12.2 Notification. The parties further agree to notify each other of any requests by a third party, including any court or regulatory body, for the disclosure of any information to be treated as confidential pursuant to this Article 12 and to reasonably cooperate with each other

in attempting to preserve the confidentiality of such information to the greatest extent consistent with applicable court orders, laws and/or regulations.

12.3 Permitted Disclosures. Notwithstanding anything to the contrary herein, neither party nor the employees of either of them shall be restricted in any way from providing (i) safety or other information to the NRC on matters within the NRC's regulatory responsibilities or (ii) from disclosing information to INPO or (iii) from disclosing information to the extent required for compliance with court orders, laws or regulatory requirements.

ARTICLE 13 Miscellaneous

13.1 Restricted Data. NMC and Contracting Owner agree that, unless otherwise required by law, they will not permit any person to have access to Restricted Data, as defined in 42 U.S.C. §2014.y, until the federal Office of Personnel Management shall have made an investigation and report to the NRC on the character, associations and loyalty of such person and the NRC shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

13.2 Assignment and Successors. This NPPOSA shall not be assignable by a party hereto without the prior written consent of the other party and without first obtaining all necessary regulatory approval, and any attempted assignment without such consent and approval shall be void, except that this NPPOSA may be assigned by Contracting Owner to a third party to whom all or substantially all of the Plant's assets have been transferred. Subject to the preceding sentence, this NPPOSA shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

13.3 Governing Law. The validity, interpretation and performance of this NPPOSA and each of its provisions shall be governed by the laws of the State of Wisconsin.

13.4 No Delay in Payments. No disagreement or dispute of any kind between the parties concerning any matter, including, without limitation, the amount of any payment due from Contracting Owner to NMC or from NMC to Contracting Owner, as the case may be, or the correctness of any charge made to Contracting Owner or NMC, or any reason, excuse or circumstance, including Force Majeure, shall permit either party to delay or withhold payment due and owing under this NPPOSA, except that Contracting Owner shall have the right to make any payments required of it under protest and to reserve its rights to conduct audits in accordance with Section 5.4.

13.5 Notices. Any notice, request, consent or other communication permitted or required by this NPPOSA shall be in writing or made electronically or by facsimile if promptly confirmed in writing. Written notices shall be deemed to have been given when deposited in the United States mail, first class, postage pre-paid and, until written notice of a new address is given, shall be addressed as follows:

If to NMC:

Nuclear Management Company, LLC
Attention: Secretary
(NMC headquarters address)

If to Contracting Owner:

Wisconsin Electric Power Company
Attention: President
231 West Michigan Street
Milwaukee, Wisconsin 53203

13.6 Amendments. This NPPOSA may be amended only by a written instrument duly executed and delivered by the parties hereto and with any and all necessary regulatory approvals previously obtained.

13.7 Relationship. Nothing herein shall be construed to create a partnership or joint venture between NMC and Contracting Owner or to impose a trust, fiduciary or partnership duty, obligation or liability upon NMC and Contracting Owner or to create any agency relationship except as expressly granted herein.

13.8 Counterparts. This NPPOSA may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.9 Force Majeure. Without limiting rights of termination pursuant to Sections 8.2, 8.3, or 8.4, above, either party shall be excused from any failure or delay in performing its obligations under this NPPOSA, except for delay in payment of compensation owed for Services previously performed or resources previously provided pursuant to this NPPOSA, where the delay or failure is caused by an event beyond the affected party's reasonable control, including, but not limited to, events such as inability to obtain any necessary regulatory approvals, accidents, explosions, acts of God, and acts of any governmental body mandating the termination or delay of performance under this NPPOSA.

13.10 Termination of Services Agreement. Upon the Effective Date of this NPPOSA, the Services Agreement between Contracting Owner and NMC dated April 9, 1999 is terminated and neither party to such Services Agreement shall have any further obligation to the other party except to pay for services rendered or resources provided prior to such termination.

13.11 Intellectual Property Rights. Any trade secrets, technology, software applications or other intellectual property developed by or on behalf of NMC in the course of performing duties pursuant to this and other NPPOSAs or the Services Agreement with Owners (collectively referred to herein as "Intellectual Property") shall be owned jointly by each of NMC Members that have funded (directly or indirectly) NMC operations during or prior to the development of such Intellectual Property by NMC; provided however, that NMC shall retain a

nonexclusive license to use such Intellectual Property at any plants which NMC may operate or provide Operating Services and Contracting Owner shall also retain a nonexclusive license to use such Intellectual Property at or for the Plant. Any trade secrets, technology, software applications, or other intellectual property developed by Owner prior to the effective date of this Agreement are the Intellectual Property of Owner, and to the extent NMC wishes to utilize such property to carry out its obligations under this NPPOSA, Owner and NMC agree to negotiate in good faith a separate license agreement to allow for such use by NMC.

13.12 Arbitration. Any dispute or controversy arising out of or relating to this Agreement shall be determined and settled by third party arbitration, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction. Such arbitration shall be conducted with three arbitrators in accordance with the then effective Commercial Arbitration Rules of the American Arbitration Association.

13.13 Entire Agreement. This NPPOSA, including Exhibits A, B, C, D and E shall constitute the entire understanding and agreement between the parties superseding any and all previous understandings and agreements, oral or written, between the parties with respect to the subject matter hereof.

13.14 Waiver. No provision of this NPPOSA shall be deemed waived nor breach of this NPPOSA consented to unless such waiver or consent is set forth in writing and executed by the party hereto making such waiver or consent.

13.15 Certain Interpretive Matters. The descriptive captions of the various articles and sections of this NPPOSA have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof. The term "includes" or "including" shall mean "including without limitation." The words "hereof", "herein" and "hereunder" and words of similar import shall refer to this NPPOSA as a whole and not to any particular provision. Other capitalized terms used in this NPPOSA and not defined in Article 1 shall have the meanings assigned to them elsewhere in this NPPOSA. Unless the context otherwise requires, the definitions contained in this NPPOSA are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument, statute, regulation, rule or order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, statute, regulation, rule or order as from time to time amended, modified and supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein. References to a Section, Article, or Exhibit shall mean a Section, Article, or Exhibit of this NPPOSA.

13.16 No Third Party Beneficiaries. Except for the first paragraph of Section 8.7, the provisions of this NPPOSA are for the benefit of the parties hereto and not for any other person.

IN WITNESS WHEREOF, the parties have executed this NPPOSA by their duly authorized representatives.

NUCLEAR MANAGEMENT COMPANY, LLC

BY: Melvin L. Wright

TITLE: SECRETARY

DATE: 11/23/99

WISCONSIN ELECTRIC POWER COMPANY

BY: Richard R. Sugg

TITLE: President and C.O.O.

DATE: 11/23/99

NMC COST ALLOCATORS

- I. NMC will maintain an accounting system for accumulating all costs on an activity, project, program, work order, or other appropriate basis. To the extent practicable, time records of hours worked by NMC employees will be kept by activity, project, program or work order. Charges for salaries will be determined from such time records and will be computed on the basis of employees' effective hourly rates, including the cost of fringe benefits and payroll taxes. Records of employee-related expenses and other costs will be maintained for each functional group within NMC.

NMC will develop and maintain written guidelines to govern the methods and procedures for charging and allocating costs. NMC will subject transactions to internal auditing procedures on a periodic basis for compliance with the NPPOSA, written guidelines and orders and rules of regulatory agencies.

- II. NMC costs accumulated for each particular project or activity will be charged as follows:
1. Direct assignment. Costs accumulated to provide services or benefits to a particular plant will be directly charged to that particular Contracting Owner.
 2. Costs or services which cannot be directly attributed to a particular plant will be allocated and charged to each Contracting Owner by application of one or more of the allocation ratios described in paragraphs III and IV of this Exhibit A.
- II. The following ratios will be applied as specified in paragraph IV of this Appendix A to allocate costs of services that can not be attributed to a particular plant. For the first year of operation, the ratios will be determined based on historical information. Subsequently, the ratios will be based on budgeted information and trued up for actual results, or at such other time as may be required due to a significant change.

1. Number of Units

A ratio based on the number of generating units, the numerator of which is for a specific Contracting Owner and the denominator of which is for all NMC generating units.

2. Number of Plants

A ratio based on the number of plants, the numerator of which is for a specific Contracting Owner and the denominator of which is for all NMC generating plants.

3. Number of Labor Hours

A ratio based on the number of labor hours worked at each plant (this includes labor hours from NMC employees, as well as labor hours of utility employees who work at the Plant) the numerator of which is labor hours worked at Contracting Owner's Plant and the denominator of which is total hours worked for all plants operated by NMC.

4. Direct Dollars Billed

A ratio based on the number of non-fuel operating and maintenance dollars incurred at each plant, the numerator of which is non-fuel operating and maintenance dollars incurred at each plant and the denominator of which is total non-fuel operating and maintenance dollars incurred for all NMC plants.

5. Composite Allocator

One-third allocated by the Number of Units, one-third allocated by the Number of Labor Hours and one-third allocated by the Direct Dollars Billed.

- III. A description of each functional group activity which may be modified from time to time by NMC is set forth below. As described in paragraph II number 1 of this Exhibit A, where identifiable, costs will be directly charged to a particular Contracting Owner. For costs accumulated in activities, projects, programs, or work orders which are for services of a general nature or for services performed that are not directly chargeable to a particular Contracting Owner the method of allocation will be based upon the applicable allocation ratio (described in paragraph III) set forth below by functional activity.

Nuclear Support Services

Special Programs	Number of Units
Fuels	Number of Units
Outage Support	Number of Units
Security	Number of Plants
QA	Number of Plants
NRC	Number of Plants
Licensing	Number of Plants
Regulatory	Number of Plants
Training	Number of Labor Hours

Administrative Support Services

Officer	Composite Allocator
Accounting	Composite Allocator
Communications	Composite Allocator
Finance	Composite Allocator
Legal	Composite Allocator
Records Management	Composite Allocator
Risk Management	Composite Allocator

EXHIBIT A

Procurement/Warehousing
Human Resources
Information Technology
Administrative Support Services
Return on & of common investment
All other costs

Composite Allocator
Number of Labor Hours
Number of Labor Hours
Number of Labor Hours
Composite Allocator
Composite Allocator

PLANT SUPPORT SERVICES AGREEMENT

This Exhibit B relates to Paragraph 3.4 of the NPPOSA between NMC and Contracting Owner and further defines the respective commitments and responsibilities of NMC and Contracting Owner regarding the Plant switchyard, switching station, and transmission line facilities serving the Plant and the Plant Exclusion Area as defined in the Final Safety Analysis Report ("FSAR").

1.0 SWITCHYARD ACCESS

1.1 The authority of NMC, set forth in Paragraph 3.2 of the NPPOSA, to exercise complete control over access to the switchyard, other property in the vicinity of the switchyard, and the Plant Exclusion Area, includes the authority to conduct interactions with law enforcement agencies which are deemed necessary by NMC and the authority to file associated civil or criminal complaints against third parties as deemed necessary by NMC. NMC and Contracting Owner will cooperate in good faith as jointly determined appropriate to support prosecution of any such complaints.

1.2 NMC and Contracting Owner shall maintain switchyard perimeter fence gates in a locked closed condition except when attended or to allow ingress or egress. Switchyard access will be controlled in accordance with the Plant switchyard access procedures.

1.3 NMC will make routine security patrols of the switchyard.

1.4 NMC will provide appropriate security measures for the switchyard, including potential situations caused by needed maintenance, repair, or replacement of security devices or equipment.

1.5 Authorized personnel entering the switchyard for the performance of duties or activities will do so in accordance with the Plant switchyard access procedure.

1.6 Contracting Owner will not exercise their right to use the surface, subsurface, or overhead area within the switchyard or Plant Exclusion Area for any purpose without approval from NMC.

2.0 SWITCHYARD OPERATION

2.1 NMC personnel will make regular rounds of the switchyard, switching station, and transmission line facilities for which NMC is responsible, as identified in Section 3.0 of this Exhibit B, to carry out the following activities:

- a) make observations of equipment,

- b) obtain and log readings of appropriate equipment parameters,
- c) conduct other routine activities at the request of Contracting Owner, and
- d) provide Contracting Owner with appropriate reports as to the findings of these activities.

2.2 Contracting Owner will make regular rounds of the Plant switchyard, switching station, and transmission line facilities for which Contracting Owner is responsible, as identified in Section 3.0 of this Exhibit B, to carry out the following activities:

- a) make observations of equipment,
- b) obtain and log readings of appropriate equipment parameters, and
- c) provide NMC with appropriate reports as to the findings of these activities.

2.3 NMC and the Contracting Owner will operate equipment in the switchyard as follows:

- a) NMC will be the exclusive operator of the 345 KV main generator output breakers, except for maintenance activities as designated in Section 3.0 of this Exhibit B.
- b) NMC will be the exclusive operator of the High Voltage Station Auxiliary Transformers (excluding the primary disconnect and ground switch), and load side distribution equipment.
- c) Contracting Owner will normally operate (or provide for operation of) all 345 kV switchyard breakers and associated equipment, including disconnects, other than the equipment noted in Paragraphs 2.3 (a) and (b) of this Exhibit B, remotely or locally. Authorized NMC personnel will operate any such breakers or, other equipment in the switchyard, locally at Contracting Owner's request.
- d) Contracting Owner will inform NMC in advance of the operation of all switchyard breakers and disconnects to remove equipment from service.
- e) NMC will provide other operating support for the switchyard at the request of Contracting Owner.

2.4 Contracting Owner will operate switchyard equipment as necessary for maintenance to be performed in accordance with Section 3.0 of this Exhibit B, below, and may return equipment to service upon completion of maintenance, following notification to the appropriate NMC Control Room Duty Shift Superintendent.

3.0 SWITCHYARD MAINTENANCE AND ENGINEERING

3.1 Except as specified in Paragraph 3.3, NMC will have maintenance and engineering responsibility (including necessary repair or replacement, configuration control, and related engineering functions) for the Plant transformers not in the switchyard and the High Voltage Station Auxiliary Transformers and its associated load side equipment/components which are located in the switchyard.

3.2 Contracting Owner will have maintenance and engineering responsibility (including necessary repair or replacement, configuration control, and related engineering functions) for all other equipment located in the switchyard including, but not limited to:

- a) 345 kV breakers and transformers and related equipment, and
- b) manual and motorized disconnects.

3.3 Contracting Owner will be responsible for procuring, filling, analyzing and replacing transformer oil for the Plant transformers identified in Paragraph 3.1 of this Exhibit B.

3.4 Maintaining an appropriate inventory of spare parts for the equipment identified in Section 3.0 of this Exhibit B will be the responsibility of the party that is responsible for maintaining the equipment as specified in this Section. Contracting Owner will maintain inventory and spare parts for station main transformers (X-01s), station auxiliary transformers (X-03s), and unit auxiliary transformers (X-02s).

4.0 COORDINATION OF SWITCHYARD LOADING

4.1 NMC will coordinate scheduled Plant outage load reductions with Contracting Owner.

4.2 Contracting Owner will coordinate with NMC all activities which will directly affect power supply to the Plant. At a minimum, the Control Room Duty Shift Superintendent will be informed by Contracting Owner's system dispatchers or maintenance crew during the planning stage of these activities. Activities which cannot be planned in advance, and the detailed conduct of planned activities, shall be coordinated with the Control Room Duty Shift Superintendent. These activities include but are not limited to:

- a) removal from service of any transmission line terminating in the switchyard,
- b) breaker switching which can affect power supply to the Plant (i.e. switching of lines identified in Item (a) above), and

c) maintenance activities which can affect the power supply to the Plant.

5.0 REVIEW AND APPROVAL OF CHANGES OR TESTS

5.1 Contracting Owner will obtain NMC review and approval of procedure changes, design changes, tests or changes in the conduct of other activities which might affect compliance with the Operating License regulatory requirements, the FSAR and/or commitments involving the switchyard and associated transmission lines and equipment which could affect off-site power supply to the Plant prior to implementing such changes or commencing such tests. These activities will include, as a minimum, any design changes or tests that could affect the grid stability analysis performed for the Plant.

5.2 NMC will review these proposed changes and tests in accordance with applicable commitments and regulatory requirements and will obtain prior NRC approval if required.

6.0 ASSURED SOURCE OF SUPPLY

Contracting Owner agrees to provide the Plant with an assured source of offsite power in accordance with procedures to be agreed upon, from time to time, by the parties. These procedures will include, but not be limited to, voltage limits during normal and switching operations, minimum interconnection requirements for the switchyard, and other stability considerations. Contracting Owner recognizes that it must respond to the critical need to provide power to the Plant in an emergency and will ensure that procedures are promulgated, and training conducted, to make their maintenance and dispatch personnel aware of such need.

7.0 TRAINING

7.1 NMC will provide regular training (on a schedule jointly agreed to by Contracting Owner and NMC) to Contracting Owner's dispatcher and maintenance personnel to explain the critical need for power at the Plant during emergencies, the regulatory requirements associated with the Plant power supply, switchyard security and access controls, and associated procedures.

7.2 Contracting Owner will make appropriate dispatcher and maintenance personnel available to receive the training discussed in Paragraph 7.1 of this Exhibit B.

8.0 GENERAL SUPPORT

In accordance with Section 3.3 of the NPPOSA, Contracting Owner agrees to provide personnel, supplies, and services, subject to their reasonable availability, as required by

NMC in order to conduct safe, economic and efficient Operations at the Plant and to otherwise carry out its responsibilities under the NPPOSA. Such services and assistance will be provided as requested by NMC and agreed to in writing by Contracting Owner and may include services relating to engineering, communications, transportation, accounting, payroll and personnel assistance, environmental, land management of the site and surrounding property, and other services as necessary to Operate the Plant.

9.0 GENERAL

This Exhibit B is intended to supplement the NPPOSA. Prior to any changes being made to this Exhibit B, NMC will review the proposed change to assure that it is in compliance with its Operating License licensing commitments and regulatory requirements applicable to the Plant. If regulatory approval is needed, NMC will obtain that approval prior to the changes being made.

EMERGENCY SERVICES AGREEMENT

This Exhibit C relates to Paragraph 3.4 of the NPPOSA between NMC and Contracting Owner.

1.0 EMERGENCY PLANNING EQUIPMENT AND FACILITIES

1.1 Access. Paragraph 3.2 of the NPPOSA grants NMC unrestricted access to equipment and facilities located at the Plant site including, without limitation, equipment and facilities relied on to execute the Plant Emergency Plan.

1.2 Inventory. An inventory of the specific off-site equipment and facilities, which will be made available to NMC shall be provided by Contracting Owner and maintained by NMC's Manager of Emergency Planning. The inventory may be revised as necessary to reflect changes in the needs of the Plant Emergency Plan or changes in the availability of the equipment and facilities. Such revisions shall only be made with the written concurrence of NMC and Contracting Owner.

1.3 Connections to Offsite Services. Contracting Owner shall provide, and maintain in good working order, connections from the emergency facilities to offsite services including but not limited to, electrical power, water, sewer, gas, telephone and microwave communication services.

1.4 Alternate Facilities. Contracting Owner shall provide access to suitable alternate emergency facilities should the primary emergency facilities require evacuation due to post accident environmental conditions.

2.0 CONTRACTING OWNER PERSONNEL SUPPORTING THE PLANT EMERGENCY PLAN

2.1 Personnel Support. Contracting Owner will provide personnel to support the Plant Emergency Plan, including, without limitation, appropriate personnel to staff the Joint Public Information Center and the Alternate EOF. These personnel shall also be provided by Contracting Owner upon request from NMC to support emergency training exercises and emergency drills for the Plant and on a first priority basis for an actual emergency.

2.2 Personnel Roster. A roster of the specific Contracting Owner personnel that will provide the support described in Paragraph 2.1, above, shall be provided by Contracting Owner and maintained by NMC Manager of Emergency Planning. The roster may be revised as necessary to reflect changes in the needs of the Plant Emergency Plan or changes in the availability of personnel. Such revisions shall only be made with the written concurrence of NMC and Contracting Owner.

3.0 GENERAL

This Exhibit C is intended to supplement the NPPOSA. Prior to any changes being made to this Exhibit C, NMC will review the proposed change to assure that it is in compliance with its licensing commitments and regulatory requirements applicable to the Plant. If regulatory approval is needed, NMC will obtain that approval prior to the changes being made.

LIST OF APPLICABLE CONTRACTING OWNER POLICIES

This Exhibit D relates to Paragraph 2.1.d of the Nuclear Power Plant Operating Services Agreement (NPPOSA) between NMC and Wisconsin Electric Power Company and further defines the respective commitments and responsibilities of NMC regarding compliance with Wisconsin Electric Power Company's Policies. It is anticipated that from time to time, NMC may develop its own policies covering one or more of the topics addressed by the policies listed below. In such event, and subject to Wisconsin Electric Power Company approval, the NMC policy shall replace and supercede the applicable Wisconsin Electric policy listed below.

1. Wisconsin Electric Power Company Human Resources Department Policy # 147. "Alcohol and Other Drug Use." October 1998
2. Wisconsin Electric Power Company Human Resources Department Policy # 67. "Consumption of Alcohol." March 1999.
3. Wisconsin Electric Power Company Human Resources Department Policy # 176. "Smoke-Free Workplace Policy." March 1999.
4. Wisconsin Electric Power Company Human Resources Department Policy # 171. "Equal Employment Opportunity Policy." March 1999.
5. Wisconsin Electric Power Company Human Resources Department Policy # 174. "No Harassment Policy." March 1999.
6. Wisconsin Energy Corporation Diversity Mission Statement.
7. Wisconsin Electric Power Company Policy Memorandum #13. "Safety and Health." January 1998.
8. Wisconsin Electric Power Company. "Contractor Safety & Health Policy." June 1998.
9. Wisconsin Electric Power Company's Environmental Commitment Statement.
10. Wisconsin Electric Power Company Nuclear Power Business Unit. Procedure NP 1.7.5. "Fitness for Duty Policy and Procedure." August 1999.
11. Wisconsin Electric Power Company Nuclear Power Business Unit. Procedure NP 1.7.2. "Regulatory Access Authorization Requirements." September 1999.
12. Wisconsin Electric Power Company Nuclear Power Business Unit. Procedure AM 2-13. "Employee Concern Policy." April 1998.

EXHIBIT D

- 13. Wisconsin Electric Power Company's Electronic Communications/Internet Policy.**
- 14. Wisconsin Electric Power Company Nuclear Power Business Unit.
Procedure AM 1-1. "Nuclear Safety Policy." December 1998.**

VARIOUS EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES, IF ANY

1. Pursuant to Section 10.1(d), NMC states that, prior to the Agreement becoming effective, approval of the Agreement is required from the Public Service Commission of Wisconsin, pursuant to Sections 196.52 and 196.795, Wis. Stats., and the approval of the Application is required from the NRC.
2. Pursuant to Section 10.2(d), Contracting Owner states that, prior to the Agreement becoming effective, approval of the Agreement is required from the Public Service Commission of Wisconsin, pursuant to Sections 196.52 and 196.795, Wis. Stats., and the approval of the Application is required from the NRC.