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Docket No. 50-423

Mr. W. G. Council
Vice President
Nuclear Engineering and Operations
Northeast Nuclear Energy Company
P. O. Box 270
Hartford, Connecticut 06101

BCC: NSIC
TIC
ASLBP
ASLAB
ACRS (16)

Dear Mr. Council:

SUBJECT: ORDER EXTENDING CONSTRUCTION COMPLETION DATE FOR MILLSTONE NUCLEAR POWER STATION, UNIT NO. 3

In response to your request, dated August 3, 1979, the Nuclear Regulatory Commission has issued an Order extending the latest construction completion date for the Millstone Nuclear Power Station, Unit No. 3 from October 1, 1979 to December 30, 1985.

A copy of the Order, Staff Evaluation and Negative Declaration are enclosed for your information. The Order and Negative Declaration have been forwarded to the Office of the Federal Register for publication.

Sincerely,
Original Signed by
O. D. Parr

Olan D. Parr, Chief
Light Water Reactors, Branch No. 3
Division of Project Management

Enclosures:

1. Order
2. Staff Evaluation
3. Negative Declaration

cc: See Next Page

no legal objection to order

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|---------|---------------|------------|----------|--------|-----------|
| OFFICE | LWR #3:LA | LWR #3:LP | OELD | DSE:EP | LWR #3:BC |
| SURNAME | MRushbrook/LM | ADromerick | S. TREBY | OParr | |
| DATE | 3/31/80 | 4/1/80 | 4/3/80 | 4/1/80 | 4/7/80 |

Mr. W. G. Council

cc: Mr. John J. Korkosz, Manager
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Assistant to the President
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Manager, Energy Supply
Fitchburg Gas and Electric
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Fitchburg, Massachusetts 01421

Mr. Wardman K. Brooksbank, Manager
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Mr. James R. Himmelwright
Northeast Utilities Service Company
P. O. Box 270
Hartford, Connecticut 06101

Resident Inspector/Millstone NPS
c/o U. S. NRC
P. O. Drawer KK
Niantic, Connecticut 06357

Mr. Albert L. Partridge
First Selectman of the Town of Waterford
Hall of Records
200 Boston Post Road
Waterford, Connecticut 06385

Connecticut Energy Agency
ATTN: Assistant Director, Research
and Policy Department
Department of Planning and Energy Policy
20 Grand Street
Hartford, Connecticut 06101

U. S. Environmental Protection Agency
Region I Office
ATTN: EIS Coordinator
JFK Federal Building
Boston, Massachusetts 02203

Chief, Energy Systems
Analyses Branch (AW-459)
Office of Radiation Programs
U. S. Environmental Protection Agency
Room 645, East Tower
401 M Street, S. W.
Washington, D. C. 20460

NORTHEAST NUCLEAR ENERGY COMPANY, ET AL*

MILLSTONE NUCLEAR POWER STATION, UNIT NO. 3

DOCKET NO. 50-423

ORDER EXTENDING CONSTRUCTION COMPLETION DATE

Northeast Nuclear Energy Company, et al* are the holders of Construction Permit No. CPPR-113 issued by the Atomic Energy Commission** on August 9, 1974, for construction of the Millstone Nuclear Power Station, Unit No. 3, presently under construction at a site located in New London County, Connecticut.

On August 3, 1979, the Northeast Nuclear Energy Company acting for itself and the other owners of the Millstone Nuclear Power Station, Unit No. 3 filed

*The following are the holders of Construction Permit No. CPPR-133:
Ashburnham Municipal Light Plant, Boylston Municipal Lighting Plant, Central Maine Power Company, Central Vermont Public Service Corporation, Chicopee Municipal Lighting Plant, City of Burlington, Vermont, City of Holyoke, Massachusetts Gas and Electric Department, the Connecticut Light and Power Company, Fitchburg Gas and Electric Light Company, Green Mountain Power Corporation, The Hartford Electric Light Company, Marblehead Municipal Light Department, Massachusetts Municipal Wholesale Electric Company, Middleton Municipal Light Department, Montaup Electric Company, New England Power Company, North Attleborough Electric Department, Northeast Nuclear Energy Company, Paxton Municipal Light Department, Peabody Municipal Light Plant, Public Service Company of New Hampshire, Shrewsbury Light Plant, Templeton Municipal Lighting Plant, Town of South Hadley Electric Light Department, The United Illuminating Company, Vermont Electric Cooperative, Inc., Vermont Electric Power Company, Inc., The Village of Lyndonville Electric Department, Wakefield Municipal Light Department, West Boylston Municipal Lighting Plant, Western Massachusetts Electric Company, Westfield Gas and Electric Light Department.

**Effective January 20, 1975, the Atomic Energy Commission became the Nuclear Regulatory Commission and permits in effect on that day continued under the authority of the Nuclear Regulatory Commission.

a request for an extension of the completion date. Construction has been delayed due to two deferrals of the in-service date for Unit No. 3. Contributing to the two deferrals were: (1) unexpected rises in the price of uranium and other fuel cost increases, and (2) strikes by the carpenter's union and the boilermaker's union.

This action involves no significant hazards consideration; good cause has been shown for the delay; and the requested extension is for a reasonable period, the bases for which are set forth in the staff evaluation, dated March 26, 1980. The preparation of an environmental impact statement for this particular action is not warranted because there will be no environmental impact attributable to the Order other than that which has already been predicted and described in the Commission's Final Environmental Statement for the Millstone Nuclear Power Station, Unit No. 3, published in February, 1974. A Negative Declaration and an Environmental Impact Appraisal have been prepared and are available, as are the above stated documents, for public inspection at the Commission's Public Document Room, 1717 H Street, N.W., Washington, D.C., 20555 and at the local public document room established for the Millstone Nuclear Power Station, Unit No. 3 facility in Waterford Public Library, Rope Ferry Road, Route 156, Waterford, Connecticut, 06385.

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| OFFICE | | | | | | |
| SURNAME | | | | | | |
| DATE | | | | | | |

In accordance with Section 185 of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations, including 10 CFR §50.55(b), it is hereby ordered that the latest completion date for CPPR-113 be extended from October 1, 1979 to December 30, 1985.

FOR THE NUCLEAR REGULATORY COMMISSION

Original signed by
D. F. Ross

D. F. Ross, Jr., Acting Director
Division of Project Management

Date of Issuance: APR 7 1980

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|---------|---------------|------------|----------|-----------|---------|--------|
| OFFICE | LWR #3:LA | LWR #3:1PM | OELD | LWR #3:BC | DPM LWR | DPM |
| SURNAME | MRushbrook LM | ADromerick | S. Treby | ODParr | SAVarga | DFRoss |
| DATE | 3/21/80 | 4/1/80 | 4/3/80 | 4/7/80 | 4/7/80 | 4/7/80 |

Noted departure to
Order

DPM
DBVassallo
4/7/80

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STAFF EVALUATION FOR EXTENSION OF
CONSTRUCTION PERMIT NO. CPPR-113
FOR THE MILLSTONE NUCLEAR POWER STATION

UNIT NO. 3

DOCKET NO. 50-423

INTRODUCTION

On August 3, 1979, the Northeast Nuclear Energy Company acting for itself and the other owners of the Millstone Nuclear Power Station, Unit No. 3 filed a request for an extension of the latest construction completion date for Construction Permit CPPR-113 to December 1985.

DISCUSSION

Construction Permit CPPR-113 was issued on August 9, 1974 with the latest construction completion date of October 1, 1979. In the application for extension, Northeast Nuclear Energy Company requested that the latest completion date for Millstone, Unit 3 be extended to December 1985 with commercial operation scheduled for May 1986. The extension requested is required due to two deferrals of the in-service date of the plant. The first of the deferrals occurred in December 1975 when the decision was made to move the in-service date of the plant from November 1979 to May 1982. Contributing to the first deferral was the unexpected rise in the price of uranium which began in late 1973. Westinghouse Electric Corporation notified the permit holders of Millstone, Unit No. 3 that the occurrence of the ~~rise and uncertainty in the price of uranium concentrates excused them from the~~

uranium contract they held between them. The permit holders brought suit against Westinghouse claiming the contract had been breached. Westinghouse's action was that in order to ensure an adequate initial fuel supply for Unit No. 3 the permit holders would have to seek alternative uranium supplies in a market where prices were already rising. The market was aggravated by the entry of other utilities affected by the Westinghouse action, seeking to secure a large supply of uranium concentrates at one time. The Westinghouse commitment was for delivery of uranium concentrates in the 1978-1982 period from \$11.00-\$13.00 per pound. The Westinghouse uranium was expected to be a source of low-cost nuclear fuel for the years 1980 to 1984. After Westinghouse refused to honor its uranium obligations, estimated to be 2,770,000 pounds of uranium concentrates, the permit holders did an evaluation to determine what uranium prices were likely to be in the ensuing years. Based on estimates made in 1975, it was believed that uranium concentrates could average \$50.00 per pound for purchases made in 1975 for a unit going into operation in 1980 and could average \$65.00 per pound for purchases made in 1975 for delivery in the period 1980-1990. It was later determined that uranium could not be purchased on customary terms in 1975 for delivery in the 1980's. The Westinghouse position on uranium and the new estimates of uranium prices prompted a major re-evaluation of the schedule and cost estimate for Unit No. 3.

During this time period strikes occurred delaying the plant construction. In May of 1975, a strike of carpenters, lasting three months, caused delays in areas of the turbine, auxiliary and control buildings, with emphasis on concrete founda-

OFFICE -> tions walls and floor slabs. On October 1, 1975, the boiler maker's union went

on a strike. Although this strike had no immediate effect on other crafts employed at the site, it directly impacted erection of the steel containment liner, a critical path operation. The strike continued for nearly three months. During November 1975, a work slowdown was put into effect at the site because of the probability of a delay in the schedule. Second and third shift activities at the site were essentially eliminated. Total project cost was estimated to be \$900 million for a May 1980 in-service date, a \$92.5 million increase over a February 1975 estimate based on November 1979 in-service date. This increase was attributed to additional engineering costs due to new regulatory requirements and other changes in scope, increased owners' costs including property taxes, longer environmental studies and construction costs. It was concluded that the in-service date would have to be established by capacity requirements and long-term financial and economic considerations. A review of these requirements resulted in the following determinations:

- (1) Due to an unexpected decline in the demand for electricity beginning in 1973, NNECO had an excess of capacity over forecast requirements during the early 1980's.
- (2) Although the plant could have been deferred to 1984 based on load forecasts alone, other New England utilities needed additional nuclear base load capacity in the early 1980's. Several other utilities had expressed interest in purchasing portions of the plant with an in-service date of 1982.

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- (3) An in-service date of 1982 reduced ownership on Millstone, Unit No. 3 and sale of its ownership interests in Pilgrim and Seabrook units would have the advantage of reducing financial requirements from 1976 through 1979 about \$400 million in comparison with the currently authorized capital program.
- (4) A postponement of the in-service date of Unit No. 3 would permit the owners to obtain uranium at a later date and possibly under more favorable conditions than those which existed in 1975.

Contributing to the second deferral from 1982 to 1986 was the reduction of construction programs for two owners of Unit No. 3. This action was necessary since the two owners received only 39 percent of a requested rate increase. In October 1977, the Board of Trustees voted to defer the in-service date of Unit 3 an additional four years from May 1982 to May 1986. This deferral had an immediate effect of reducing total project cash requirements by over \$115 million for the 1978-1979 period. Between November 1977 and February 1978, approximately 850 workers were laid off at the construction site. During this period the permit holders deferred as many purchase orders as possible to delay equipment deliveries to meet the new in-service date and to delay payment on these orders. In June 1979 rate increases granted to two owners were not sufficient to permit an advancement of the in-service date of Unit 3 from 1986 to 1984 without a reduction of ownership interests. Therefore, the permit holders are proceeding with an offer to other utilities to sell an estimated 10-15 percent ownership interest in Millstone, Unit 3.

The staff has reviewed the delaying factors presented by NNECO and concurs that these factors have contributed to unexpected delays in plant construction.

CONCLUSION

We have reviewed the information provided in NNECO's submittal and conclude that the factors discussed above are reasonable and constitute good cause for delay and that an extension of Construction Permit CPPR-113 for a reasonable length of time to December 1985 is justified.

Considering the nature of the delays, we have identified no areas of significant safety consideration in connection with the extension of the construction completion date for Millstone Nuclear Power Station, Unit 3. The staff finds, that because the request is solely for more time to complete work already reviewed and approved, no significant hazards consideration is involved in granting the request and thus prior public notice of this action is not required. We also find that good cause exists for the issuance of an Order extending the construction completion date.

Accordingly, issuance of an Order extending the latest construction completion date for Millstone Nuclear Power Station, Unit No. 3 as set forth in CPPR-113 to December 30, 1985 is reasonable and should be authorized.

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| OFFICE | LWR #3:LA | LWR #3:LM | LWR #3:BC | | | |
| SURNAME | MRushbrook/LM | W.Dromerick | ODParr | | | |
| DATE | 3/5/80 | 4/1/80 | 4/7/80 | | | |

NEGATIVE DECLARATIONSUPPORTING EXTENSION OF CONSTRUCTION PERMIT NO. CPPR-113EXPIRATION DATE FOR THEMILLSTONE NUCLEAR POWER STATION, UNIT 3DOCKET NO. 50-423

The U.S. Nuclear Regulatory Commission (the Commission) has reviewed Northeast Nuclear Energy Company's (permittee) request to extend the expiration date of the construction permit for the Millstone Nuclear Power Station, Unit 3, (CPPR-113) which is located in New London County, Connecticut. The permittee requested a six year, three month extension for the permit to December 1985, to allow for completion of construction of the plant.

The Commission's Division of Site Safety and Environmental Analysis has prepared an environmental impact appraisal relative to this change to CPPR-113. Based on this appraisal, the Commission has concluded that an environmental impact statement for this particular action is not warranted because there will be no environmental impact attributable to the proposed action other than that which has already been described in the Final Environmental Statement related to construction of Millstone Nuclear Power Station, Unit 3, dated February 1974.

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The environmental impact appraisal is available for public inspection at the Commission's Public Document Room, 1717 H Street, NW, Washington, DC, and at the Waterford Public Library, Rope Ferry Road, Route 156, Waterford, Connecticut.

Dated at Bethesda, Maryland, this 26th day of March, 1980.

FOR THE NUCLEAR REGULATORY COMMISSION



Donald E. Sells, Acting Chief
Environmental Projects Branch 2
Division of Site Safety and
Environmental Analysis