

letter, it was stated that the exemption issued on October 7, 1994, was no longer needed.

III

The NRC has reviewed the information submitted by the licensee and concludes that the exemption granted for the four oil collection sites in the RCP motor lube oil system is no longer necessary. Specifically, the licensee has stated that modifications have been completed on the RCP Oil Collection System such that the system now conforms to the requirements of 10 CFR Part 50, Appendix R, Section III. O.

IV

Accordingly, the Commission hereby revokes the specific exemption from 10 CFR Part 50, Appendix R, Section III. O, granted on October 7, 1994, as appended September 17, 1996, relating to oil collection in the RCPs.

This Revocation of Exemption is effective upon issuance.

Dated at Rockville, Maryland, this 1st day of September 1998.

For the Nuclear Regulatory Commission.

Robert A. Capra,

Acting Director, Division of Reactor Projects I/II, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-220 and 50-410]

Niagara Mohawk Power Corporation; Nine Mile Point Nuclear Station, Unit Nos. 1 and 2

Notice is hereby given that the U.S. Nuclear Regulatory Commission (the Commission) is considering the issuance of an Order approving, under 10 CFR 50.80, an application regarding an indirect transfer of the operating licenses for Nine Mile Point Nuclear Station, Unit Nos. 1 and 2 (NMP1 and NMP2, or collectively, the facility), to the extent held by Niagara Mohawk Power Corporation (NMPC). The transfer would be to a New York corporation, Niagara Mohawk Holdings, Inc., to be created as a holding company over NMPC in accordance with a Settlement Agreement reached with the New York Public Service Commission (PSC Case Nos. 94-E-0098 and 94-E-0099), dated October 10, 1997, and revised March 19, 1998. NMPC is licensed by the Commission to possess, maintain, and operate both NMP1 and NMP2. NMPC fully owns NMP1 and is

a 41-percent co-owner of NMP2. The facility is located in Scriba, New York.

By application transmitted under cover of a letter dated July 21, 1998, NMPC informed the Commission of a proposed corporate restructuring under which NMPC would become a subsidiary of the newly formed holding company. Each share of NMPC's common stock would be exchanged for one share of common stock of the holding company. NMPC's outstanding preferred stock would not be exchanged. Under this restructuring, NMPC would divest all of its hydro and fossil generation assets by auction, but would retain its nuclear assets, and would continue to be an "electric utility" as defined in 10 CFR 50.2 engaged in the transmission, distribution and, through NMP1 and NMP2, the generation of electricity. NMPC would continue to be the owner of NMP1 and a co-owner of NMP2 and would continue to operate both NMP1 and NMP2. No direct transfer of the operating licenses or ownership interests in the facility would result from the proposed restructuring. The transaction would not involve any change in the responsibility for nuclear operations within NMPC. Officer responsibilities at the holding company level would be primarily administrative and financial in nature and would not involve operational matters related to NMP1 or NMP2. No NMPC nuclear management positions would be changed as a result of the corporate restructuring.

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

For further details with respect to this proposed action, see NMPC's application transmitted under a cover letter dated July 21, 1998. These documents are available for public inspection at the Commission's Public Document Room, the Gelman Building, 2120 L Street, NW, Washington, DC, and at the local public document room located at the Penfield Library, State University of New York, Oswego, New York 13126.

Dated at Rockville, Maryland this 31st day of August, 1998.

For the Nuclear Regulatory Commission.

Darl S. Hood,

Senior Project Manager, Project Directorate I-1, Division of Reactor Projects—I/II, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

[Docket Nos. 50-498 and 50-499]

STP Nuclear Operating Company; Notice of Consideration of Issuance of Amendment to Facility Operating License, Proposed No Significant Hazards; Consideration Determination, and Opportunity for a Hearing

The U.S. Nuclear Regulatory Commission (the Commission) is considering issuance of an amendment to Facility Operating License Nos. NPF-76 and NPF-80, issued to STP Nuclear Operating Company, (STPNOC, the licensee), for operation of the South Texas Project, Units 1 and 2 (STP), located in Matagorda County, Texas.

The proposed amendment would modify Technical Specification (TS) 4.0.5 to state that the inservice testing requirement for exercise testing in the closed direction for specified Unit 1 containment isolation valves shall not be required until the next plant shutdown to Mode 5 of sufficient duration to allow the testing or until the next refueling outage scheduled in March 1999.

The licensee orally requested a Notice of Enforcement Discretion (NOED) on August 27, 1998 (this was followed up by letter dated August 28, 1998). The NRC orally issued the NOED at 5:00 p.m. EDT on August 27, 1998. Pursuant to NRC's policy regarding exercise of discretion for an operating facility, set out in Section VII.c, of the "General Statement of Policy and Procedures for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600, the letter documenting the issuance of the NOED was dated August 31, 1998. The NOED was to be effective until the next refueling outage or cold shutdown period of sufficient duration or until such time as a proposed TS amendment is reviewed and approved by the NRC.

Before issuance of the proposed license amendment, the Commission will have made findings required by the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations.

Pursuant to 10 CFR 50.91(a)(6) for amendments to be granted under exigent circumstances, the NRC staff must determine that the amendment