

Docket No. 50-395 ✓

OCT 10 1974

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Mr. E. H. Crews, Jr., Vice President  
South Carolina Electric & Gas Company  
Engineering Services - Construction  
& Engineering  
P. O. Box 764  
Columbia, South Carolina 29202

Dear Mr. Crews:

The Commission has filed the enclosed "Notice of Proposed Issuance of Amendments to Facility Construction Permit" with the Office of the Federal Register for publication. This notice relates to your request dated May 17, 1974, for authorization to amend Construction Permit CPPR-94 for the Virgil C. Summer Nuclear Station, Unit 1 to recognize one-third ownership interest of the facility by the South Carolina Public Service Authority.

A copy of our Safety Evaluation is also enclosed.

Sincerely,

Original signed by  
Alan D. Parr for/

R. C. DeYoung, Assistant Director  
for Light Water Reactors Group 1  
Directorate of Licensing

**Enclosures:**

- 1. Federal Register Notice
- 2. Safety Evaluation

cc: See page 2

bcc: J. R. Buchanan, ORNL  
A. S. Rosenthal, ASLB  
N. Goodrich, ASLBP  
T. B. Abernathy, DTIE

Antitrust  
OGC  
(Rutberg)  
8/10-9-74  
8/11/74

DAVID E. KAYTALIA

OFFICE >	<i>[Signature]</i>			OGC	LWR 1-1	AD: LWR 1
SURNAME >	GChipman:mk			<i>[Signature]</i>	DBVassallo	RCDeYoung
DATE >	9/5/74			9/11/74	9/5/74	10/8/10/74

BN

cc: Mr. H. T. Babb, Managing Director  
 Nuclear Project  
 South Carolina Electric & Gas Company  
 Post Office Box 764  
 Columbia, South Carolina 29218

G. H. Fischer, Esq.  
 Vice President & General Counsel  
 South Carolina Electric & Gas Company  
 Post Office Box 764  
 Columbia, South Carolina 29218

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 South Carolina Public Service Authority  
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 Moncks Corner, South Carolina 29461

Wallace S. Murphy, Esq.  
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 Moncks Corner, South Carolina 29461

Troy B. Conner, Jr., Esq.  
 Conner, Hadlock & Knotts  
 1747 Pennsylvania Avenue, N. W.  
 Washington, D. C. 20006

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ENCLOSURE 1

UNITED STATES ATOMIC ENERGY COMMISSION

DOCKET NO. 50-395

SOUTH CAROLINA ELECTRIC AND GAS COMPANY

NOTICE OF PROPOSED ISSUANCE OF AMENDMENT TO  
CONSTRUCTION PERMIT

The Atomic Energy Commission (the Commission) is considering issuance of an amendment to Construction Permit No. CPPR-94 issued to South Carolina Electric and Gas Company which authorized construction of a pressurized water reactor designated as the Virgil C. Summer Nuclear Station, Unit 1 (the facility) located in Fairfield County, South Carolina.

The proposed amendment would reflect a change in ownership of the facility. As a result of the change, the South Carolina Public Service Authority would receive a one-third ownership interest in the facility. South Carolina Electric and Gas Company would retain sole responsibility for the overall technical direction in the licensing, design, construction, operation, management, maintenance and decommissioning of the facility.

The Commission has reviewed the application for amendment and has issued its Safety Evaluation, dated September 5, 1974, with respect to the proposed amendment. In accordance with 10 CFR 50.33(f) and Appendix C to 10 CFR Part 50, the Commission has concluded that the South Carolina Public Service Authority is financially qualified to acquire a one-third ownership in the facility.

By November 18, 1974 South Carolina Electric and Gas Company may file a request for a hearing concerning the change in ownership and any person whose interest

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may be affected by this proceeding may file a petition for leave to intervene. Requests for a hearing and petitions to intervene shall be filed in accordance with the Commission's "Rules of Practice" in 10 CFR Part 2. If a request for a hearing or a petition for leave to intervene is filed within the time prescribed in this notice, the Commission will issue a notice of hearing or an appropriate order.

For further details with respect to this action, see the application for amendment dated May 17, 1974 and the Commission's Safety Evaluation, dated September 5, 1974, both of which are available for public inspection at the Commission's Public Document Room, 1717 H Street, N. W., Washington, D. C. and at the Fairfield County Library, Vanderhorst Street, Winnsboro, South Carolina. A copy of the Safety Evaluation and the proposed amendment, when available, may be obtained upon request addressed to the U. S. Atomic Energy Commission, Washington, D. C. 20545, Attention: Deputy Director for Reactor Projects, Directorate of Licensing - Regulation.

**FOR THE ATOMIC ENERGY COMMISSION**

*Original signed by*  
**D. B. Vassallo**

**D. B. Vassallo, Chief**  
**Light Water Reactors Project Branch 1-1**  
**Directorate of Licensing**

Dated at Bethesda, Maryland,  
this 10th day of October, 1974

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ENCLOSURE 2

SAFETY EVALUATION BY THE DIRECTORATE OF LICENSING

SUPPORTING AMENDMENT NO. 1 TO

CONSTRUCTION PERMIT NO. CPPR-94

SOUTH CAROLINA ELECTRIC AND GAS COMPANY

VIRGIL C. SUMMER NUCLEAR STATION

UNIT 1

DOCKET NO. 50-395

INTRODUCTION

By letter dated May 17, 1974, South Carolina Electric and Gas Company (SCE&G) requested a change to the Facility Construction Permit No. CPPR-94 for the Virgil C. Summer Nuclear Station, Unit 1 (Facility). The proposed change involves transfer of one-third ownership interest of the Facility to the South Carolina Public Service Authority (Authority).

DISCUSSION

On October 18, 1973, the Authority and SCE&G entered into a joint ownership agreement and the Public Service Commission of South Carolina approved that agreement on November 21, 1973. The agreement provides, among other things, that: (1) the Authority obtains a one-third ownership interest in the facility and its electrical output and SCE&G retains a two-thirds ownership interest in the facility and its electrical output; (2) SCE&G is agent for the Authority and will retain sole responsibility for the design, construction,

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operation, management, maintenance and decommissioning of the facility and the Authority is obligated to pay its ownership share of all costs relating thereto including expenditures incurred before the commencement of the agreement.

EVALUATION

According to the application for the proposed ammendment to the Facility construction permit, the Authority has made payment to SCE&G for its one-third share of all costs incurred by SEC&G to November 29, 1973, the effective date of the agreement. Subsequent thereto each party is obligated to pay when due its ownership share of the costs of construction and operation of the facility. The Authority will finance its share of the construction in the same general manner as other additions to its generating facilities are financed; that is, by the issuance of long-term debt in the form of revenue bonds from time to time as funds are required to meet its obligations under the agreement.

In 1973 the Authority issued \$100,000,000 of Electric System Expansion Revenue Bonds the proceeds of which are committed primarily to the financing of the Authority's one-third share in the Summer Nuclear Station Unit 1. These bonds are part of an authorized \$160,000,000 issue, the balance of which has also been designated to finance the Summer Station and other plant additions. According to the Authority's "Official Statement" on this new issue, additional expansion revenue bonds may be issued under the indenture, dated July 1, 1949, as amended, and which have a lien on the revenues of the Authority. The Authority has reasonable assurance of obtaining by this method the total funds for its one-third share of the plant. The resolution authorizing the issuance of such expansion

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revenue bonds created a requirement that the Authority establish a reserve account to provide for the maximum amount of debt service due in any succeeding fiscal year on all expansion bonds then outstanding.

The estimated costs of construction of the plant, including certain transmission facilities and other associated costs, interest during construction, and the initial reactor core totals \$401.7 million. Under the joint ownership agreement the Authority will be responsible for one-third of these costs or \$133.9 million.

The details of these estimates are summarized below:

	<u>(millions)</u>
Total nuclear production plant costs	\$ 354.9
Transmission, distribution, and general plant costs	19.0
Nuclear fuel inventory cost for first core	27.8
Total	<u>\$ 401.7</u>

We have reviewed the estimated construction costs of the nuclear production plant and have found them to be reasonable. The earliest and latest estimated dates for completion of the construction are January 1, 1977 and January 1, 1978, respectively.

Information presented in the Authority's annual report for the fiscal year ended June 30, 1973 indicates that operating revenues totaled \$41.1 million. Operating expenses were stated at \$30.6 million, of which \$3.5 million was depreciation. Interest on long-term debt was earned 3.9 times. Net income totaled \$8.6 million, not including an extraordinary gain of \$3.9 million on the refunding of 1949 Electric Revenue Bonds.

As of June 30, 1973, assets totaled \$277.3 million, of which \$166.3 million was invested in utility plants. Unexpended funds from the sale of Authority bonds

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totaled \$76.3 million most of which was invested with only a fraction being held in cash. Impounded reserve funds to be used for debt service, contingencies, and capital improvements totaled \$17.4 million most of which was also invested.

Financial ratios computed from the fiscal year 1973 financial statements indicated an adequate financial condition, e. g., net utility plant to total capitalization - 70%; investment and surplus to total assets - 20%; long-term debt to total capitalization - 76.3%; the operating ratio - 74%; and the rates of return on investment and surplus - 15.4% and on net utility plant - 7.0%. The record of operations during fiscal years 1971-73 shows that operating revenues increased from \$33.5 million in 1971 to \$41.1 million in 1973; net income increased from \$2.1 million to \$8.6 million; and net investment in utility plant from \$138.5 million to \$166.3 million. The number of times interest on long-term debt was earned increased from 1.7 to 3.9.

Based on this review and consideration of financial data generally available, we have concluded that the South Carolina Public Service Authority is financially qualified to acquire a one-third ownership interest in the Virgil C. Summer Nuclear Station, Unit 1.

Our review of this proposed amendment concluded that there are no technical qualification considerations since SCE&G retains sole responsibility for all technical aspects of construction and operation of the Facility.

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CONCLUSION

We have concluded, based on the reasons discussed above, that the authorization of this amendment does not involve a significant hazards consideration. We also conclude that there is reasonable assurance that (i) the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations and the issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public.

Original signed  
by G. Chipman

**G. Chipman, Project Manager  
Light Water Reactors Project Branch 1-1  
Directorate of Licensing**

Original signed by  
D. B. Vassallo

**D. B. Vassallo, Chief  
Light Water Reactors Project Branch 1-1  
Directorate of Licensing**

Date: SEP 5 1974

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ENCLOSURE 2

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SUPPORTING AMENDMENT NO. 1 TO

CONSTRUCTION PERMIT NO. CPPR-94

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operation, management, maintenance and decommissioning of the facility and the Authority is obligated to pay its ownership share of all costs relating thereto including expenditures incurred before the commencement of the agreement.

### EVALUATION

According to the application for the proposed ammendment to the Facility construction permit, the Authority has made payment to SCE&G for its one-third share of all costs incurred by SEC&G to November 29, 1973, the effective date of the agreement. Subsequent thereto each party is obligated to pay when due its ownership share of the costs of construction and operation of the facility. The Authority will finance its share of the construction in the same general manner as other additions to its generating facilities are financed; that is, by the issuance of long-term debt in the form of revenue bonds from time to time as funds are required to meet its obligations under the agreement.

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CONCLUSION

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G. Chipman, Project Manager  
Light Water Reactors Project Branch 1-1  
Directorate of Licensing



D. B. Vassallo, Chief  
Light Water Reactors Project Branch 1-1  
Directorate of Licensing

Date: 9-5-74