

March 3, 1983

Docket No. 50-370

Mr. H. B. Tucker, Vice President
Nuclear Production Department
Duke Power Company
422 South Church Street
Charlotte, North Carolina 28242

Dear Mr. Tucker:

see Tech Specs

Subject: Issuance of Facility Operating License NPF-17 - McGuire
Nuclear Station, Unit 2

The U. S. Nuclear Regulatory Commission has issued the enclosed Facility Operating License NPF-17, together with Technical Specifications and Environmental Protection Plan for the McGuire Nuclear Station, Unit 2. This license authorizes low power testing and operation at up to but not to exceed 5 percent of power. Although the license contains various conditions discussing requirements which must be satisfied before exceeding 5 percent power, no operation in excess of 5 percent power is authorized by the license as issued. Authorization to operate beyond 5 percent power is still under consideration by the NRC. The issuance of this license authorizing operation at 5 percent of full power is without prejudice to future consideration by the Commission with respect to operation at power levels in excess of 5 percent.

Enclosed is a copy of a related notice, the original of which has been forwarded to the Office of the Federal Register for publication.

Two signed copies of Amendment No. 7 to Indemnity Agreement No. B-83 which covers the activities authorized under License No. NPF-17 are also enclosed. Please sign both copies and return one copy to this office.

Sincerely,

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Darrell G. Eisenhut, Director
Division of Licensing
Office of Nuclear Reactor Regulation

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Enclosures:

1. Facility Operating License NPF-17
2. Federal Register Notice
3. Amendment No. 7 to Indemnity Agreement B-83

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McGuire

Mr. H. B. Tucker, Vice President
Nuclear Production Department
Duke Power Company
422 South Church Street
Charlotte, North Carolina 28242

cc: Mr. A. Carr
Duke Power Company
P.O. Box 33189
422 South Church Street
Charlotte, North Carolina 28242

Mr. F. J. Twogood
Power Systems Division
Westinghouse Electric Corp.
P.O. Box 355
Pittsburgh, Pennsylvania 15230

Mr. G. A. Copp
Duke Power Company
Nuclear Production Department
P.O. Box 33189
Charlotte, North Carolina 28242

J. Michael McGarry, III, Esq.
Debevoise & Liberman
1200 Seventeenth Street, N.W.
Washington, D. C. 20036

Mr. Wm. Orders
Senior Resident Inspector
c/o U.S. Nuclear Regulatory Commission
Route 4, Box 529
Huntersville, North Carolina 28078

James P. O'Reilly, Regional Administrator
U.S. Nuclear Regulatory Commission,
Region II
101 Marietta Street, Suite 3100
Atlanta, Georgia 30303

R. S. Howard
Operating Plants Projects
Regional Manager
Westinghouse Electric Corporation - R&D 701
P.O. Box 2728
Pittsburgh, Pennsylvania 15230

Dr. John M. Barry
Department of Environmental Health
Mecklenburg County
1200 Blythe Boulevard
Charlotte, NC 28203

Attorney General
Department of Justice
Justice Building
Raleigh, NC 27602

Office of Intergovernmental Relations
116 West Jones Street
Raleigh, NC 27603

County Manager of Mecklenburg County
720 East Fourth Street
Charlotte, NC 28202

EIS Coordinator
U.S. Environmental Protection Agency
Region IV Office
345 Courtland Street, NE
Atlanta, GA 30308

Chairman, North Carolina
Utilities Commission
430 North Salisbury Street
Dobbs Building
Raleigh, NC 27602

Director, Criteria & Standards (ANR-460)
Office of Radiation Programs
U.S. Environmental Protection Agency
Washington, DC 20460

Director, Eastern Environmental
Radiation Facility
U.S. Environmental Protection Agency
P.O. Box 3009
Montgomery, AL 36193



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

DUKE POWER COMPANY

DOCKET NO. 50-370

MCGUIRE NUCLEAR STATION, UNIT 2

FACILITY OPERATING LICENSE

LICENSE NO. NPF-17

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for license filed by the Duke Power Company (the licensee) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's regulations set forth in 10 CFR Chapter I and all required notifications to other agencies or bodies have been duly made;
 - B. Construction of the McGuire Nuclear Station, Unit 2 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-84 and the application, as amended, the provisions of the Act and the regulations of the Commission;
 - C. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the regulations of the Commission (except as exempted from compliance in Section 2.D. below);
 - D. There is reasonable assurance: (i) that the activities authorized by this operating license 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 set forth in 10 CFR Chapter I (except as exempted from compliance in Section 2.D. below);
 - E. The licensee is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
 - F. The licensee has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements", of the Commission's regulations;
 - G. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public;
 - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of this Facility Operating License No. NPF-17, subject to the conditions for protection of the environment set forth in the Environmental Protection Plan attached as Appendix B, is in accordance with 10 CFR Part 51, of the Commission's regulations and all applicable requirements have been satisfied;

- I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70.
2. Based on the foregoing findings and the Initial Decisions issued by the Atomic Safety and Licensing Board dated April 18, 1979, and May 26, 1981, and the Decision of the Atomic Safety and Licensing Appeal Board dated March 30, 1982, regarding this facility, Facility Operating License No. NPF-17 is hereby issued to the Duke Power Company (the licensee) to read as follows:
 - A. This license applies to the McGuire Nuclear Station, Unit 2, a pressurized water reactor and associated equipment (the facility) owned by the Duke Power Co. (licensee). The facility is located on the licensee's site in Mecklenburg County, North Carolina, on the shore of Lake Norman approximately 17 miles northwest of Charlotte, North Carolina and is described in Duke Power Company's "Final Safety Analysis Report," as supplemented and amended through Revision No. 45, and in its Environmental Report, as supplemented and amended through Revision No. 6;
 - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Duke Power Company:
 - (1) Pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use, and operate the facility at the designated location in Mecklenburg County, North Carolina, in accordance with the procedures and limitations set forth in this license;
 - (2) Pursuant to the Act and 10 CFR Part 70 to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended through Revision No. 45;
 - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - (4) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components;
 - (5) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility; and

(6) Pursuant to the Act and 10 CFR Parts 30 and 40, to receive, possess and process for release or transfer such byproduct material as may be produced by the Duke Power Company Training and Technology Center.

C. This license shall be deemed to contain and is subject to the conditions specified in the Commission's regulations set forth in 10 CFR Chapter I and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:

(1) Maximum Power Level

The licensee is authorized to operate the facility at reactor core power levels not in excess of 3411 megawatts thermal (100% power) in accordance with the conditions specified herein and in Attachment 1 to this license. The preoperational tests, startup tests and other items identified in Attachment 1 to this license shall be completed as specified. Attachment 1 is hereby incorporated into this license. Pending Commission approval, this license is restricted to power levels not to exceed 5 percent of full power (170 megawatts thermal);

(2) Technical Specifications and Environmental Protection Plan

The Technical Specifications contained in Appendix A and the Environmental Protection Plan contained in Appendix B, both of which are attached hereto, are hereby incorporated into this license. The licensee shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan;

(3) Antitrust Conditions

The licensee shall comply with the antitrust conditions delineated in Appendix C to this license;

(4) Thermal Sleeves (Section 3.9.2 of SSER #6)*

By December 31, 1983, the licensee shall provide, for NRC staff review and approval, justification for continued operation with the seven thermal sleeves removed from selected locations in the reactor coolant system;

*The parenthetical notation following the title of many license conditions denotes the section of the Safety Evaluation Report and/or its supplements wherein the license condition is discussed.

(5) Model D-3 Steam Generators (Section 5.3.1 of SSER #6)

Prior to operation in excess of 2,000 hours at power levels in excess of 5% power or operation at power levels in excess of 50% power, the licensee shall provide appropriate steam generator hardware modifications and implement appropriate surveillance measures with respect to the steam generator modification;

(6) Environmental Qualification (Section 7.8 of SER, SSER #4, #5, #6)

Prior to exceeding 5% power the licensee shall complete and submit for NRC staff review and approval the analysis required by 10 CFR 50.49(i).

(7) Fire Protection Program (Section 9.5.1 of SER, SSER #2, #5, #6)

- (a) The licensee shall fully implement and maintain in effect all provisions of the approved fire protection plan as amended in September 1982 and the Fire Protection Review in Supplement No. 5 to the McGuire Nuclear Station Safety Evaluation Report, dated March 1979. Prior to March 1, 1984, the licensee shall meet the technical requirements of Sections III.G, Fire Protection of Safe Shutdown Capability, including Section III.L, Alternative and Dedicated Shutdown Capability, as appropriate; III.J, Emergency Lighting; and III.O, Oil Collection System for Reactor Coolant Pump, of Appendix R to 10 CFR Part 50 and, shall complete to the satisfaction of the NRC all required fire protection items identified in Table 9.5-1 as revised in Supplement No. 6 and Appendix B of Supplement 5 to the Safety Evaluation Report (NUREG-0422, February 1983 and April 1981);
- (b) The licensee shall perform required modifications to the oil collection system and fire suppression system for the Reactor Coolant Pump (RCP) motor no later than March 1, 1984.
- (c) Prior to exceeding 5% power, the licensee shall submit a schedule for installation of system instrumentation provisions for source range neutron flux and reactor coolant system temperature (T_{cold}) monitors as an integral part of the Standby Shutdown System;

(8) Heavy Loads (Section 9.1.5 of SSER #6)

Prior to startup following the first refueling outage, the licensee shall comply with the guidelines of Section 5.1.1 of NUREG-0612 (Phase I - the six-month response to the NRC generic letter dated December 22, 1980) and prior to startup following the second refueling outage, the licensee shall have made commitments acceptable to the NRC regarding the guidelines of Sections 5.1.2 through 5.1.6 of NUREG-0612 (Phase II - nine-month responses to the NRC generic letter dated December 22, 1980);

(9) Initial Test Program (Section 14.0 of SER)

The licensee shall conduct the initial test program (set forth in Section 14 of the licensee's Final Safety Analysis Report, as amended through Revision No.45) without making any modifications to this program unless such modifications are in accordance with the provisions of 10 CFR Section 50.59. In addition, the licensee shall not make any major modifications to this program unless modifications have been identified and have received prior NRC approval. Major modifications are defined as:

- a. Elimination of any test identified as essential in Section 14 of the Final Safety Analysis Report, as amended through Revision No. 45,
- b. Modification of test objectives, methods or acceptance criteria for any test identified as essential in Section 14 of the Final Safety Analysis Report, as amended through Revision No. 45,
- c. Performance of any test at a power level different from that described in the program, as limited by this license authorization, and
- d. Failure to complete any tests included in the described program (planned or scheduled) for power levels up to the authorized power level.

(10) NUREG-0737 Conditions (Section 22.3, 22.4, 22.5 of SSER #5 & #6 Section 13.3 of SSER #6)

a. Short Term Accident Analysis and Procedures Review (I.C.I)

Prior to exceeding 5% power, all of the Emergency Operating Procedures shall use the same format (either narrative or columnar).

b. Postaccident Sampling (II.B.3)

Prior to exceeding 5% power, a high-radiation sampling system for obtaining reactor coolant and containment atmosphere sampling under degraded core accident conditions shall be operable.

c. Inadequate Core Cooling Instruments (II.F.2)

- 1) Prior to startup following the first refueling outage, the licensee shall install a reactor vessel water level instrumentation system, and
- 2) Prior to startup following the first refueling outage, the licensee shall upgrade the in-containment portion of the incore thermocouple system and provide a schedule for update of the remainder of the system.

d. Anticipatory Reactor Trip (II.K.3.10)

Prior to exceeding 50% power the licensee shall complete the described turbine trip tests to verify that PORVs will not be challenged when the anticipatory trip bypass is in effect.

e. Hydrogen Control Measures (II.B.7)

- 1) Prior to startup following the first refueling outage the Commission must confirm that an adequate hydrogen control system for the plant is installed and will perform its intended function in a manner that provides adequate safety margins, and
- 2) Operation of the hydrogen mitigation igniter system shall be activated upon a safety injection signal with accompanying indications of a loss of coolant accident.

f. Emergency Response Capability (I.C.1, I.D.1, I.D.2, III.A.1.2, III.A.2.2)

- 1) By April 15, 1983, the licensee shall submit a response to NRC generic letter 82-33, dated December 17, 1982, related to emergency response capabilities.
- 2) The licensee shall maintain interim emergency support facilities (Technical Support Center, Operations Support Center and the Emergency Operations Facility) until the upgraded facilities are completed.

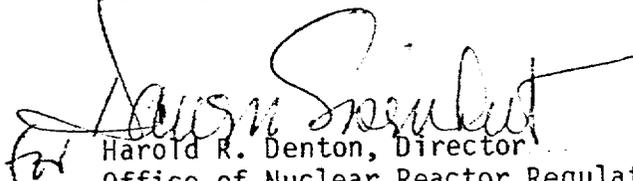
(11) Protection of the Environment

Before engaging in additional construction or operational activities which may result in a significant adverse environmental impact that was not evaluated or that is significantly greater than that evaluated in the Final Environmental Statement dated April 1976, the licensee shall provide written notification to the Office of Nuclear Reactor Regulation.

- D. The facility requires an exemption from certain requirements of Appendix G to 10 CFR Part 50. This exemption is described in the Office of Nuclear Reactor Regulation's Safety Evaluation Report, Supplement No. 2 and in Supplement No. 4 (Section 5.2.3). This exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. The exemption is, therefore, hereby granted pursuant to 10 CFR 50.12. With the granting of this exemption, the facility will operate, to the extent authorized therein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
- E. The licensee shall fully implement and maintain in effect all provisions of the Commission approved physical security, guard training and qualification and safeguards contingency plans, including amendments made pursuant to the authority of 10 CFR 50.54(p). The approved plans, which contain information described in 10 CFR 73.21, are collectively entitled, "McGuire Nuclear Station Security Plan," dated February 1, 1978 as revised on July 26, 1978 (Revision 2), August 23, 1978 (Revision 3), September 8, 1978 (Revision 4), October 20, 1978 (Revision 5), October 12, 1979 (Revision 6), March 24, 1980 (Revision 7), August 8, 1980 (Revision 8), October 27, 1980 (Revision 9), January 27, 1981 (Revision 10), July 10, 1981 (Revision 11), August 7, 1981 (Revision 12) and May 20, 1982 (Revision 13); "McGuire Nuclear Station Safeguards Contingency Plan," dated March 23, 1979 as revised December 17, 1980 and November 10, 1982; and "McGuire Nuclear Security Training and Qualification Plan," Revision 3 dated October 21, 1981;
- F. The licensee shall report any violations of the requirements contained in Section 2 Items C.(1), C.(4) through C.(11), and E of this license within 24 hours by telephone and confirm by telegram, mailgram, or facsimile transmission to the NRC Regional Administrator, Reg. II, or his designate, no later than the first working day following the violation, with a written followup report within 14 days;

- G. The licensee shall notify the Commission, as soon as possible but not later than one hour, of any accident at this facility which would result in an unplanned release of quantities of fission products in excess of allowable limits for normal operation established by the Commission;
- H. The licensee shall have and maintain financial protection of such type and in such amounts as the Commission shall require in accordance with Section 170 of the Atomic Energy Act of 1954, as amended, to cover public liability claims;
- I. In accordance with the Commission's direction in its Statement of Policy, Licensing and Regulatory Policy and Procedures for Environmental Protection; Uranium Fuel Cycle Impacts, October 29, 1982, this license is subject to the final resolution of the pending litigation involving Table S-3. See, Natural Resources Defense Council v. NRC, No. 74-1586 (D.C. cir. April 27, 1982); and
- J. This license is effective as of the date of issuance and shall expire at midnight on February 28, 2013.

FOR THE NUCLEAR REGULATORY COMMISSION


for Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Enclosures:

- 1. Attachment 1
- 2. Appendix A -
Technical Specifications
- 3. Appendix B -
Environmental Protection Plan
- 4. Appendix C -
Antitrust Conditions

Date of Issuance: March 3, 1983

ATTACHMENT 1 TO LICENSE NPF-17

This attachment identifies certain preoperational tests, system demonstrations and other items which must be completed to the satisfaction of NRC Region II. The licensee shall not proceed without confirmation from Region II that the following items have been completed in accordance with the conditions and schedule set forth below.

1. Prior to initial criticality, the licensee shall complete to the satisfaction of the NRC Region II the requirements of the following open items:
 - a. Barton Class IF transmitters exhibiting thermal non-repeatability (CDR 82-06).
 - b. Complete design engineering evaluation of problems experienced with Bussman indicating fuses (81-33-01).
 - c. Verify operability (i.e., sounding) of containment evacuation alarms. This is to assure alarm operability and adequate audibility of the alarms. (A speaker malfunction has previously occurred in Unit 1 in November, 1981 where personnel could not hear the actuated alarm (81-33-03).)
 - d. Identify, track, and reinspect during next plant heatup, as appropriate, piping system supports, restraints, and clearances, which were: (1) unacceptable for operations turnovers prior to initial plant heatup; (2) adjusted during initial plant heatup; (3) shimmed during or after initial plant heatup; and (4) modified subsequent to initial plant heatup (82-22-02), (82-22-03), (82-22-04), (82-22-05).
 - e. Repeat the pressurizer functional test so as to verify operability of all pressurizer heaters (82-25-01), (82-30-01).
 - f. Resolve the issue of an acceptable containment leak rate test. Contrary to ANSI/ANS 5698, the licensee failed to reduce containment pressure to less than 85% of ILRT pressure for 24 hours as to allow for outgassing of trapped air (82-27-01).
 - g. Review licensee's evaluation of a measurement technique in obtaining appropriate inlet pressure to the flowmeter that was used for the supplemented leak rate test (82-27-02).
 - h. Verify operability of the Standby Shutdown Facility (83-19-06).
 - i. Complete the reactor coolant system functional test (TP/2/A/1150/09) in order to verify monitoring capability of the core exit thermocouples in the SSF (83-19-07).

- j. Complete the turbine driven auxiliary feedwater pump test (TP/2/A/1250/04), (83-19-08).
 - k. Resolve the issue of acceptable ECCS centrifugal charging pump flow performance (83-19-09).
 - l. Complete electric hydrogen recombiner 2B system functional test (TP/2/A/1450/16), (83-19-10).
 - m. Complete testing of power range detectors, NI system functional test (TP/2/A/1600/02), (83-19-11).
 - n. Complete annulus system functional and filter tests (TP/2/A/1450/06, TP/2/A/1450/19), (83-19-12).
 - o. Complete pre-operational filter test for containment purge and exhaust filters 2A and 2B (TP 12/B/1450/21), (83-19-13).
 - p. Complete valve stroke timing tests on valves equipped with Rotork model NA-2 electrical motor operator switches (CDR 82-04).
 - q. Provide satisfactory resolution of any deficiencies that may be identified during the preoperational testing program.
 - r. Complete the containment high-range monitor calibration test (NUREG-0737, Item II.F.2.c).
2. Prior to achieving 100% power, the licensee shall resolve to the satisfaction of Region II the NUREG-0737 open item:

II.B.3 Post Accident Sampling: Complete system installation and perform satisfactory functional checkout test.

b. Verify operability of the Standby Shutdown Facility (83-19-01)

UNITED STATES NUCLEAR REGULATORY COMMISSION

DOCKET NO. 50-370

MCGUIRE NUCLEAR STATION, UNIT NO. 2

NOTICE OF ISSUANCE OF FACILITY

OPERATING LICENSE

Notice is hereby given that the Nuclear Regulatory Commission (the Commission) has issued Facility Operating License No. NPF-17 to the Duke Power Company (the licensee) which authorizes operation of the McGuire Nuclear Station, Unit 2, (the facility) at reactor core power levels not in excess of 3411 megawatts thermal in accordance with the provisions of the License, the Technical Specifications and the Environmental Protection Plan with a condition currently limiting operation to five percent of full power (170 megawatts thermal). Authorizaition to operate beyond five percent of full power will require specific Commission approval.

The McGuire Nuclear Station, Unit 2 is a pressurized water reactor located in Mecklenburg County, North Carolina, approximately 17 miles northwest of Charlotte, North Carolina. The license is effective as of its date of issuance and shall expire at midnight on February 28, 2013.

The application for the license complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act) and the Commission's regulations. Issuance of this license has been authorized by the Atomic Safety and Licensing Board by its Initial Decision, dated April 18, 1979, and its Supplemental Initial Decision dated May 26, 1981. The Commission has made appropriate findings as required by the Act and the Commission's

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regulations in 10 CFR Chapter I, which are set forth in the license. Prior public notice of the overall action involving the proposed issuance of an operating license was published in the Federal Register on October 7, 1974 (39 FR 36037).

The Commission has determined that the issuance of this license will not result in any environmental impacts other than those evaluated in the Final Environmental Statement since the activity authorized by the license is encompassed by the overall action evaluated in the Final Environmental Statement.

For further details in respect to this action, see (1) Facility Operating License NFP-17 complete with Technical Specifications and the Environmental Protection Plan; (2) the report of the Advisory Committee on Reactor Safeguards, dated April 12, 1978; (3) the Commission's Safety Evaluation Report, dated March 1978 (NUREG-0422), and Supplements 1 through 6; (4) the Final Safety Analysis Report and Amendments thereto; (5) the Final Environmental Statement, dated May 1974 and supplements thereto; (6) the Floodplain Aspects of the McGuire Nuclear Plant Site, dated September 3, 1980; and (7) the Initial Decisions of the Atomic Safety and Licensing Board, dated April 18, 1979, and May 26, 1981, the Decision of the Atomic Safety and Licensing Appeal Board dated March 30, 1982, and the Commission's Memorandum dated July 27, 1982.

These items are available at the Commission's Public Document Room, 1717 H Street, N.W., Washington, D. C. 20555, and at the Atkins Library, University of North Carolina, Charlotte (UNCC Station), North Carolina 28223. A copy of Facility Operating License NPF-17 may be obtained upon request addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention: Director, Division of Licensing. Copies of the Safety Evaluation Report and its Supplements (NUREG-0422) and the Final Environmental Statement may be purchased at current rates from the National Technical Information Service, Department of Commerce, 5285 Port Royal Road, Springfield, Virginia 22161, and through the NRC GPO sales program by writing to the U. S. Nuclear Regulatory Commission, Attention: Sales Manager, Washington, D. C. 20555. GPO deposit account holders may call 301-492-9530.

Dated at Bethesda, Maryland this 3rd day of March 1983.

FOR THE NUCLEAR REGULATORY COMMISSION



Elinor G. Adensam, Chief
Licensing Branch No. 4
Division of Licensing

OFFICE ▶	.....	.....	.....	.....	.....	.....	.....
SURNAME ▶	.....	.....	.....	.....	.....	.....	.....
DATE ▶	.....	.....	.....	.....	.....	.....	.....



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

Docket Nos. 50-369
50-370

AMENDMENT TO INDEMNITY AGREEMENT NO. B-83
AMENDMENT NO. 7

Effective March 3, 1983, Indemnity Agreement No. B-83, between Duke Power Company, and the Nuclear Regulatory Commission, dated February 28, 1978, as amended, is hereby further amended as follows:

Item 3 of the Attachment to the indemnity agreement is deleted in its entirety and the following substituted therefor:

Item 3 - License number or numbers

SNM-1773 (From 12:01 a.m., February 28, 1978, to
12 midnight, January 22, 1981 inclusive)

SNM-1885 (From 12:01 a.m., October 19, 1981, to
12 midnight, March 2, 1983
inclusive)

NPF-9 (From 12:01 a.m., January 23, 1981)

NPF-17 (From 12:01 a.m., March 3, 1983)

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

A handwritten signature in black ink, appearing to read "Jerome Saltzman".

Jerome Saltzman, Assistant Director
State and Licensee Relations
Office of State Programs

Elmer G. Anderson, Chief

Accepted _____, 1983

By _____
DUKE POWER COMPANY



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

Docket Nos. 50-369
50-370

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AMENDMENT NO. 7

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12 midnight, March 2, 1983
inclusive)

NPF-9 (From 12:01 a.m., January 23, 1981)

NPF-17 (From 12:01 a.m., March 3, 1983)

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION


Jerome Saltzman, Assistant Director
State and Licensee Relations
Office of State Programs

Accepted _____, 1983

By _____
DUKE POWER COMPANY

Appendix C

Antitrust Conditions

Pursuant to an Order by the Atomic Safety and Licensing Board, dated April 23, 1975, the Nuclear Regulatory Commission incorporates in Operating License NPF-17 the following antitrust conditions:

- a. The licensee makes the commitments contained herein, recognizing that bulk power supply arrangements between neighboring entities normally tend to serve the public interest. In addition, where there are net benefits to all participants such arrangements also serve the best interests of each of the participants. Among the benefits of such transactions are increased electric system reliability, a reduction in the cost of electric power, and minimization of the environmental effects of the production and sale of electricity.

Any particular bulk power supply transaction may afford greater benefits to one participant than to another. The benefits realized by a small system may be proportionately greater than those realized by a larger system. The relative benefits to be derived by the parties from a proposed transaction, however, should not be controlling upon a decision with respect to the desirability of participating in the transaction. Accordingly, the licensee will enter into proposed bulk power transactions of the types hereinafter described which, on balance, provide net benefits to the licensee. There are net benefits in a transaction if the licensee recovers the cost of the transaction (as defined in subparagraph (1)(d) hereof) and there is no demonstrable net detriment to the licensee arising from the transaction.

(1) As used herein:

- (a) "Bulk Power" means electric power and any attendant energy, supplied or made available at transmission or sub-transmission voltage by one electric system to another.
- (b) "Neighboring Entity" means a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or a lawful association of any of the foregoing owning or operating, or proposing to own or operate, facilities for the generation and transmission of electricity which meets each of the following criteria: (1) its existing or proposed facilities are economically and technically feasible of interconnection with those of the licensee and (2) with the exception of municipalities, cooperatives, governmental agencies or

authorities, and associations, it is, or upon commencement of operations will be, a public utility and subject to regulation with respect to rates and service under the laws of North Carolina or South Carolina or under the Federal Power Act; provided, however, that as to associations, each member of such association is either a public utility as discussed in this clause (2) or a municipality, a cooperative or a governmental agency or authority.

- (c) Where the phrase "neighboring entity" is intended to include entities engaging or proposing to engage only in the distribution of electricity, this is indicated by adding the phrase "including distribution systems."
 - (d) "Cost means any appropriate operating and maintenance expenses, together with all other costs, including a reasonable return on the licensee's investment, which are reasonably allocable to a transaction. However, no value shall be included for loss of revenues due to the loss of any wholesale or retail customer as a result of any transaction hereafter described.
- (2) (a) The licensee will interconnect and coordinate reserves by means of the sale and exchange of emergency and scheduled maintenance bulk power with any neighboring entity(ies), when there are net benefits to each party, on terms that will provide for all of the licensee's properly assignable costs as may be determined by the Federal Energy Regulatory Commission and consistent with such cost assignment will allow the other party the fullest possible benefits of such coordination.
- (b) Emergency service and/or scheduled maintenance service to be provided by each party will be furnished to the fullest extent available from the supplying party and desired by the party in need. The licensee and each party will provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and, in accordance with recognized industry practice, from generation of others to the extent it can do so without impairing service to its customers, including other electric systems to whom it has firm commitments.

- (c) Each party to a reserve coordination arrangement will establish its own reserve criteria, but in no event shall the minimum installed reserve on each system be less than 15%, calculated as a percentage of estimated peak load responsibility. Either party, if it has, or has firmly planned, installed reserves in excess of the amount called for by its own reserve criterion, will offer any such excess as may in fact be available at the time for which it is sought and for such period as the selling party shall determine for purchase in accordance with reasonable industry practice by the other party to meet such other party's own reserve requirements. The parties will provide such amounts of spinning reserve as may be adequate to avoid the imposition of unreasonable demands on the other part(ies) in meeting the normal contingencies of operating its (their) system(s). However, in no circumstances shall such spinning reserve requirement exceed the installed reserve requirement.
 - (d) Interconnections will not be limited to low voltages when higher voltages are available from the licensee's installed facilities in the area where interconnection is desired and when the proposed arrangement is found to be technically and economically feasible.
 - (e) Interconnection and reserve coordination agreements will not embody provisions which impose limitations upon the use or resale of power and energy sold or exchanged pursuant to the agreement. Further, such arrangements will not prohibit the participants from entering into other interconnection and coordination arrangements, but may include appropriate provisions to assure that (i) the licensee receives adequate notice of such additional interconnection or coordination, (ii) the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) the licensee will be fully compensated for its costs. Reasonable industry practice as developed in the area from time to time will satisfy this provision.
- (3) The licensee currently has on file, and may hereafter file, with the Federal Energy Regulatory Commission contracts with neighboring entity(ies) providing for the sale and exchange of short-term power and energy, limited term power and energy, economy energy, non-displacement energy, and emergency capacity and energy. The licensee

will enter into contracts providing for the same or for like transactions with any neighboring entity on terms which enable the licensee to recover the full costs allocable to such transaction.

- (4) The licensee currently sells capacity and energy in bulk on a full requirements basis to several entities engaging in the distribution of electric power at retail. In addition, the licensee supplies electricity directly to ultimate users in a number of municipalities. Should any such entity(ies) or municipality(ies) desire to become a neighboring entity as defined in subparagraph (1)(b) hereof (either alone or through combination with others), the licensee will assist in facilitating the necessary transition through the sale of partial requirements firm power and energy to the extent that, except for such transition, the licensee would otherwise be supplying firm power and energy. The provision of such firm partial requirements service shall be under such rates, terms and conditions as shall be found by the Federal Energy Regulatory Commission to provide for the recovery of the licensee's cost. The licensee will sell capacity and energy in bulk on a full requirements basis to any municipality currently served by the licensee when such municipality lawfully engages in the distribution of electric power at retail.
- (5) (a) The licensee will facilitate the exchange of electric power in bulk in wholesale transactions over its transmission facilities (1) between or among two or more neighboring entities including distribution systems with which it is interconnected or may be interconnected in the future, and (2) between any such entity(ies) and any other electric system engaging in bulk power supply between whose facilities the licensee's transmission lines and other transmission lines would form a continuous electric path, provided that permission to utilize such other transmission lines has been obtained. Such transaction shall be undertaken provided that the particular transaction reasonably can be accommodated by the licensee's transmission system from a functional and technical standpoint and does not constitute the wheeling of power to a retail customer. Such transmission shall be on terms that fully compensate the licensee for its cost. Any entity(ies) requesting such transmission arrangements shall give reasonable notice of its (their) schedule and requirements
- (b) The licensee will include in its planning and construction program sufficient transmission capacity as required for the transactions referred to in subparagraph (a) of this paragraph, provided that (1) the neighboring entity(ies)

gives the licensee sufficient advance notice as may be necessary reasonably to accommodate its (their) requirements from a functional and technical standpoint and (2) that such entity(ies) fully compensate the licensee for its cost. In carrying out this subparagraph (b), however, the licensee shall not be required to construct or add transmission facilities which (a) will be of no demonstrable present or future benefit to the licensee, or (b) which could be constructed by the requesting entity(ies) without duplicating any portion of the licensee's existing transmission lines, or (c) which would jeopardize the licensee's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements. Where regulatory or environmental approvals are required for the construction or addition of transmission facilities needed for the transactions referred to in subparagraph (a) of this paragraph it shall be the responsibility of the entity(ies) seeking the transaction to participate in obtaining such approvals, including sharing in the cost thereof.

- (6) To increase the possibility of achieving greater reliability and economy of electric generation and transmission facilities, the licensee will discuss load projections and system development plans with any neighboring entity(ies).
- (7) When the licensee's plans for future nuclear generating units (for which application will hereafter be made to the Nuclear Regulatory Commission) have reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear units, the licensee will notify all neighboring entities including distribution systems with peak loads smaller than the licensee's that the licensee plans to construct such nuclear units. Neither the timing nor the information provided need be such as to jeopardize obtaining the required site at the lowest possible cost.
- (8) The foregoing commitments shall be implemented in a manner consistent with the provisions of the Federal Power Act and all other lawful local, state and Federal regulation and authority. Nothing in these commitments is intended to determine in advance the resolution of issues which are properly raised at the Federal Energy Regulatory Commission concerning such commitments, including allocation of costs or the rates to be charged. The licensee will negotiate (including the execution of a contingent statement of intent)

with respect to the foregoing commitments with any neighboring entity including distribution systems where applicable engaging in or proposing to engage in bulk power supply transactions, but the licensee shall not be required to enter into any final arrangement prior to resolution of any substantial questions as to the lawful authority of an entity to engage in the transactions.

In addition, the licensee shall not be obligated to enter into a given bulk power supply transaction if: (1) to do so would violate, or incapacitate it from performing, any existing lawful contracts it has with a third party; (2) there is contemporaneously available to it a competing or alternative arrangement which affords it greater benefits which would be mutually exclusive of such arrangement; (3) to do so would adversely affect its system operations or the reliability of power supply to its customers, or (4) if to do so would jeopardize the licensee's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements.

March 3, 1983

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McGuire Unit 2 Operating License

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