

possession, use, and operation of the Braidwood Station, Units 1 and 2 (the facility). The facility is located at the licensee's site in Will County, Illinois.

## II

By application dated July 7, 2000, ComEd requested approval of the proposed indirect transfer of the facility operating licenses to the extent now held by ComEd to Exelon Corporation, to be formed in connection with the proposed merger of Unicom Corporation (Unicom), the parent of ComEd, and PECO Energy Company (PECO). Supplemental information was provided by letters dated July 13 and September 1, 2000. Hereinafter, the July 7, 2000, application and supplemental information will be referred to collectively as the "application."

Under the proposed merger, ComEd will become a direct or indirect subsidiary of Exelon Corporation. The merger was previously the subject of an order dated August 3, 2000, by which the U.S. Nuclear Regulatory Commission approved the transfer of the Braidwood licenses to Exelon Generation Company, LLC (EGC). EGC will be formed in connection with the merger as an indirect subsidiary of Exelon Corporation to acquire the generating assets of PECO and ComEd. The August 3, 2000, order effectively allows ComEd's Braidwood assets to be transferred to EGC. According to the application here, the transfer of these assets may be delayed beyond the closing of the merger. During this interim period, Exelon Corporation would be the direct parent of ComEd as ComEd continues to hold the Braidwood and other generating assets pending the receipt of necessary approvals to allow the generating assets to be transferred to EGC. Specifically, ComEd would continue to be the sole owner and operator of Braidwood, Units 1 and 2.

By a separate application dated July 7, 2000, PECO requested approval of the indirect transfer of the facility operating licenses that it holds to Exelon Corporation, which would occur under circumstances similar to the above for ComEd. That application is being addressed separately.

Approval of the indirect transfer of the facility operating licenses was requested by ComEd pursuant to 10 CFR 50.80. Notice of the request for approval and an opportunity for a hearing was published in the **Federal Register** on August 31, 2000 (65 FR 53042). The Commission received no comments or requests for hearing pursuant to such notice.

Under 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 ComEd, and other information before the Commission, the NRC staff has determined that the proposed corporate restructuring under which Exelon Corporation will become the parent of ComEd will not affect the qualifications of ComEd as holder of the licenses described above, and that the indirect transfer of the licenses, to the extent effected by the proposed corporate restructuring, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below.

The findings set forth above, are supported by a safety evaluation dated October 5, 2000.

## 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, *It Is Hereby Ordered* that the application regarding the indirect license transfers related to the proposed corporate restructuring is approved, subject to the following conditions:

(1) ComEd shall provide the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from ComEd to its proposed parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of ComEd's consolidated net utility plant, as recorded on ComEd's books of account, provided, however, this condition shall apply only for so long as ComEd holds a license issued pursuant to 10 CFR Part 50.

(2) Should the proposed merger and restructuring not be completed by October 5, 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.

This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated July 7, 2000, and supplemental submittals dated July 13 and September 1, 2000, and the safety evaluation dated October 5, 2000, which are available for public inspection at the Commission's Public Document located at One White Flint North, 11555 Rockville Pike (first floor), Rockville, Maryland, 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 5th day of October 2000.

For the Nuclear Regulatory Commission.

**Samuel J. Collins,**

*Director, Office of Nuclear Reactor Regulation.*

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## NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-266 and 50-301]

### In the Matter of Nuclear Management Company, LLC (Point Beach Nuclear Plant, Units 1 and 2); Exemption

## I

The Nuclear Management Company, LLC (the licensee) is the holder of Facility Operating License Nos. DPR-24 and DPR-27, which authorize operation of the Point Beach Nuclear Plant (PBNP), Units 1 and 2. The licenses provide, among other things, that PBNP is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (the Commission) now or hereafter in effect.

The facility consists of two pressurized-water reactors (Units 1 and 2) located on the licensee's Point Beach site in Two Rivers, Wisconsin. This exemption refers to both units.

## II

Title 10 of the Code of Federal Regulations (10 CFR), Section 50.60, and 10 CFR Part 50, require that pressure-temperature (P-T) limits be established for reactor pressure vessels (RPVs) during normal operating and hydrostatic or leak rate testing conditions. Specifically, 10 CFR Part 50, Appendix G, states that "The appropriate requirements on both the pressure-temperature limits and the minimum permissible temperature must be met for all conditions." Appendix G of 10 CFR Part 50 specifies that the requirements for these limits are the American Society of Mechanical Engineers Code (ASME Code), Section XI, Appendix G, limits.

By letter dated July 14, 2000, the licensee submitted a request for exemption from the requirements of 10 CFR 50.60 and Appendix G to Part 50, to allow the use of ASME Code, Section XI, Code Case N-641, for PBNP, Units 1 and 2. Code Case N-641 combines former Code Cases N-514, N-588, and N-640, and provides guidelines for the

appropriate use of the three former Code Cases in combination.

Code Case N-641, similar to former Code Case N-588, permits the postulation of a circumferentially oriented flaw (in lieu of an axially oriented flaw) for the evaluation of the circumferential welds in RPV P-T limit curves. Also, Code Case N-641, similar to former Code Case N-640, permits the use of an alternate reference fracture toughness ( $K_{Ia}$  fracture toughness curve instead of  $K_{Ic}$  fracture toughness curve) for reactor vessel materials in determining the P-T limits. Since the pressure stresses on a circumferentially oriented flaw are lower than the pressure stresses on an axially oriented flaw by a factor of 2, postulating a circumferentially oriented flaw for the evaluation of the circumferential welds (as permitted by Code Case N-641) in establishing the P-T limits would be less conservative than the methodology currently endorsed by 10 CFR Part 50, Appendix G. Further, since the  $K_{Ic}$  fracture toughness curve shown in ASME Code, Section XI, Appendix A, Figure A-2200-1, provides greater allowable fracture toughness than the corresponding  $K_{Ia}$  fracture toughness curve of ASME Code, Section XI, Appendix G, Figure G-2210-1, using the  $K_{Ic}$  fracture toughness (as permitted by Code Case N-641) in establishing the P-T limits would be less conservative than the methodology currently endorsed by 10 CFR Part 50, Appendix G. Considering both, an exemption to apply Code Case N-641 would be required by 10 CFR 50.60.

*Postulation of Circumferential Flaws in Circumferential Welds (formerly Code Case N-588)*

The licensee proposed to revise the P-T limits in the pressure-temperature limits report (PTLR) for PBNP, Units 1 and 2, using the postulation of a circumferentially oriented reference flaw as the limiting flaw in an RPV circumferential weld in lieu of an axially oriented flaw required by the 1995 edition (1996 addenda) of ASME Code, Section XI, Appendix G.

Postulating the Appendix G reference flaw (an axially oriented flaw) in a circumferential weld is physically unrealistic and overly conservative because the length of the flaw is 1.5 times the vessel's thickness, which is much longer than the width of the reactor vessel girth weld. Industry experience with the repair of weld indications found during preservice inspections, and data taken from destructive examinations of actual vessel welds, confirms that all detected flaws are small, laminar in nature, and

do not transverse the weld bead orientation. Therefore, any potential defects introduced during the fabrication process that are not detected during subsequent nondestructive examinations would only be expected to be oriented in the direction of weld fabrication. For circumferential welds, this indicates a postulated defect with a circumferential orientation.

An analysis provided to the ASME Code's Working Group on Operating Plant Criteria (WGOPC) (in which the former Code Case N-588 was developed) indicated that if an axial flaw is postulated on a circumferential weld, then based on the stress magnification factors ( $M_m$ ) given in the Code Case for the inside diameter circumferential (0.443) and axial (0.926) flaw orientations, it is equivalent to applying a safety factor of 4.18 on the pressure loading under normal operating conditions. Appendix G requires a safety factor of 2 on the contribution of the pressure load in the case of an axially oriented flaw in an axial weld, shell plate, or forging. By postulating a circumferentially oriented flaw on a circumferential weld and using the appropriate stress magnification factor, the margin of 2 is maintained for the contribution of the pressure load to the integrity calculation of the circumferential weld. Consequently, the staff determined that the postulation of an axially oriented flaw on a circumferential RPV weld is a level of conservatism that is not required to establish P-T limits to protect the RCS pressure boundary from failure during hydrostatic testing, heatup, and cooldown.

The staff also noted that former Code Case N-588 includes a revised methodology for determining the thermal stress intensity,  $K_{IT}$ , which was later incorporated into Section XI of the 1995 edition (1996 addenda) of the ASME Code. The licensee used this methodology to calculate  $K_{IT}$ .

In summary, the ASME Code, Section XI, Appendix G, procedure was developed for axially oriented flaws, which is physically unrealistic and overly conservative for postulating flaws of this orientation to exist in circumferential welds. Hence, the NRC staff agrees that relaxation of the requirements of ASME Code, Section XI, Appendix G, by postulating a circumferentially oriented flaw for the evaluation of the circumferential welds (as permitted by Code Case N-641) is acceptable and would maintain, pursuant to 10 CFR 50.12(a)(2)(ii), the underlying purpose of the ASME Code and the NRC regulations to ensure an acceptable margin of safety.

*Using the  $K_{Ic}$  Fracture Toughness Curve (formerly Case N-640)*

The licensee proposed to revise the P-T limits in the PTLR for PBNP, Units 1 and 2, using the  $K_{Ic}$  fracture toughness curve in lieu of the  $K_{Ia}$  fracture toughness curve as the lower bound for fracture toughness.

Use of the  $K_{Ic}$  curve in determining the lower bound fracture toughness in the development of the P-T operating limits curve is more technically correct than the  $K_{Ia}$  curve since the rate of loading during a heatup or cooldown is slow and is more representative of a static condition than a dynamic condition. The  $K_{Ic}$  curve appropriately implements the use of static initiation fracture toughness behavior to evaluate the controlled heatup and cooldown process of a reactor vessel. The staff has required use of the initial conservatism of the  $K_{Ia}$  curve since 1974, when the curve was codified. This initial conservatism was necessary due to the limited knowledge of RPV materials. Since 1974, additional knowledge has been gained about RPV materials, which demonstrates that the lower bound on fracture toughness provided by the  $K_{Ia}$  curve is well beyond the margin of safety required to protect the public health and safety from potential RPV failure. In addition, P-T curves based on the  $K_{Ic}$  curve will enhance overall plant safety by opening the P-T operating window with the greatest safety benefit in the region of low temperature operations.

In summary, the ASME Code, Section XI, Appendix G, procedure was conservatively developed based on the level of knowledge existing in 1974 concerning RPV materials and the estimated effects of operation. Since 1974, the level of knowledge about these topics has been greatly expanded. The NRC staff agrees that this increased knowledge permits relaxation of the requirements of ASME Code, Section XI, Appendix G, by applying the  $K_{Ic}$  fracture toughness (as permitted by Code Case N-641) while maintaining, pursuant to 10 CFR 50.12(a)(2)(ii), the underlying purpose of the ASME Code and the NRC regulations to ensure an acceptable margin of safety.

### III

Pursuant to 10 CFR 50.12, the Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of 10 CFR Part 50 when (1) the exemptions are authorized by law, will not present an undue risk to public health or safety, and are consistent with the common defense and security; and

(2) when special circumstances are present. The staff accepts the licensee's determination that an exemption from 10 CFR 50.60 and Appendix G to Part 50 would be required to approve the use of Code Case N-641. The staff examined the licensee's rationale to support the exemption request and agrees that the use of Code Case N-641 would meet the underlying intent of these regulations. Based upon a consideration of the conservatism that is explicitly incorporated into the methodologies of (1) 10 CFR Part 50, Appendix G, (2) Appendix G of the ASME Code, and (3) Regulatory Guide 1.99, Revision 2, the staff concludes that application of Code Case N-641, as described above, would provide an adequate margin of safety against brittle failure of the RPV. This is also consistent with the determination that the staff has reached for other licensees under similar conditions based on the same considerations. Therefore, the staff concludes that requesting exemption under the special circumstances of 10 CFR 50.12(a)(2)(ii) is appropriate and that the methodology of Code Case N-641 may be used to revise the P-T limits in the current and the proposed TSs for PBNP, Units 1 and 2.

#### IV

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12(a), the exemption is authorized by law, will not endanger life or property or common defense and security, and is, otherwise, in the public interest. Therefore, the Commission hereby grants the licensee an exemption from the requirements of 10 CFR 50.60(a), and 10 CFR Part 50, Appendix G, for PBNP, Units 1 and 2.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment (65 FR 59472).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 6th day of October 2000.

For the Nuclear Regulatory Commission.

**Suzanne C. Black,**

*Deputy Director Division of Licensing Project Management, Office of Nuclear Reactor Regulation.*

[FR Doc. 00-26472 Filed 10-13-00; 8:45 am]

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## NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-352, 50-353]

### In the Matter of PECO Energy Company (Limerick Generating Station, Units 1 and 2) Order Approving Application Regarding Proposed Corporate Restructuring

#### I

PECO Energy Company (PECO, the licensee) is the holder of Facility Operating Licenses Nos. NPF-39 and NPF-85, which authorize the possession, use, and operation of the Limerick Generating Station (Limerick), Units 1 and 2 (the facility). The facility is located at the licensee's site in Montgomery County, Pennsylvania.

#### II

By application dated July 7, 2000, PECO requested approval of the proposed indirect transfer of the facility operating licenses to Exelon Corporation, to be formed in connection with the proposed merger of Unicom Corporation (Unicom), the parent of Commonwealth Edison Company and PECO. Supplemental information was provided by submittals dated July 13 and September 1, 2000. Hereinafter, the July 7, 2000, application and supplemental information will be referred to collectively as the "application."

Under the proposed merger, PECO will become a direct or indirect subsidiary of Exelon Corporation. The merger was previously the subject of an order dated August 3, 2000, by which the U. S. Nuclear Regulatory Commission approved the direct transfer of the Limerick licenses to Exelon Generation Company, LLC (EGC). EGC will be formed in connection with the merger as an indirect subsidiary of Exelon Corporation to acquire the generating assets of PECO and Commonwealth Edison Company. The August 3, 2000, order effectively allows PECO's Limerick assets to be transferred to EGC. According to the application here, the transfer of these assets may be delayed beyond the closing of the merger. During this interim period, Exelon Corporation would be the direct parent of PECO as PECO continues to hold the Limerick and other generating assets pending the receipt of necessary approvals to allow the generating assets to be transferred to EGC. Specifically, PECO would continue to be the sole owner and operator of Limerick, Units 1 and 2.

By a separate application dated July 7, 2000, Commonwealth Edison Company requested approval of the indirect transfer of the facility operating licenses that it holds to Exelon Corporation, which would occur under circumstances similar to the above for PECO. That application is being addressed separately.

Approval of the indirect transfer of the facility operating licenses was requested by PECO pursuant to 10 CFR 50.80. Notice of the request for approval and an opportunity for a hearing was published in the **Federal Register** on August 31, 2000 (65 FR 53045). The Commission received no comments or requests for hearing pursuant to such notice.

Under 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 PECO, and other information before the Commission, the NRC staff has determined that the proposed corporate restructuring under which Exelon Corporation will become the parent of PECO will not affect the qualifications of PECO as holder of the licenses described above, and that the indirect transfer of the licenses, to the extent effected by the proposed corporate restructuring, is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission, subject to the conditions set forth below.

The findings set forth above are supported by a safety evaluation dated October 5, 2000.

#### III

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended, 42 USC 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, *It Is Hereby Ordered* that the application regarding the indirect license transfers related to the proposed corporate restructuring is approved, subject to the following conditions:

(1) PECO shall provide the Director of the Office of Nuclear Reactor Regulation a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from PECO to its proposed parent, or to any other affiliated company, facilities for the production, transmission, or distribution of electric energy having a depreciated book value exceeding ten percent (10%) of PECO's consolidated net utility plant, as recorded on PECO's books of account, provided, however, this condition shall apply only for so long as PECO holds a license issued pursuant to 10 CFR Part 50.