

# SECURITIES AND EXCHANGE COMMISSION

## FORM U-1

Application or declaration under the act 1935

Filing Date: **1994-03-18**  
SEC Accession No. **0000722766-94-000001**

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### FILER

#### **GPU NUCLEAR CORP**

CIK: **722766** | State of Incorporation: **NJ** | Fiscal Year End: **1231**  
Type: **U-1** | Act: **35** | File No.: **070-08393** | Film No.: **94516766**

Business Address  
*100 INTERPACE PKWY  
PARSIPPANY NJ 07054*

SEC File No. 70-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM U-1

APPLICATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935 ("Act")

GPU NUCLEAR CORPORATION ("GPUN")

One Upper Pond Road, Parsippany, N.J. 07054

(Name of company or companies filing this statement  
and address of principal offices)

GENERAL PUBLIC UTILITIES CORPORATION ("GPU")

(Name of top registered holding company  
parent of the applicant)

Don W. Myers,  
Vice President & Treasurer  
M. A. Nalewako, Secretary  
General Public Utilities Corporation

J. F. Wilson, Secretary  
GPU Nuclear Corporation  
One Upper Pond Road  
Parsippany, N.J. 07054

100 Interpace Parkway  
Parsippany, N.J. 07054

M. J. Connolly, Esq.  
GPU Service Corporation  
100 Interpace Parkway  
Parsippany, N.J. 07054

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(Names and addresses of agents for service)

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS

A. Background

(i) GPUN , a wholly-owned subsidiary of GPU, was organized in accordance with the Commission's Order, dated September 5, 1980 (SEC File No. 70-6443, HCA Release No. 21708), for the purpose of the safe operation, maintenance, rehabilitation, design, construction, start-up and testing of all nuclear generating facilities owned by Jersey Central Power & Light Company ("JCP&L"), Metropolitan Edison Company ("Met-Ed"), and Pennsylvania Electric Company ("Penelec") (collectively, the "GPU Operating Companies"), and related research and development. After obtaining the requisite authorizations from your Commission, the Nuclear Regulatory Commission ("NRC"), the Pennsylvania Public Utility Commission

and the New Jersey Board of Public Utilities, GPUN commenced operation on or about January 1, 1982.

(ii) Since that time, GPUN has been responsible for the operation and maintenance of Three Mile Island Unit No. 1 ("TMI-1") and Oyster Creek ("OC") generating units and for the clean-up of Three Mile Island Unit No. 2 ("TMI-2") which was disabled in an accident March 28, 1979, and for the monitoring, maintenance and preparation for ultimate decommissioning of the Saxton Nuclear Experimental Corporation.

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(iii) Since 1990, GPUN has requested and received authorization from the Commission to engage in business activities pursuant to Sections 9(a) and 10 of the Act such as:

(a) By Order dated August 29, 1990, to SEC File No. 70-7675 (HCAR No. 35-25137) authorizing the GPU Operating Companies, GPUN, and GPU Service Corporation ("GPUSC") (collectively

the "GPU Companies" or "GPU System"), to license computer programs to non-affiliates and to provide services in connection therewith.

(b) By Order dated September 14, 1990, to SEC File No. 70-7720 (HCAR No. 35-25149) authorizing GPUN to provide GPUSC, JCP&L, Met-Ed and Penelec with non-nuclear laboratory services.

(c) By Order dated November 6, 1991, to SEC File No. 70-7847 (HCAR No. 35-25401) authorizing GPUN to enter into licensing of its Nuclear Employee Data System ("NEDS") and services in connection therewith.

(d) By Order dated January 31, 1992, to SEC File

No. 70-7905 (HCAR No. 35-25464) authorizing GPUN to provide decommissioning consulting services to the Ft. St. Vrain nuclear facility of Public Service of Colorado.

(e) By Order dated May 21, 1993, to SEC File No. 70-8115 (HCAR No. 35-25814) authorizing GPUN to provide consulting services to the Defense Nuclear Facilities Safety Board ("DNFSB") with respect to nuclear safety standards at federal nuclear facilities through a subcontracting arrangement with the DNFSB's prime contractor.

(iv) These applications, and your Commission's authorizations thereof, are examples of instances in which GPUN has attempted to use its employees' accumulated skills, expertise, and experience, and the resources, facilities and assets that it has developed in and maintains solely for the benefit of its normal operations as a service company in an integrated public utility system, in ways that are functionally related to such operations.

B. The electric utility industry is experiencing dramatic changes resulting from various forms of deregulation and restructuring that have unleashed competitive forces in the energy marketplace. To be competitive in this environment, a company must be positioned to utilize more fully its

skills, expertise, experience, resources, facilities and assets in order to more effectively continue to produce benefits for investors and consumers. To be so positioned, a company must have the flexibility to respond promptly and efficiently to changing and developing market conditions and opportunities, including, in the case of GPUN, opportunities to reduce the costs which it charges to the GPU Operating Companies while, at the same time, maintaining personnel skill levels needed in its core business activity in connection with the GPU System nuclear plants.

- C. Accordingly, GPUN now proposes to offer and provide to non-affiliated companies, businesses, institutions, government agencies and individuals, in the United States and, as opportunities present, internationally, a broad and varied range of services, arising from or based upon its employees' accumulated skills, expertise and experience and the resources and facilities that it has developed in and maintains solely for the benefit of its normal core business operations ("Services"), in ways that are functionally related to (and not detrimental to the functioning of) such operations.

D. GPUN believes that the authority to offer and provide the Services as hereinafter generally described will provide it with increased flexibility enabling it to operate and respond more economically and effectively in a changing environment by (i) allowing it to more fully use and thereby

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maintain the employee skills, expertise and experience and the resources and facilities that it has developed and which it continues to require in its operations as the nuclear service company for the GPU holding company system, and (ii) enabling GPUN to reduce the cost of maintaining such resources which are considered necessary to the adequate and safe operation of the nuclear facilities for which it is responsible and thereby to reduce the charges to the GPU Operating Companies which own such facilities.

E. While the dynamic nature of competition and the marketplace makes it difficult to specifically describe, in advance, the particular Services that may be offered from time to time, some examples of the types of Services contemplated in this Application are as follows:



(i) Engineering and technical services of the type and nature typically provided by architectural and engineering firms in connection with the maintenance and operation of nuclear generation facilities ("Engineering and Technical Services"). GPUN proposes to provide Engineering and Technical Services to non-affiliated companies, businesses, institutions, government agencies, and individuals. The Engineering and Technical Services may be offered directly to non-affiliated parties or through collaboration arrangements with other utilities, engineering firms or companies which provide

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engineering, consulting, design and related services, (a) in the case of utilities, for themselves on their own facilities, or, (b) in the case of engineering firms and companies, for utility and energy-related clients, and which from time to time need additional engineering resources to augment their capabilities. By way of example, such Engineering and Technical Services include:

1. Power Plant Inspections and Risk Analysis: Conducting plant inspections and performing

probabilistic risk assessments of plants and plant systems including the employment, licensing, leasing or sale of robotic devices and techniques to conduct such inspections and analysis.

2. Power Plant Accident Analysis: Analyzing abnormal system or plant conditions that could affect the safety, integrity, or proper functional operation of a system or plant, could produce system or plant degradation, or affect personnel safety and which require actions to restore a system or plant to a known and confirmed safe condition and to mitigate the consequences of the event.

3. Power Plant Stress Analysis: Assessing the actual and potential mechanical stresses in plant systems and providing recommendations for corrective action.

4. Power Plant Operations Analysis: Analyzing plant technical performance, including major equipment failure analysis; reviewing and assessing the safety significance of operating experience from NRC notices, bulletins, industry reports, etc., and providing recommendations for needed actions.

5. Power Plant Life Extension Analysis: Reviewing nuclear facility structures, systems and components and performing activities necessary to apply to the NRC for an extension of a facilities operating license beyond the current 40 year design life.

6. Nuclear Fuels Cycle Analysis: Providing overall nuclear core engineering, nuclear fuel management strategies and basic reactor core physics capability; directing the specification, selection,

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and management of nuclear fuel material, conversion, enrichment, and fabrication contractors.

7. Power Plant Modification, Design, Installation, Evaluation, Testing and Project Management: Operating nuclear generating stations for

other nuclear utilities; providing guidelines, criteria, designs, drawings, material selection, specifications, and analyses in support of plant modifications; managing (organize, plan and coordinate) engineering project activities with regard to technical adequacy, schedule and cost; performing start-up and test activities to assure new or modified plants, facilities and systems are systematically tested to conform with technical requirements.

8. Power Plant Equipment Corrosion Control and Failure Analysis: Assessing the potential corrosion mechanisms in plant systems and provide recommendations for corrective action; investigating system and equipment failures and providing recommendations for corrective action.

9. Chemical and Metallurgical Laboratory Services: Performing chemical analysis and providing chemistry requirements and specifications associated with plant systems and components; providing metallurgical laboratory services and material engineering (e.g., analyze the condition, assess the physical properties and determine the failure mechanism of specific metal components), including, ASME - Section XI, ISI, IST welding services.

10. Human Factors Engineering Services: Reviewing and providing recommendations for the design of equipment, systems, facilities, and operational environments to promote safe, efficient and reliable operator performance by focusing on and promoting optimum man-machine interface.

11. Commercial Grade Dedication of Equipment: Performing the necessary actions and providing the required documentation to allow a commercial grade equipment item to be designated for use in a Nuclear Safety Related application.

12. Radioactive Waste Services: Providing radiological engineering services for ALARA programs; providing design, engineering, and management services for low and high radioactive waste, minimization, storage, volume reduction, shipment and disposal.

13. Plant Decommissioning Services: Providing

engineering services to support plant decommissioning efforts, including project management, site characterization, development of decommissioning plans, dismantlement, consulting services, robotics licensing, safety, radwaste reviews, and final site acceptance.

14. Mechanical, Electrical and Structural Engineering Services: Providing services to evaluate plant conditions, design modifications, provide consultants for problem solving, including code interpretation, design verified calculations, technical reports, engineering evaluations and design and drafting.

15. Nondestructive Testing and Examination Services: Employing nondestructive testing and analysis techniques and technologies to test and examine plant systems.

16. Instrument Calibration Services: Calibrating test equipment and other technical equipment or devices used in power plants.

(ii) Management and consulting services in such areas as corporate communications, environmental consultation, nuclear safety review, testing and oversight, industrial safety and hygiene, and emergency preparedness, nuclear decontamination and decommissioning, asbestos abatement and remediation, environmental testing and analysis, laboratory testing and analysis, nuclear chemistry, radiological controls and radioactive waste processing, quality assurance ("Management and Consulting Services").

GPUN proposes to provide Management and Consulting Services to non-affiliated companies, businesses, institutions, government agencies, and individuals. The activities already authorized under SEC File No. 70-7847, File No. 70-7905 and File No. 70-8115 as set

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forth in Item 1 paragraph A (iii) (c), (d) and (e) hereof are examples of such Management and Consulting Services. Additional examples are as follows:

1. Nuclear Plant Decommissioning and Decontamination Management and Consulting Services.
2. Nuclear Plant Outage Management and Consulting Services including procurement and contracting services in connection therewith.
3. Quality Assurance Audits.
4. Medical Services Management and Consulting Services.
5. FSAR Licensing Consultation and Operations Analysis.
6. Management and Consulting Services in connection with the types of circumstances, needs or problems requiring Engineering and Technical Services examples of which are described in paragraph E(i) above or paragraph E(iii) below.

(iii) Training and education services in such areas as

basic, intermediate and advanced electrical and utility engineering skills, job re-engineering and business process analysis skills, disaster recovery skills, records retention and management skills and quality assurance skills ("Training and Education Services"). GPUN proposes to provide Training and Education Services to non-affiliated companies, businesses, institutions, government agencies, and individuals. By way of example, Training and Education Services and related skills which GPUN has developed and maintains and which GPUN believes may be of interest to such non-affiliates include:

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1. Computer-based Training.
2. Instructor Training.
3. Nuclear Plant Operating Room Simulator Certification and Training.
4. Simulator Maintenance and Modification Training.
5. Fire Safety and Plant and Facility Security Training.
6. Diesel Equipment Training.
7. Development of Performance-based training programs for non-affiliates using GPUN's copyrighted Training and Education Database

(iv) GPUN also proposes to license or lease to non-affiliates the use of (a) intellectual and proprietary property developed by or for GPUN for use in its normal business operations as a nuclear service company for the GPU holding company system, (e.g., any process, program, technique, invention, computer software, work of art, video, sound recording or written work), including training manuals, materials and processes in conjunction with or separate from the Services described above; and (b) the reserve capacity of Laboratory or other support facilities ("Reserve Capacity") developed and maintained by GPUN for use in connection with its normal business operations as such a nuclear service company ("Licensing and Leasing Services").

F. GPUN believes that, even though the Services described above

arise out of its core nuclear business and may be principally of interest to other nuclear utilities, many of these Services are or may be transferrable to non-affiliates

owning or operating non-nuclear generation facilities and may also have other energy-related applications. GPUN proposes to make the Services available to non-affiliated parties in connection with such other energy-related applications as such opportunities arise.

G. GPUN proposes that it be authorized through December 31, 1999 to enter into agreements, having terms not in excess of 10 years, for the Services described herein. Such agreements for the provision of the Services will be negotiated and entered into with non-affiliated parties on an arm's length basis. Revenues received and expenses incurred in connection with transactions in such Services will be accounted for under the appropriate accounts as provided under the Uniform System of Accounts.

H. GPUN does not anticipate making any material increases in staff nor any material capital investments to provide the Engineering and Technical Services, the Management and Consulting Services, the Training and Education Services and the Licensing and Leasing of intellectual and proprietary property or of Reserve Capacity. Further, GPUN anticipates that during the five (5) year period for which authority is requested hereunder, the aggregate annual revenues from and expenses associated with the proposed transactions will not



exceed 5% of its annual total operating expenses. In 1993, GPUN's total operating expense was \$421 million. In addition, the Licensing and Leasing of the use of Reserve Capacity shall not exceed 50% of the capacity available to GPUN for its normal business operations within the GPU holding company system.

- I. GPUN anticipates that the provision of the Services pursuant to the authorization sought hereunder will enable it to use more fully its employees accumulated skills, expertise and experience, and its resources and facilities which it has developed solely for the benefit of the GPU holding company system and which, by virtue of the unique nature of the nuclear utility business may not be readily available to the public from other sources. In addition, the provision of the Services will enhance the ability of GPUN to maintain the high quality of such skills, expertise and experience and the efficiency of such resources and facilities within the GPU holding company system in a more cost effective manner. Furthermore, the authority to provide a range of Services, as broadly defined herein, will enable GPUN to respond more efficiently and effectively to competitive market opportunities.

J. The net revenues received by GPUN from transactions in such Services will be used to reduce the cost of its service charges to the GPU Operating Companies.

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K. GPUN anticipates that it may be or may become advantageous to provide the Services through one or more new wholly-owned subsidiaries. In such event, GPU proposes to acquire for \$1,000 the capital stock of each of one or more subsidiary corporations to be formed for such purposes.

L. GPUN will, on or before May 1, of each year, report to the Commission any transactions entered into pursuant to the authorization requested hereunder as well as the revenues derived therefrom and the expenses associated therewith, in an appendix to the U-13-60 filed annually pursuant to the Act and in lieu of any reports otherwise required by Rule 24 under the Act.

## ITEM 2. FEES, COMMISSIONS AND EXPENSES.

The estimated fees, commissions and expenses to be paid or

incurred, by GPUN in connection with the proposed transactions will be filed by amendment.

ITEM 3. APPLICABLE STATUTORY PROVISIONS.

GPUN considers that the proposed transactions may be subject to Sections 9(a) and 10 of the Act.

ITEM 4. REGULATORY APPROVAL.

The proposed transactions are not subject to the jurisdiction of any state or federal commission, other than your Commission.

ITEM 5. PROCEDURE.

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It is requested that the Commission issue an order with respect to the transaction proposed herein at the earliest practicable date, but, in any event, not later than May 1, 1994. It is further requested that (i) there not be a recommended decision by an Administrative Law Judge or other responsible officer of the Commission, (ii) the Office of Public Utility Regulation be permitted to assist in the preparation of the Commission's decision, and (iii) there be no waiting period between the issuance of the Commission's Order and the date on which it is to become effective.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS.

(a) Exhibits

A - Not applicable.

B - Not applicable.

C - None.

D - None.

E - Not applicable.

F-1- Opinion of I. H. Jolles -- to be filed by  
amendment.

F-2- Opinion of Ballard Spahr Andrews & Ingersoll -  
to be filed by amendment.

F-3- Opinion of Richard S. Cohen, Esq. -- to be  
filed by amendment.

G - Form of proposed public notice.

(b) Financial Statements

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1 -the GPUN actual and pro forma financial  
statements have been omitted since the proposed  
transactions will have no material effect  
thereon.

2 -GPU consolidated financial statements are omitted

since they are not deemed to be relevant to the proposed transactions.

- 3 - Not applicable
- 4 - Statement of material changes since the date of the balance sheets which are not reflected in the Notes to the Financial Statements - None.

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS.

A. The proposed transactions will result in the provision of Services, as generally described herein, to non-affiliates by GPUN and the payment of consideration therefor. The issuance of an order by your Commission with respect thereto will not, therefore, be a major Federal action significantly affecting the quality of the human environment.

B. No Federal agency has prepared or is preparing an environmental impact statement with respect to the proposed transactions.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, THE UNDERSIGNED COMPANIES HAVE DULY CAUSED THIS APPLICATION TO BE SIGNED ON THEIR BEHALF BY THE UNDERSIGNED THEREUNTO DULY AUTHORIZED.

GENERAL PUBLIC UTILITIES CORPORATION  
GPU NUCLEAR CORPORATION

By: \_\_\_\_\_  
Don W. Myers  
Vice President & Treasurer

Date: March 18, 1994

EXHIBIT TO BE FILED BY EDGAR

Exhibit:

G - Form of proposed public notice.

Securities And Exchange Commission  
(Release No. : 70- )

GENERAL PUBLIC UTILITIES CORPORATION, GPU NUCLEAR CORPORATION  
Notice of Proposed Offering by GPU Nuclear Corporation to  
provide to non-affiliates Engineering and Technical  
Services, Management and Consulting Services, Training and  
Educations Services and Licensing and Leasing Services.

GPU Nuclear Corporation, One Upper Pond Road, Parsippany,  
New Jersey, 07054, ("GPUN"), a wholly-owned subsidiary of  
General Public Utilities Corporation, 100 Interpace Parkway,  
Parsippany, New Jersey, 07054, a Pennsylvania corporation  
and registered holding company ("GPU") has filed an  
application pursuant to Sections 9(a) and 10 of the Public  
Utility Holding Company Act of 1935 (the "Act").

GPUN proposes to more fully utilize its employees'  
accumulated skills, expertise and experience, and the  
resources and facilities which it has developed and which it  
maintains solely for the benefit of its normal operations as



a nuclear service company in the GPU holding company system, by offering a wide range of services ("Services") to non-affiliated companies, businesses, institutions, government agencies and individuals, both nationally and, as opportunities present, internationally. Services are described, as (a) "Engineering and Technical Services"; (b) "Management and Consulting Services"; (c) "Training and

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Educational Services" and (d) "Licensing and Leasing Services." Examples of Engineering and Technical Services are: Power Plant Inspections and Risk Analysis; Power Plant Accident Analysis; Power Plant Stress Analysis; Power Plant Operations Analysis; Power Plant Life Extension Analysis; Nuclear Fuels Cycle Analysis; Power Plant Modification, Design, Installation, Evaluation, Testing and Project Management; Power Plant Equipment Corrosion Control and Failure Analysis; Chemical and Metallurgical Laboratory Services; Human Factors Engineering Services; Commercial Grade Dedication of Equipment; Radioactive Waste Services; Plant Decommissioning Services; Mechanical, Electrical and Structural Engineering Services; Nondestructive Testing and Examination Services.

Examples of Management and Consulting Services include: Nuclear Plant Decommissioning and Decontamination Management and Consulting Services; Nuclear Plant Outage Management and Consulting Services including procurement and contracting services in connection therewith; Instrument Calibration Services; Quality Assurance Audits; Medical Services Management and Consulting Services; FSAR Licensing Consultation and Operations Analysis;

Training and Educational Services are described, by way of example, as: Computer-based Training; Instructor Training; Nuclear Plant Operating Room Simulator Certification; Simulator Maintenance and Modification Training; Fire Safety

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and Plant and Facility Security Training; Diesel Equipment Training; Development of Performance-based training programs for non-affiliates using GPUN's copyrighted Training and Education Database Systems ("TEDS") software system.

With respect to Licensing and Leasing Services, GPUN proposes to license or lease to non-affiliates the use of (a) intellectual and proprietary property developed by or

for GPUN for use in its normal business operations as a nuclear service company for the GPU holding company system, (e.g., any process, program, technique, invention, computer software, work of art, video, sound recording or written work), including training manuals, materials and processes in conjunction with or separate from the Services described above; and (b) the reserve capacity of Laboratory or other support facilities ("Reserve Capacity") developed and maintained by GPUN for use in connection with its normal business operations as a nuclear service company in the GPU holding company system.

GPUN proposes that it be authorized through December 31, 1999 to enter into agreements, having terms not in excess of 10 years to provide the Services to non-affiliates. Such agreements will be negotiated and entered into with non-affiliates on an arm's length basis. Revenues received and expenses incurred in connection with transactions in such Services will be accounted for under the appropriate accounts as provided under the Uniform System of Accounts.

GPUN does not anticipate making any material increases in staff nor any material capital investments to provide such Services. Further, GPUN anticipates that during the five (5) year period for which authority is requested, aggregate annual revenues from and expenses associated with the proposed transactions will not exceed 5% of its annual total operating expenses. In 1993, GPUN's total operating expense was \$421 million. In addition, the Licensing and Leasing Services of the use of Reserve Capacity shall not exceed 50% of the capacity available to GPUN for its normal business operations within the GPU holding company system.

The net revenues received by GPUN from transactions in such Services will be used to reduce the cost of its service charges to the GPU Operating Companies.

GPUN anticipates that the provision of the Services pursuant to the authorization sought hereunder will enable it to use more fully its employees' accumulated skills, expertise and experience, and the resources and facilities that have been developed by GPUN in furtherance of its operations within the GPU holding company system and which, by virtue of the unique nature of the nuclear utility business may not be readily available to the public from other sources. In addition, such authorization will assist GPUN in maintaining the high quality of such skills, expertise and experience

and the efficiency of such resources and facilities within

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the GPU holding company system.

The application is available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing should submit their views in writing to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicants at the address specified above. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for a hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the application as filed or as it may be amended, may be granted and permitted to become effective.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

