The Commission will issue a notice or order granting or denying a hearing request or intervention petition, designating the issues for any hearing that will be held and designating the Presiding Officer. A notice granting a hearing will be published in the **Federal Register** and served on the parties to the hearing.

As an alternative to requests for hearing and petitions to intervene, by May 8, 2000, persons may submit written comments regarding the license transfer application, as provided for in 10 CFR 2.1305. The Commission will consider and, if appropriate, respond to these comments, but such comments will not otherwise constitute part of the decisional record. Comments should be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemakings and Adjudications Staff, and should cite the publication date and page number of this **Federal Register** notice.

For further details with respect to this action, see the application dated January 13, 2000, which is 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 Website (http://www.NRC.gov).

Dated at Rockville, Maryland this 3rd day of April 2000.

For the Nuclear Regulatory Commission.

Jefferey F. Harold,

Project Manager, Section 1, Project Directorate I, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket No. 50–255]

Consumers Energy Company (Palisades Plant); Exemption

I

Consumers Energy Company (the licensee) is the holder of Facility Operating License No. DPR–20, which authorizes operation of the Palisades Plant. The facility consists of a pressurized-water reactor at the licensee's site located in Van Buren County, Michigan. The license provides that the licensee is subject to all rules, regulations, and orders of the U.S. Nuclear Regulatory Commission (the Commission) now or hereafter in effect.

II

The Code of Federal Regulations, 10 CFR part 50, appendix R, ''Fire Protection Program For Nuclear Power Facilities Operating Prior To January 1, 1979,'' Section III.O, ''Oil Collection System for Reactor Coolant Pump,'' requires that primary coolant pumps be equipped with oil collection systems (if the containment is not inerted during normal operation) capable of collecting lube oil from potential leakage sites in the primary coolant pump lube oil systems. Section III.O includes a specific requirement regarding the capacity of the lube oil collection container: ''Leakage shall be collected and drained to a vented closed container that can hold the entire lube oil system inventory.'' The underlying purpose of Section III.O requirements is to provide reasonable assurance that leakage from primary coolant pump lube oil systems will not lead to a fire that could damage safety-related equipment during normal or design-basis accident conditions.

Pursuant to 10 CFR 50.12(a), the Commission may grant exemptions from requirements of 10 CFR Part 50 that are authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security, provided that special circumstances are present. Pursuant to 10 CFR 50.12(a)(2)(ii), special circumstances are present whenever ''application of the regulation in the particular circumstances * * * is not necessary to achieve the underlying purpose of the rule.''

III

The Palisades Plant consists of a two-loop, pressurized water reactor with two primary coolant pumps returning flow from each of the two steam generators to the reactor core. Each of the four primary coolant pumps is powered by a vertical shaft motor with upper and lower bearing assemblies. Each bearing assembly has its own separate lubrication system consisting of an oil reservoir and associated piping. The upper reservoir for each pump motor could contain up to 87 gallons of lube oil, of which 76 gallons would be in the oil reservoir and 11 gallons in the associated piping systems (including lift and backstop pumps and their respective oil coolers). The nominal volume of the lower reservoir is 18 gallons, with no significant volume in the associated piping. Thus, the total inventory of lube oil that each primary coolant pump motor could contain is 105 gallons.

Each of the four primary coolant pump motors has a separate closed and vented oil collection tank to collect oil leakage. Each of the oil collection tanks for the motors of primary coolant pumps P–50A, P–50B, and P–50C has a usable capacity of 79 gallons, which is insufficient (by 26 gallons) to contain the entire lube oil inventory of the pump motor. There is reasonable assurance that the oil collection systems would withstand a safe shutdown earthquake.

Operating procedures and practices at the Palisades Plant are such that oil spillage due to overflowing an existing collection tank is unlikely. The operating levels in the upper and lower lubricating oil reservoirs must be maintained above a minimum level to keep the bearings properly lubricated during motor operation. The operating level for the upper reservoir is about 20 gallons and the operating level for the lower reservoir is about 5 gallons. Any significant leakage or change in leakage trends would be identified through regular monitoring by control room operators and by oil level alarms. The operators would shut down a primary coolant pump if oil leakage caused either reservoir to reach an operating level low enough to threaten motor bearing damage, or if the lubricating oil level dropped at a rate that would cause concern about safe pump operation. Stopping the pump (and its oil lift pump) would depressurize the leaking lubricating oil system. The cause of the oil leakage would be investigated and repaired, and the collection tank would be pumped out before returning the pump to operation. Stopping a primary coolant pump during reactor operation would result in an immediate reactor shutdown.

In the unlikely event that operators allowed leakage in a primary coolant pump motor's upper oil system to drain the entire system without taking action to stop the pump, approximately 8 gallons of oil could overflow the oil collection tank onto the floor in containment. Approximately 26 gallons could overflow onto the floor in the less likely event that both the upper and lower oil systems were to develop gross leakage simultaneously with no operator action.

Lubricating oil that might overflow an oil collection tank would flow down to lower floor elevations and eventually into the containment sump. The motor oil has a flash point of over 400 °F and the containment atmosphere is nominally 80 °F to 100 °F when the primary coolant pumps are in operation. The oil would not come into contact with any hot pipes, hot equipment

surfaces, or electrical ignition sources in the tank areas or in the flow paths to the sump. Thus, the oil would not become a fire hazard and would drain to a safe location.

By its response to Question 6.2 of Generic Letter 86–10, ''Implementation of Fire Protection Requirements,'' the NRC staff has previously addressed the use of splash shields and the containment sump for the collection tank volume. The NRC staff concluded that, although an exemption would be required, it would be acceptable if the collected overflow of lube oil drained to the sump, and there were no sources of ignition in the area. The NRC staff finds that the exemption requested for the Palisades Plant meets the guidelines for an acceptable exemption as addressed by the NRC staff in Generic Letter 86–10.

Accordingly, the usable capacity of the existing lube oil collection tanks for the motors of primary coolant pumps P–50A, P–50B, and P–50C, in conjunction with the low risk associated with minor amounts of potential oil overflow to the containment sump, which would not lead to a fire, satisfies the underlying purpose of Section III.O of Appendix R to 10 CFR 50.

IV

Pursuant to 10 CFR 50.12(a), the Commission has determined that special circumstances exist at the Palisades Plant in that application of the regulation regarding the capacity of lube oil collection containers is not necessary to achieve the underlying purpose of that requirement in Appendix R to 10 CFR part 50. The Commission has also determined that this exemption is authorized by law, will not present an undue risk to public health and safety, and is consistent with the common defense and security. Therefore, the Commission hereby grants the licensee an exemption from the requirements of Section III.O of Appendix R to 10 CFR Part 50 regarding the specified capacity of lube oil collection containers. This exemption applies to the lube oil collection containers for the motors of primary coolant pumps P–50A, P–50B, and P–50C, based on the facts set forth herein.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will have no significant impact upon the quality of the human environment (65 FR 16971).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 31st day of March 2000.

For the Nuclear Regulatory Commission.

John A. Zwolinski,

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

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NUCLEAR REGULATORY COMMISSION

[Docket No. 50–443]

North Atlantic Energy Service Corporation, Et Al., Seabrook Station, Unit 1; Notice of Consideration of Approval of Application Regarding Proposed Merger and Opportunity for a Hearing

The U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an order under 10 CFR 50.80 approving the indirect transfer of Facility Operating License No. NPF–86 for the Seabrook Station, Unit 1 (Seabrook Station), to the extent held by North Atlantic Energy Corporation (NAEC), Connecticut Light and Power Company (CL&P), and North Atlantic Energy Service Corporation (NAESCO). The indirect transfer would be to a new Consolidated Edison, Inc., incorporated in Delaware (New CEI), resulting from the planned merger of Consolidated Edison, Inc. (CEI), the current parent of Consolidated Edison Company of New York, Inc. (Con Ed), and Northeast Utilities (NU), the parent company of NAEC, CL&P, and NAESCO.

According to a January 13, 2000, application by Con Ed, NAESCO, and Northeast Nuclear Energy Company (NNECO) for approval of certain indirect license transfers, on October 13, 1999, NU entered into an Agreement and Plan of Merger with CEI. Upon consummation of the merger, NU will become a wholly owned subsidiary of New CEI. CL&P, NAEC, and NAESCO are all subsidiaries of NU, and will remain as such following the merger, but will have a new indirect parent, New CEI. Accordingly, consummation of the merger will effect an indirect transfer of the Seabrook Station license to the extent held by the above NU subsidiaries, to New CEI. CL&P and NAEC hold ownership interests in Seabrook Station and NAESCO is exclusively authorized to operate the unit. NAESCO would remain as the managing agent for the 11 joint owners of the facility and would continue to have exclusive responsibility for the management, operation, and maintenance of the Seabrook Station. The application does not propose a change in the rights, obligations, or interests of the other nine joint owners of the Seabrook Station. In addition, no physical changes to the Seabrook Station or operational changes are being proposed. No direct transfer of the license will result from the proposed merger.

The application also seeks approval of certain proposed indirect license transfers in connection with the Millstone Nuclear Power Station, Units 1, 2, and 3 and the Indian Point Generating Station, Units 1 and 2 facilities, which will be the subject of separate published notices.

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. The Commission will approve an application for the indirect transfer of a license, if the Commission determines that the underlying transaction that will effectuate the indirect transfer will not affect the qualifications of the holder of the license, and that the transfer is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

The filing of requests for hearing and petitions for leave to intervene, and written comments regarding the license transfer application, are discussed below.

By April 27, 2000, any person whose interest may be affected by the Commission's action on the application may request a hearing, and, if not the applicants, may petition for leave to intervene in a hearing proceeding on the Commission's action. Requests for a hearing and petitions for leave to intervene should be filed in accordance with the Commission's rules of practice set forth in Subpart M, ''Public Notification, Availability of Documents and Records, Hearing Requests and Procedures for Hearings on License Transfer Applications,'' of 10 CFR part 2. In particular, such requests and petitions must comply with the requirements set forth in 10 CFR 2.1306, and should address the considerations contained in 10 CFR 2.1308(a). Untimely requests and petitions may be denied, as provided in 10 CFR 2.1308(b), unless good cause for failure to file on time is established. In addition, an untimely request or petition should address the factors that the Commission will also consider, in reviewing untimely requests or petitions, set forth in 10 CFR 2.1308(b)(1)–(2).

Requests for a hearing and petitions for leave to intervene should be served