

For the Nuclear Regulatory Commission.
Brian W. Sheron,
Acting Director, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

In the Matter of Northern States Power Company (Prairie Island Nuclear Generating Plant, Units 1 and 2, and Prairie Island Independent Spent Fuel Storage Installation); Order Approving Transfer of Licenses and Conforming Amendments

[Docket Nos. 50-282, 50-306, 72-10, License No. DPR-42, License No. DPR-60, License No. SNM-2506]

I.

Northern States Power Company (NSP or the licensee) is the holder of Facility Operating Licenses Nos. DPR-42 and DPR-60, which authorize operation of Prairie Island Nuclear Generating Plant, Units 1 and 2 (Prairie Island or the facility), and Materials License No. SNM-2506, which authorizes operation of the Prairie Island Independent Spent Fuel Storage Installation (Prairie Island ISFSI). The facilities are located at the licensee's site in Goodhue County, Minnesota. The operating licenses authorize NSP to possess, use, and operate Prairie Island. The materials license authorizes NSP to receive, acquire, and possess power reactor spent fuel at the Prairie Island ISFSI.

II.

By application dated October 29, 1999, as supplemented March 14 and April 25, 2000, the Commission was informed that NSP entered into an agreement on March 24, 1999, to merge with New Century Energies, Inc. (NCE). The initial application and the supplements are hereinafter collectively referred to as "the application," unless otherwise indicated. Under the proposed transaction, NCE will be merged with and into NSP, which will be renamed Xcel Energy, Inc. (Xcel). At the time of the merger, NSP will transfer all of its existing electric and natural gas utility facilities and operations currently conducted directly by NSP to a newly formed utility operating company subsidiary (referred to herein as "New NSP") of Xcel. The licensee requested approval of the proposed transfer of the Prairie Island facility operating licenses and the Prairie Island ISFSI materials license to New NSP. The application also requested conforming amendments to reflect the transfer. The proposed

amendments would add a footnote to the licenses to reflect the transfer from NSP to New NSP, which will be known as Northern States Power Company, the same name now used by NSP.

According to the application for approval filed by NSP, the facility and the Prairie Island ISFSI would be transferred to New NSP following approval of the proposed license transfers, and New NSP would become responsible for the operation, maintenance, and eventual decommissioning of Prairie Island and the Prairie Island ISFSI. No physical changes to the facilities or operational changes were proposed in the application.

Approval of the transfer of the facility operating licenses and conforming license amendments was requested by NSP pursuant to 10 CFR 50.80 and 50.90, and approval of the transfer of the materials license and conforming amendment was requested by NSP pursuant to 10 CFR 72.50 and 72.56. Notice of the application for approval and an opportunity for a hearing was published in the **Federal Register** on February 10, 2000 (65 FR 6642). Pursuant to such notice, Carol Overland, an individual, and North American Water Office, an environmental organization, filed hearing requests. The Commission presently has the matter under consideration.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Pursuant to 10 CFR 72.50, no license shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission gives its consent in writing. Upon review of the information in the application by NSP, and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that New NSP is qualified to hold the licenses, and that the transfer of the licenses to New NSP is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter 1; the facility and the Prairie Island ISFSI will operate in conformity with the application, the provisions of the

Act and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendments can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendments will not be inimical to the common defense and security or the health and safety of the public; and the issuance of the proposed amendments will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied. The foregoing findings are supported by a safety evaluation dated .

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2201(b), 2201(i), 2201(o), and 2234, and 10 CFR 50.80 and 10 CFR 72.50, *It Is Hereby Ordered* that the transfer of the licenses, as described herein, to New NSP is approved, subject to the following conditions:

(1) New NSP shall, prior to completion of the subject transfers, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that New NSP has obtained the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations.

(2) New NSP shall provide the Director of the Office of Nuclear Reactor Regulation and the Director of the Office of Nuclear Materials Safety and Safeguards a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from New NSP to its parent, Xcel Energy, Inc., or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding 10 percent (10%) of New NSP's consolidated net utility plant, as recorded on its books of account.

(3) After receipt of all required regulatory approvals of the transfer of Prairie Island and the Prairie Island ISFSI to New NSP, NSP shall inform the Director of the Office of Nuclear Reactor Regulation and the Director of the Office of Nuclear Material Safety and Safeguards, in writing of such receipt within 5 business days, and of the date of the closing of the transfer of Prairie Island and the Prairie Island ISFSI no later than 7 business days prior to the date of closing. If the transfer of the licenses is not completed by April 1, 2001, this Order shall become null and

void, provided, however, upon written application and for good cause shown, such date may in writing be extended.

It Is Further Ordered that, consistent with 10 CFR 2.1315(b), license amendments that make changes, as indicated in Enclosure 2 to the cover letter forwarding this Order, to conform the licenses to reflect the subject license transfers are approved. The amendments shall be issued and made effective at the time the proposed license transfers are completed.

This Order is effective upon issuance.

For further details with respect to this action, see the initial application dated October 29, 1999, supplements dated March 14 and April 25, 2000, and the safety evaluation dated May 12, 2000, which are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW., Washington, DC, and accessible electronically through the ADAMS Public Electronic Reading Room link at the NRC Web site (<http://www.nrc.gov>).

Dated at Rockville, Maryland, this 12th day of May 2000.

For the Nuclear Regulatory Commission.

Brian W. Sheron,

Acting Director, Office of Nuclear Reactor Regulation.

William F. Kane,

Director, Office of Nuclear Material Safety and Safeguards.

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NUCLEAR REGULATORY COMMISSION

Northern States Power Company (Monticello Nuclear Generating Plant, Unit No. 1); Order Approving Transfer of Operating Authority and Conforming Amendment

[Docket No. 50-263; License No. DPR-22]

I.

Northern States Power Company (NSP or the licensee) is the holder of Facility Operating License No. DPR-22, which authorizes operation of Monticello Nuclear Generating Plant, Unit No. 1 (Monticello or the facility). The facility is located in Wright County at the licensee's site in Wright and Sherburne Counties, Minnesota. The license authorizes NSP to possess, use, and operate Monticello.

II.

By application dated November 24, 1999, as supplemented February 2, 2000, NSP informed the Commission that NSP entered into operating service

agreements with Nuclear Management Company, LLC (NMC). The initial application and the supplement are hereinafter collectively referred to as "the application," unless otherwise indicated. Under the proposed transaction, NMC will be designated as the exclusive licensee authorized to use and operate Monticello in accordance with the terms and conditions of the license. The transaction involves no change in plant ownership. The licensee requested approval of the proposed transfer of operating authority under the Monticello facility operating license to NMC. The application also requested a conforming amendment to reflect the transfer. The proposed amendment would add NMC to the license as the licensee authorized to use and operate Monticello and delete references to NSP as the operator.

According to the application for approval filed by NSP, NMC would become the licensee authorized to use and operate Monticello following approval of the proposed license transfer. NMC will assume exclusive responsibility for the operation and maintenance of Monticello. Ownership of Monticello will not be affected by the proposed transfer of operating authority. NSP will retain its current ownership interest. NMC will not own any portion of Monticello. Likewise, NSP's entitlement to capacity and energy from Monticello will not be affected by the transfer of operating authority. No physical changes to the Monticello facility were proposed in the application.

Approval of the transfer of operating authority under the facility operating license and conforming license amendment was requested by NSP pursuant to 10 CFR 50.80 and 50.90. Notice of the application for approval and an opportunity for a hearing was published in the **Federal Register** on February 15, 2000 (65 FR 7574). Pursuant to such notice, Carol Overland, an individual, and North American Water Office, an environmental organization, filed hearing requests. The Commission presently has the matter under consideration.

Pursuant to 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the Commission shall give its consent in writing. Upon review of the information in the application by NSP, and other information before the Commission, and relying upon the representations and agreements contained in the application, the NRC staff has determined that NMC is qualified to hold the operating authority

under the license, and that the transfer of the operating authority under the license to NMC is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below. The NRC staff has further found that the application for the proposed license amendment complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter 1; the facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission; there is reasonable assurance that the activities authorized by the proposed license amendment can be conducted without endangering the health and safety of the public and that such activities will be conducted in compliance with the Commission's regulations; the issuance of the proposed license amendment will not be inimical to the common defense and security or the health and safety of the public; and the issuance of the proposed amendment will be in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied. The foregoing findings are supported by a safety evaluation dated .

III.

Accordingly, pursuant to Sections 161b, 161i, and 184 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2201(b), 2201(i), and 2234, and 10 CFR 50.80, *It Is Hereby Ordered* that the transfer of operating authority under the license, as described herein, to NMC is approved, subject to the following conditions:

(1) After receipt of all required regulatory approvals of the transfer of operating authority to NMC, NSP and NMC shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt within 5 business days, and of the date of the closing of the transfer of Monticello no later than 7 business days prior to the date of closing. If the transfer is not completed by April 1, 2001, this Order shall become null and void, provided, however, upon written application and for good cause shown, such date may in writing be extended.

(2) NMC shall, prior to completion of the transfer of operating authority for Monticello, provide the Director of the Office of Nuclear Reactor Regulation satisfactory documentary evidence that NMC has obtained the appropriate amount of insurance required of