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SERVICES UNIT

Docket No. 50-389

NOV 14 1980

Mr. Robert F. Uhrig
Vice President of Nuclear
and General Engineering
Florida Power and Light Company
Post Office Box 529100
Miami, Florida 33152

Dear Dr. Uhrig:

SUBJECT: ISSUANCE OF AMENDMENT NO. 2 TO CONSTRUCTION PERMIT NO. CPPR-144
ST. LUCIE PLANT, UNIT 2

Your letter, dated June 13, 1980, transmitted an application for transfer of ownership interest and Amendment to Construction Permit No. CPPR-144.

We have reviewed your application and concluded that the new participant, Orlando Utilities Commission of the City of Orlando, Florida, is financially qualified to assume its ownership interest (6.08951 percent) share in the St. Lucie Plant Unit No. 2.

Amendment No. 2 to Construction Permit No. CPPR-144 and a related notice, which have been forwarded to the Office of the Federal Register for publication are enclosed.

We have concluded that the inclusion of this new participant does not involve a significant hazards consideration, does not constitute an unreasonable risk to the health and safety of the public, and is not inimical to the common defense and security. The basis for this conclusion is set forth in the enclosed Safety Evaluation (Enclosure 3).

We have also concluded that this Amendment involves an action which is insignificant from the standpoint of environmental impact and pursuant to 10 CFR Section 51.5 (d) (4) that an environmental impact statement or negative declaration, and environmental impact appraisal need not be prepared in connection with the issuance of this Amendment.

Sincerely,

Darrell G. Eisenhut, Director
Division of Licensing
Office of Nuclear Reactors Regulatory

UFB/DE
ATOalston
JPetersen
10/29/80

CUFB/DE
JSaltzman
10/28/80

*see added
Dancegraph
I.D.*
OELD
JRutberg
WPaton
10/13/80

SEE PREVIOUS YELLOW FOR PREVIOUS CONCURRENCE

Enclosures:

1. Amendment No. 2 - CPPR-144	DL:LB#1	DL:LB#1	DL:AD/1	DL:DIR
OFFICE Federal Register Notice	RBirkeI	BJYoungblood	RLTedesco	RPurple
2. Safety Evaluation	MRushbrook	10/14/80	10/14/80	DEisenhut
DATE	10/28/80	10/14/80	10/14/80	10/14/80

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Docket No. 50-389

DISTRIBUTION: IBailly, TIDC
 Docket File RJones (4), Authority Files
 NRC/PDR I&E (3)
 L/PDR DBiddle, MPA
 LB#1 Rdg WMiller, ADM
 NRR Rdg BScharf, TIDC (10)
 DEisenhut LCobb, IE

Mr. Robert F. Uhrig
 Vice President of Nuclear
 and General Engineering
 Florida Power and Light Company
 Post Office Box 529100
 Miami, Florida 33152

RPurple
 RTedesco bcc: ACRS (16)
 JYoungblood TERA
 RBirkel NSIC
 MRushbrook TIC
 JRuthberg, ELD
 WPaton, ELD
 JSaltzman, DE
 AToalston, DE
 JPetersen, DE

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Sincerely,

UFB/DE CUFB/DE OELD
 AToalston JSaltzman JRutberg
 JPetersen WPaton
 10/16/80 10/ /80 10/ /80

Darrell G. Eisenhut, Director
 Division of Licensing
 Office of Nuclear Reactors Regulatory

Enclosures:

1. Amendment No. 2 - CPPR-144	DL:LB#1	DL:LB#1	DL:AD/L	DL:DIR
2. Federal Register Notice	RBirkel	BJYoungblood	RLTedesco	RPurple
3. Safety Evaluation	MRushbrook/Is	BJYoungblood	RLTedesco	DEisenhut
SURNAME	10/22/80	10/ /80	10/ /80	10/ /80
DATE				

Dr. Robert E. Uhrig, Vice President
Advanced Systems and Technology
Florida Power & Light Company
P. O. Box 529100
Miami, Florida 33152

-2-

NOV 14 1980

cc: Harold F. Reis, Esq.
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Miami, Florida 33138

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Atomic Safety and Licensing Board
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. David L. Metrick
Professor of Nuclear Engineering
The University of Arizona
Tucson, Arizona 85721

Dr. Frank F. Hooper
School of Natural Resources
University of Michigan
Ann Arbor, Michigan 48104

Resident Inspector
St. Lucie Nuclear Power Station
c/o U. S. Nuclear Regulatory Commission
P. O. Box 400
Jensen Beach, Florida 33457

Administration, Department of
Environmental Regulation
Power Plant Siting Section
State of Florida
2600 Blair Stone Road
Tallahassee, Florida 32301

County Administrator
2300 Virginia Avenue
Room 104
St. Lucie County
Ft. Pierce, Florida 33450

U. S. Environmental Protection Agency
ATTN: EIS Coordinator
Region IV Office
345 Courtland Street, N. E.
Atlanta, Georgia 30308

Director, Technical Assessment Division
Office of Radiation Programs (AW-459)
U. S. Environmental Protection Agency
Crystal Mall No. 2
Arlington, Virginia 20460

Chairman, Florida Public Service
Commission
700 South Adams Street
Tallahassee, Florida 32304

FLORIDA POWER AND LIGHT COMPANY

ORLANDO UTILITIES COMMISSION

OF THE CITY OF ORLANDO, FLORIDA

DOCKET NO. 50-389

ST. LUCIE PLANT, UNIT NO. 2

AMENDMENT TO CONSTRUCTION PERMIT

AMENDMENT NO. 2
CONSTRUCTION PERMIT NO. CPPR-144

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for amendment contained in a letter dated June 13, 1980, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I:
 - B. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - C. Prior public notice of this amendment is not required since the amendment does not involve a significant hazards consideration.
 - D. The Orlando Utilities Commission of the City of Orlando, Florida is financially qualified to participate in the design, construction and operation of the St. Lucie Plant, Unit No. 2 pursuant to the the requirements of 10 CFR Part 50.
2. Accordingly, Construction Permit No. CPPR-144 is amended to reflect a change in the ownership of the facility by adding the Orlando Utilities Commission of the City of Orlando, Florida as an owner and transferring shares as follows:

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SURNAME ▶						
DATE ▶	5.01.12.60	322				

A. A new paragraph is added to read:

3.F.(6) 6.08951 percent ownership shares may be transferred from the Florida Power and Light Company to Orlando Utilities Commission of the City of Orlando, Florida.

B. All references to "applicants" in Construction Permit No. CPPR-144 will include Florida Power and Light Company and Orlando Utilities Commission, City of Orlando, Florida, except with respect to Paragraph 3.F. "Applicant" refers only to Florida Power and Light Company.

3. This Amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

for Robert Purple
 Darrell G. Eisenhut, Director
 Division of Licensing
 Office of Nuclear Reactors Regulatory

Date of Issuance: NOV 14 1980

See previous yellow for concurrences

OFFICE ▶	DL/LB#1	OELD	DL/CLB#1	A/D/L/DL	DO/DL	D/PL
SURNAME ▶	MRushbrooke	Rutberg/Paton	Youngblood	RTedesco	RPurple	DEisenhut
DATE ▶	11/7/80	11/3/80	11/14/80	11/14/80	11/14/80	11/14/80

FLORIDA POWER AND LIGHT COMPANY

ORLANDO UTILITIES COMMISSION

OF THE CITY OF ORLANDO, FLORIDA

DOCKET NO. 50-389

ST. LUCIE PLANT, UNIT NO. 2

AMENDMENT TO CONSTRUCTION PERMIT

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CONSTRUCTION PERMIT NO. CPPR-144

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 - B. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - C. Prior public notice of this amendment is not required since the amendment does not involve a significant hazards consideration.
2. Accordingly, Construction Permit No. CPPR-144 is amended to reflect a change in the ownership of the facility by adding the Orlando Utilities Commission of the City of Orlando, Florida as an owner and transferring shares as follows:
 - A. A new paragraph is added to read:

3.F.(6) 6.08951 percent ownership shares may be transferred from the Florida Power and Light Company to Orlando Utilities Commission of the City of Orlando, Florida.

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

B. All references to "applicants" in Construction Permit No. CPPR-144 will include Florida Power and Light Company and Orlando Utilities Commission, City of Orlando, Florida, except with respect to Paragraph 3.F. "Applicant" refers only to Florida Power and Light Company.

3. This Amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Darrell G. Eisenhut, Director
 Division of Licensing
 Office of Nuclear Reactors Regulatory

Date of Issuance:

amendment and
 5. Add Pt 1.D. to Notice to state:

OLC & City of Orlando are financially qualified to participate in design, construction and operation of St. Lucie Unit 2 pursuant to the requirements of 10 CFR Part 50.

DL:LB#1
 MRuskobrook
 10/29/80

DL:LB#1
 RBirkel
 10/24/80

AS/WEB/DE
 AToalston
 10/25/80

US/UFB/DE
 JPetersen
 10/29/80

CUFB/DE
 JSaltzman
 10/29/80

OFFICE	OELD	OELD	CLB#1/DL	AD/L/DL	DD/DL	D/DL
SURNAME	JRutberg	WPaton	BJYoungblood	RTedesco	RPurple	DEisenhut
DATE	10/ /80	10/ /80	10/ /80	10/ /80	10/ /80	10/ /80

~~Mr. Rushbrook~~
M. Rushbrook

Our suggested revision to B.

B. All references to "applicant" in Conetwilen
Permit No. C.P.R.-144 shall include
Florida Power & Light Company and Orlando
Utilities Commission, City of Orlando, Florida,
EXCEPT with respect to Paragraph 3. F. P.
"Applicant" refers only to Florida
Power and Light Company.

Paul Nicholson
28943

B. All references to "applicants" in Construction Permit No. CPPR-144 will include:

Orlando Utilities Commission, City of Orlando,
Florida

3. This Amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Darrell G. Eisenhut, Director
Division of Licensing
Office of Nuclear Reactors Regulatory

Date of Issuance:

DL:LB#1 MRushbrook 10/22/80	DL:LB#1 RBirke 10/24/80	AS/UFB/DE Atoalston 10/28/80	NS/WFB/DE JPetersen 10/29/80	CUFB/DE JSattzman 10/28/80
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OFFICE	OELB <i>J.R. Lytle</i>	OELB <i>W. Patton</i>	CLB#1/DL	AD/L/DL	DD/DL	D/DL
SURNAME	JRuthberg	WPatton	BJYoungblood	RTedesco	RPurple	DEisenhut
DATE	10/23/80 11/3/80	10/3/80	10/ /80	10/ /80	10/ /80	10/ /80

see addition to I.D. to notice

UNITED STATES NUCLEAR REGULATORY COMMISSION

FLORIDA POWER AND LIGHT COMPANY

ORLANDO UTILITIES COMMISSION

OF THE CITY OF ORLANDO, FLORIDA

ST. LUCIE PLANT, UNIT NO. 2

DOCKET 50-389

NOTICE OF ISSUANCE OF AMENDMENT TO CONSTRUCTION PERMIT

Notice is hereby given that the U. S. Nuclear Regulatory Commission (the Commission) has issued Amendment No. 2 to Construction Permit No. CPPR-144 issued to The Florida Power and Light Company. This amendment reflects the transfer of an undivided 6.08951 percent ownership share in the St. Lucie Plant, Unit No. 2 facility to the Orlando Utilities Commission of the City of Orlando, Florida. The Orlando Utilities Commission of the City of Orlando, Florida is financially qualified to participate in the design, construction and operation of the St. Lucie Plant, Unit No. 2 pursuant to the requirements of 10 CFR Part 50.

The St. Lucie Plant, Unit 2 is located on Hutchinson Island in St. Lucie County, Florida.

The Nuclear Regulatory Commission has found that the provisions of the amendment comply with the requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations published in 10 CFR Chapter I and has concluded that the issuance of the amendment will not be inimical to the common defense and security or the the health and safety of the public.

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

For further details with respect to this action, see (1) the application for transfer of ownership and request for an amendment to the construction permit, dated June 13, 1980, and (2) Amendment No. 2 to Construction Permit No. CPPR-144 and associated documents. Both of these items are available for public inspection at the Commission's Public Document Room located at 1717 H Street, N. W. Washington D. C. 20555 and at the Indian River Community College Library, 3209 Virginia Avenue, Ft. Pierce, Florida 33450.

Item 2 may be obtained upon request addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention, Director, Division of Licensing.

Dated at Bethesda, Maryland, this 14th day of November, 1980.

FOR THE NUCLEAR REGULATORY COMMISSION

15/

Anthony Bournea, Acting Chief
Licensing Branch No. 1
Division of Licensing

See previous yellow for Concurrences.

OFFICE	DL/LB#1	DL/CLE#02			
SURNAME	MR. Rushbrook	BJJ.dun.gbl.ood			
DATE	11/7/80	11/14/80			

UNITED STATES NUCLEAR REGULATORY COMMISSION

FLORIDA POWER AND LIGHT COMPANY

ORLANDO UTILITIES COMMISSION

OF THE CITY OF ORLANDO, FLORIDA

ST. LUCIE PLANT, UNIT NO. 2

DOCKET 50-389

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DATE ▶						

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Item 2 may be obtained upon request addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention, Director, Division of Licensing.

Dated at Bethesda, Maryland, this day of October, 1980.

FOR THE NUCLEAR REGULATORY COMMISSION

B. J. Youngblood, Chief
Licensing Branch No. 1
Division of Licensing

*OEED comment
Statement on financial qual.
should be added.*

OFFICE	DL:LB#1	DL:LB#1	UFB/DE	UFB/DE	UFB/DE	DL:LB#1
SURNAME	MRushbrook	RBirke	ATOatston	JPetersen	JSaltzman	BJYoungblood
DATE	10/28/80	10/24/80	10/23/80	10/29/80	10/28/80	10/ /80

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SAFETY EVALUATION
SUPPORTING AMENDMENT NO. 2 TO
CONSTRUCTION PERMIT NO. CPPR-144
ST. LUCIE PLANT, UNIT NO. 2

INTRODUCTION

On May 2, 1977, Construction Permit No. CPPR-144 was issued to the Florida Power and Light Company for the St. Lucie Plant, Unit No. 2. Amendment No. 1 to this permit was issued on September 18, 1980 to include a condition required by a Decision of the Atomic Safety and Licensing Appeal Board. Florida Power and Light Company (FP&L) has been the sole owner of, and holder of Construction Permit No. CPPR-144. The St. Lucie Plant, Unit No. 2 is under construction on Hutchinson Island in St. Lucie County, Florida.

By letter, dated June 13, 1980, FP&L and the Orlando Utilities Commission (OUC) of the City of Orlando, Florida, filed an application requesting NRC approval to transfer an undivided 6.08951 percent ownership share in the facility to OUC.

On September 29, 1980, the staff requested additional financial information regarding the proposed transfer of this ownership which was promptly provided by the applicant. The following analysis presents an evaluation of OUC'S financial qualifications to be a co-owner of the facility.

The NRC regulations relating to the determination of an applicant's financial qualifications are Section 50.33(f) and Appendix C to 10 CFR Part 50. These regulations state that there must be reasonable assurance that an applicant can obtain the necessary funds to cover the estimated construction cost of a proposed nuclear power plant and its related fuel cycle costs. This standard

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of reasonable assurance, however, must be viewed in light of the extended period of time from the start of construction to the date of commercial operation. Consequently, we must make certain basic assumptions in our financial analysis about future conditions. Our analysis of the applicant's financial qualifications assumes that there will be rational policies with respect to the setting of rates and that viable capital markets will exist. The former assumption implies that rates will be set to at least cover the cost of service, including the cost of capital. The latter assumption implies that capital will be available at some price. Given these fundamental assumptions, our evaluation is then focused on the reasonableness of the applicant's financial plans.

Financial Analysis

OUC was created by the Florida Legislature in 1923 to provide electric and water service to the Orlando area. Electric power for the OUC system is provided from three generating plants: OUC's Indian River and Lake Highland plants and from OUC's 1.6 percent ownership interest in Florida Power Corporation's (FPC) Crystal River Unit No. 3. OUC's electric system is comprised of generation, transmission, and distribution components.

OUC plans to finance its 6.08951 percent ownership share in St. Lucie Unit No. 2 through the issue of its revenue bonds. Chapter 9861 of the Laws of Florida gives OUC the authority to issue revenue bonds for the purpose of constructing its utility plant. OUC currently has \$225.3 million in its revenue bonds outstanding.

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Such bonds have most recently been rated "AA" (high quality) by both of the leading securities rating firms, Standard and Poor's Corporation and Moody's Investors Service, Inc. OUC's total cost for its proposed ownership share is estimated to be \$70.9 million, of which \$44.1 million is to be paid at the closing of the sale. The remainder is to be paid in installments as construction progresses under the terms of the Participation Agreement between FP&L and OUC. The NRC staff requires that the applicants submit copies of the executed Participation Agreement subsequent to the issuance of a Construction Permit Amendment authorizing the proposed ownership transfer.

In June 1980, the Orlando City Council authorized OUC to issue an additional \$110 million in revenue bonds to finance OUC's participation in the subject facility and other capital improvement projects. The security for repayment of principal and interest on such bonds is a pledge of the revenues from OUC's utility system. In this regard, OUC has final authority to set its own rates to pay for the services it provides including full debt service on the revenue bonds. Chapter 9861, Laws of Florida 1923, as amended, gives OUC this independent rate-setting authority, as well as the authority to issue revenue bonds. In addition, OUC's rate covenant under the Bond Resolution requires that OUC will establish, maintain and raise, where necessary, rates for service such that net revenues (after the payment of all operating expenses) shall provide at least 125 percent of total annual debt service (principal and interest) requirements. Applying the applicant's projected operating data through 1984 to its debt service requirements under the Bond Resolution, OUC could conceivably issue \$282 million in revenue bonds in that time frame. This amount is in addition to the \$110 million already approved for St. Lucie Unit No. 2 and other projects.

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Conclusion

Based on the above analysis, we have concluded that the Orlando Utilities Commission of the City of Orlando, Florida, is financially qualified to participate in the design, construction and ownership of St. Lucie Unit No. 2 to the extent of its proposed ownership of 6.08951 percent. This conclusion is based on our finding that OUC has demonstrated reasonable assurance that it can obtain the necessary funds to finance such an ownership interest. The applicant has satisfied this reasonable assurance standard in accordance with NRC's financial qualifications regulations cited above.

FP&L and OUC are required to submit copies of the executed St. Lucie Unit No. 2 Participation Agreement subsequent to the issuance of the Construction Permit Amendment.

OFFICE	DL/LB#1	DL:LB#1	UFB/DE	CLB#1		
SURNAME	<i>MR</i> MRushbrook/ys	RBirkel	<i>gub</i> Petersen	<i>BJ</i> BJYoungblood		
DATE	10/27/80	10/22/80	10/29/80	10/17/80		

of reasonable assurance, however, must be viewed in light of the extended period of time from the start of construction to the date of commercial operation. Consequently, we must make certain basic assumptions in our financial analysis about future conditions. Our analysis of the applicant's financial qualifications assumes that there will be rational policies with respect to the setting of rates and that viable capital markets will exist. The former assumption implies that rates will be set to at least cover the cost of service, including the cost of capital. The latter assumption implies that capital will be available at some price. Given these fundamental assumptions, our evaluation is then focused on the reasonableness of the applicant's financial plans.

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John
for
Jerry Sulzgruber

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 SURNAME ▶
 DATE ▶

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