

50-443



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

July 16, 1997

Mr. Ted C. Feigenbaum
Executive Vice President and
Chief Nuclear Officer
North Atlantic Energy Service Corporation
c/o Mr. Terry L. Harpster
P.O. Box 300
Seabrook, NH 03874

SUBJECT: ENVIRONMENTAL ASSESSMENT OF EXTENSION OF TEMPORARY EXEMPTION FROM CERTAIN REQUIREMENTS OF 10 CFR 50.75: REPORTING AND RECORDKEEPING, FOR DECOMMISSIONING PLANNING - SEABROOK STATION, UNIT 1 (TAC NOS. M98049 AND M99072)

Dear Mr. Feigenbaum:

Enclosed is a copy of the Environmental Assessment and Finding of No Significant Impact related to a proposed extension of a temporary exemption from the requirements of 10 CFR 50.75(e)(2). The modified exemption would allow Great Bay Power Corporation (Great Bay) 5 years from the date of issue, to obtain a surety bond or other allowable decommissioning funding assurance mechanism for non-electric utilities.

By letter dated May 8, 1996, North Atlantic Energy Service Corporation requested, for itself and as agent for the Joint Owners of Seabrook Station Unit No. 1, approval of the indirect transfer of control of Great Bay Power Corporation's interest in Operating License NPF-86 that would result from the formation of a holding company. As a consequence of its review of the requested action, the staff concluded that Great Bay does not meet the definition of "electric utility" as provided in 10 CFR 50.2. As a non-electric utility, Great Bay must meet the requirements of 10 CFR 50.75(e)(2) for additional assurance for decommissioning funding. On January 22, 1997, the Commission issued a 6-month temporary exemption from the requirements of 10 CFR 50.75(e)(2) to North Atlantic and Great Bay, and approved the indirect transfer of control permitting Great Bay to become a wholly owned subsidiary of BayCorp Holdings, Ltd.

On February 21, 1997, Great Bay requested reconsideration of the staff's finding that Great Bay does not meet the NRC definition of "electric utility," and on June 4 and 16, 1997, Great Bay submitted supplemental information related to Great Bay financial matters to support the Great Bay request. Also included in the June 6, 1997, submittal, was a request that the NRC consider an extension to the temporary exemption as an alternative to making a finding at this time whether to confirm its original determination that Great Bay is not an electric utility under the NRC definition.

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T. Feigenbaum

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The assessment is being forwarded to the Office of the Federal Register for publication.

Sincerely,

Original signed by

Albert W. De Agazio, Senior Project Manager
Project Directorate I-3
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation

Docket No. 50-443
Serial No. SEA-97-017

Enclosure: Environmental Assessment

cc w/encl: See next page

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Seabrook Station, Unit No. 1

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UNITED STATES NUCLEAR REGULATORY COMMISSION
NORTH ATLANTIC ENERGY SERVICE CORPORATION, ET AL.
SEABROOK STATION, UNIT NO. 1
DOCKET NO. 50-443
ENVIRONMENTAL ASSESSMENT AND FINDING OF
NO SIGNIFICANT IMPACT

The U.S. Nuclear Regulatory Commission (the Commission) is considering modification of an exemption for Facility Operating License No. NPF-86 issued to North Atlantic Energy Service Corporation (the licensee or North Atlantic) for operation of the Seabrook Station, Unit No. 1 (Seabrook) located in Rockingham County, New Hampshire. North Atlantic is authorized to act as agent for the eleven owners of the facility.

ENVIRONMENTAL ASSESSMENT

Identification of the Proposed Action:

This Environmental Assessment addresses the potential environmental issues related to the proposed extension of the temporary exemption issued on January 22, 1997, from certain requirements of 10 CFR 50.75(e)(2). Specifically, the proposed extension would allow Great Bay Power Corporation (Great Bay) until July 22, 2002, subject to certain conditions to obtain a surety bond or other allowable decommissioning funding assurance mechanism for non-electric utilities. Great Bay holds an undivided 12.1324 percent ownership interest in Seabrook.

The Need for the Proposed Action:

On May 8, 1996, North Atlantic submitted to the NRC a request on behalf of Great Bay for Commission consent to the indirect transfer of control of Great Bay's interest in the Seabrook Operating License through formation of a holding company. Additional information relating to this request was submitted on October 18, 1996, and December 9, 1996. The request was approved on January 22, 1997, pursuant to 10 CFR 50.80, and Great Bay subsequently became a wholly owned subsidiary of BayCorp Holdings, Ltd.

During the review of the corporate restructuring, the staff noted that Great Bay markets most of its share of electricity from Seabrook on the spot wholesale market and concluded that Great Bay does not meet the NRC's definition of electric utility under 10 CFR 50.2. Notwithstanding the requirements of 10 CFR 50.75(e)(2), Great Bay does not have a funding or a guarantee mechanism in place to cover the unfunded balance of its projected share of Seabrook decommissioning costs.

On January 22, 1997, the staff approved Great Bay's proposed indirect transfer of control of Great Bay's interest in Seabrook, and in a related action, the staff issued a temporary exemption from compliance with the provisions 10 CFR 50.75(e)(2) pertaining to the additional surety arrangements for decommissioning funding assurance for non-electric utility licensees for 6 months. The exemption was intended to afford Great Bay a reasonable opportunity to implement a suitable decommissioning funding assurance method required of a non-electric utility.

On February 21, 1997, Great Bay requested reconsideration of the staff's finding that Great Bay does not meet the NRC definition of "electric utility," and on June 4 and 16, 1997, Great Bay submitted

supplemental information related to Great Bay financial matters to support their request. Also included in the June 4, 1997, submittal, was a request that the NRC consider an extension to the temporary exemption as an alternative to completing reconsideration, at this time, the issue of whether Great Bay is an electric utility under the NRC definition.

The proposed action is needed in light of Great Bay's difficulty in obtaining a surety method to comply with 10 CFR 50.75. Upon review of the circumstances surrounding the issue of Great Bay's electric utility status, its current and projected financial condition, the underlying purpose of the requirement for additional decommissioning funding assurance arrangements for non-electric utilities, and the availability of such arrangements, the staff is considering conditionally extending the temporary exemption issued on January 22, 1997, for an additional period of 5 years, until July 22, 2002.

Environmental Impacts of the Proposed Action:

The Commission has evaluated the environmental impact of the proposed action and has determined that the probability or consequences of accidents would not be increased by the extension of the temporary exemption, and that post-accident radiological releases would not be greater than previously determined. Further, the Commission has determined that the extension would not affect routine radiological plant effluents and would not increase occupational radiological exposure. Accordingly, the Commission concludes that there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the extension of the temporary exemption would not affect nonradiological plant effluents and would have no other environmental impact. Therefore, the Commission concludes that

there are no significant nonradiological environmental impacts associated with the proposed action.

Alternative to the Proposed Action:

Since the Commission concluded that there are no significant environmental effects that would result from the proposed action, any alternative with equal or greater environmental impacts need not be evaluated.

The principal alternative would be to not extend the expiration date of the temporary exemption and, thereby, require that Great Bay provide the required additional assurance for decommissioning funding. Not extending the exemption would result in no change in current environmental impacts. The environmental impacts of the proposed action and the alternative action are identical.

Alternative Use of Resources:

This action does not involve the use of any resources not previously considered in the Final Environmental Statement for the Seabrook Station, Unit No. 1, dated March 1983.

Agencies and Persons Contacted:

In accordance with its stated policy, on July 14, 1997, the NRC staff consulted with the New Hampshire state official, Mr. George Iverson of the New Hampshire Emergency Management Agency regarding the environmental impact of the proposed action. On July 14, 1997, the NRC staff consulted with the Massachusetts state official, Mr. James Muckerheid of the Massachusetts Emergency Management Agency. The state officials had no comments.

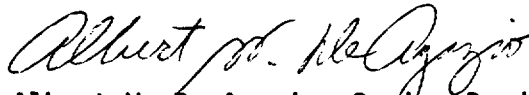
Finding of No Significant Impact

Based upon the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the letters submitted by Great Bay through its counsel, Shaw, Pittman, Potts & Trowbridge, dated February 21, 1997, June 4, 1997, and June 16, 1997, which 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 Exeter Public Library, Founders Park, Exeter, New Hampshire 03833.

Dated at Rockville, Maryland, this 16th day of July 1997.

FOR THE NUCLEAR REGULATORY COMMISSION



Albert W. De Agazio, Senior Project Manager
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Division of Reactor Projects - I/II
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