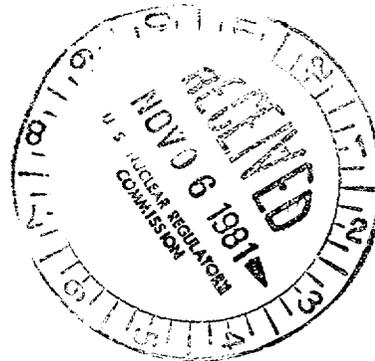


NOVEMBER 2 1981

Docket Nos. 50-325

50-324



Mr. J. A. Jones
Senior Executive Vice President
Carolina Power & Light Company
336 Fayetteville Street
Raleigh, North Carolina 27602

Dear Mr. Jones:

The Commission has issued the enclosed Amendment Nos. 42 and 65 to Facility Operating Licenses Nos. DPR-71 and DPR-62 for the Brunswick Steam Electric Plant, Units 1 and 2 (the facility). The amendments consist of changes to the Licenses in response to your submittals of September 3, 1981 and October 19, 1981.

These changes reflect the addition of North Carolina Municipal Power Agency Number 3 (Power Agency) as a co-owner of the facility. We have determined that, pursuant to 10 CFR 50.33(f) and Appendix C to 10 CFR Part 50, Power Agency is financially qualified to acquire, operate, and safely decommission the facility to the extent of an 18.7 percent undivided ownership interest. Carolina Power & Light Company shall retain exclusive responsibility for the operation and maintenance and the construction of capital additions to the facility.

We have determined that the amendments do not authorize a change in effluent types or total amounts nor an increase in power level and will not result in any significant environmental impact. Having made this determination, we have further concluded that the amendments involve an action which is insignificant from the standpoint of environmental impact and pursuant to 10 CFR 51.5(d)(4) that an environmental impact statement, negative declaration or environmental impact appraisal need not be prepared in connection with the issuance of the amendments.

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We have further concluded that the amendments do not involve significant new safety information of a type not considered by a previous Commission safety review of the facility. They do not involve a significant increase in the probability or consequences of an accident, do not involve a significant decrease in a safety margin and, therefore, do not involve a significant hazards consideration. We have also concluded that there is reasonable assurance that the health and safety of the public will not be endangered by this action.

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SURNAME	PDR ADDCK 05000324						
DATE	PDR						

Mr. J. A. Jones

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Copies of the Analysis of Financial Qualifications and the Notice of Issuance are also enclosed.

Sincerely,

ORIGINAL SIGNED BY

Thomas A. Ippolito, Chief
Operating Reactors Branch #2
Division of Licensing

Enclosures:

- 1. Amendment No. 42 to DPR-71
- 2. Amendment No. 65 to DPR-62
- 3. Analysis of Financial Qualifications
- 4. Notice

cc: w/enclosures
See next page

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Mr. J. A. Jones
Carolina Power & Light Company

cc:

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Mrs. Chrys Baggett
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Raleigh, North Carolina 27603

Southport - Brunswick County Library
109 W. Moore Street
Southport, North Carolina 28461

U. S. Environmental Protection Agency
Region IV Office
Regional Radiation Representative
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Atlanta, Georgia 30308

Resident Inspector
U. S. Nuclear Regulatory Commission
P. O. Box 1057
Southport, North Carolina 28461



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

CAROLINA POWER & LIGHT COMPANY

DOCKET NO. 50-325

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NO. 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 42
License No. DPR-71

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Carolina Power & Light Company dated September 3, 1981 as supplemented October 19, 1981 complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that 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;
 - D. 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
 - E. North Carolina Municipal Power Agency Number 3 is financially qualified to acquire, operate, and safely decommission the facility to the extent of an 18.7 percent undivided ownership interest.
 - F. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, paragraph 2.A of Facility Operating License No. DPR-71 is hereby amended to read as follows:

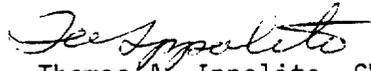
This license applies to the Brunswick Steam Electric Plant, Unit 1, a boiling water reactor and associated equipment (the facility), owned by the Carolina Power & Light Company and North Carolina

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Municipal Power Agency Number 3 and operated by Carolina Power & Light Company. The facility is located on the Cape Fear River, near Southport in Brunswick County, North Carolina, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 31) and the "Environmental Report" as supplemented and amended.

3. This license amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Thomas A. Ippolito, Chief
Operating Reactors Branch #2
Division of Licensing

Date of Issuance: November 2, 1981



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

CAROLINA POWER & LIGHT COMPANY

DOCKET NO. 50-324

BRUNSWICK STEAM ELECTRIC PLANT, UNIT NO. 2

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 65
License No. DPR-62

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment by Carolina Power & Light Company dated September 3, 1981 as supplemented October 19, 1981 complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance (i) that 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;
 - D. 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
 - E. North Carolina Municipal Power Agency Number 3 is financially qualified to acquire, operate, and safely decommission the facility to the extent of an 18.7 percent undivided ownership interest.
 - F. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, paragraph 2.A of Facility Operating License No. DPR-62 is hereby amended to read as follows:

This license applies to the Brunswick Steam Electric Plant, Unit 2, a boiling water reactor and associated equipment (the facility), owned by the Carolina Power & Light Company and North Carolina

Municipal Power Agency Number 3 and operated by Carolina Power & Light Company. The facility is located on the Cape Fear River, near Southport in Brunswick County, North Carolina, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 29) and the "Environmental Report" as supplemented and amended (Supplements 1 through 7).

3. This license amendment is effective as of the date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Thomas A. Ippolito, Chief
Operating Reactors Branch #2
Division of Licensing

Date of Issuance: November 2, 1981



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

ANALYSIS OF FINANCIAL QUALIFICATIONS BY THE OFFICE OF STATE PROGRAMS
SUPPORTING AMENDMENT NO. 42 TO FACILITY LICENSE NO. DPR-71 AND
AMENDMENT NO. 65 TO FACILITY LICENSE NO. DPR-62
CAROLINA POWER & LIGHT COMPANY
BRUNSWICK STEAM ELECTRIC PLANT, UNIT NOS. 1 AND 2
DOCKET NOS. 50-325 AND 50-324

Financial Qualifications of the Transferee

The NRC regulations relating to the determination of an applicant's financial qualifications are in 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 costs of a proposed nuclear plant and its related fuel cycle costs. Ultimately, this means that an applicant must demonstrate a reasonable financing plan in light of relevant circumstances. This standard of reasonable assurance, however, must be viewed in light of the period of time from the purchase of ownership interest to the date of commercial operation. In the case of Brunswick Steam Electric Plant, Unit Nos. 1 and 2 (the facility), the two units are completed in construction and are presently owned and operated by Carolina Power & Light Company (CP&L). Consequently, we must make certain basic assumptions in our financial analysis about future conditions for analysis of the financing of partial ownership, operation, and ultimate decommissioning by the proposed transferee. Our analysis of the proposed transferee's financial qualifications requires that we validly assume that there will

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be rational regulatory policies with respect to the setting of rates for the recovery of operation and decommissioning expenses and that viable capital markets will exist. The former assumption implies that rates will be set to at least cover the costs of service, including the costs of capital necessary for purchase of North Carolina Power Agency Number 3's (The Power Agency) proposed 18.7 percent undivided ownership interest in the facility. The latter assumption implies that capital will be available to The Power Agency at some price to allow acquisition of partial ownership interest in the facility. Given these fundamental assumptions, our evaluation is then focused on the reasonableness of the proposed transferee's financial plans, in light of relevant circumstances, to participate in its proposed share of the estimated operating and decommissioning costs of the facility.

The following analysis summarizes our review of the information submitted by CP&L and addresses the financial qualifications of The Power Agency to finance their proposed proportionate share of the costs associated with the ownership, operation, and decommissioning of the facility.

Cost Estimates and Amount of Ownership Interests Proposed for Transfer

The most recent cost information for the proposed 18.7 percent partial ownership transfers of the facility are stated in the financial information submitted under CP&L's September 3, 1981 license amendment request. This cost is \$244.3 million.

The timing of payments to meet the above costs for acquisition of The Power Agency's 18.7 percent proposed ownership interest assumes that 33 percent of the closing will occur on January 1, 1982, 36 percent will

occur on July 1, 1982, and the final 31 percent will be consummated on December 1, 1982.

Estimated Operating Costs of Facility

For the purpose of estimating the facility's operating cost, the year 1981 was adopted by CP&L as the first year of commercial operation. Estimates of the total annual cost of operating the facility for each of the first five years are presented below. All operating cost estimates are based on a combined peak net electrical capacity of 1580 megawatts. Operating costs include all costs associated with operation and maintenance including nuclear fuel burnup and capital costs.

<u>Year</u>	<u>Brunswick 1 and 2 Estimated Annual Operating Costs (Dollars in Millions)</u>
1981	\$ 145.9
1982	\$ 217.3
1983	\$ 179.6
1984	\$ 150.2
1985	\$ 155.4

Estimated Costs to Decommission the Facility

CP&L has proposed that upon the expiration of the facility's useful life, it will entomb it in a safe storage mode for a period of 30 years after which it will be completely dismantled. CP&L estimated that costs necessary to decommission the facility would be \$125.4 million for Unit No. 1 and \$167.9 million for Unit No. 2 under the entombment/deferred dismantlement mode for the entire facility. These costs are estimated on a present value basis in 1980 dollars and are estimated to total \$293.3 million for the entire facility. The estimated costs to decommission

Unit No. 1 are expected to be less than Unit No. 2 since Unit No. 2 will be entombed first and decommissioning of the common systems for both units will be performed in conjunction with Unit No. 2. In addition, the monitoring and surveillance equipment for this common facility will be installed with the Unit No. 2 effort. Therefore, the entombment of Unit No. 1 will require less equipment and effort since the common systems for entombment will have already been installed with the Unit No. 2 effort.

Under contract with the NRC, the Pacific Northwest Laboratory operated by Battelle Memorial Institute issued its report "Technology, Safety, and Costs of Decommissioning a Reference Boiling Water Reactor Power Station" -NUREG/CR-0672 (June 1980). In this report the Pacific Northwest Laboratory (PNL) estimated the costs of decommissioning a large (1155 MWe) boiling water reactor power station under various types of decommissioning methods. For the immediate dismantlement method of decommissioning, PNL estimated that total costs would be \$66.67 million in 1978 dollars for a one unit facility, or \$133.34 million for two units. As CP&L's estimate allows for a higher contingency factor, it is more conservative to adopt it herein in determining CP&L's ability to finance such amounts.

Description of Business of Proposed Co-Owner

The Power Agency is a public body corporate and politic and an instrumentality of the State of North Carolina, incorporated under North Carolina statutes in December 1976. The Power Agency was created to plan, develop, construct, and operate generation and transmission facilities. The

Power Agency has been granted all of the powers necessary or convenient to carry out such purposes. In this respect, The Power Agency has proposed to enter into contracts with thirty-six political subdivision participants (Participants), under which The Power Agency is to be the sole and exclusive bulk power supplier for each such Participant in excess of any allotment of federal power from Southeastern Power Administration or of the output of any resource such political subdivision may develop and install pursuant to provisions of the Supplemental Power Sales Agreement in effect between Power Agency and Participant. Each Participant is obligated to take or pay for its entitlement share of power from any owned project, such as the facility. The terms of said contracts are for the life of the project or so long as any of Power Agency's bonds issued to finance the project are outstanding, but not exceeding 50 years.

Source of Funds to Power Agency to Acquire Partial Ownership
Interest in the Facility, Operate It Upon Completion, and Ultimately
Decommission It

Like other facilities that it has acquired or will acquire, The Power Agency's ownership interest acquisition in the project will be financed through issuance of tax exempt revenue bonds.

Under the Power Coordination Agreement and the Operating and Fuel Agreement between Power Agency and CP&L, The Power Agency covenants to set rates adequate to cover all its costs. No regulatory approvals are

required by Power Agency in setting rates to its Participants. The Participants, as municipalities of the State of North Carolina, have authority to establish their own retail rates for service to their customers. The State of North Carolina covenants and agrees that so long as any bonds of Power Agency are outstanding and unpaid, the State will not limit or alter the rights of any Participant or of Power Agency to establish, maintain, revise, charge and collect electric rates to fulfill the terms of any agreement for the project.

The obligations of each Participant to make payments to Power Agency under the Project Power Sales Agreement will be an expense of its Electric System, and the Participant will not be required to make payments to Power Agency except from revenues of its Electric System. Each Participant will covenant in the Project Power Sales Agreement that it will fix and charge rates for electric service supplied from its Electric System sufficient to meet all of its obligations under the Project Power Sales Agreement and to pay any and all other amounts payable from such revenues including cost of operation and of any general obligation bonds issued by the Participant to finance its electric system.

Pursuant to the Project Agreements between CP&L and Power Agency, The Power Agency will pay its proportionate share of all costs associated with the cancellation, retirement or decommissioning of the facility. The Purchase, Construction and Ownership Agreement requires The Power

Agency to bear its share of the costs of cancellation or decommissioning of any Unit which is retired or decommissioned after the date of Commercial Operation of such Unit. These commitments extend for whatever period of time is necessary to complete the cancellation, retirement or decommissioning process so that no further expenditure of funds is required.

The Power Agency will include in its Monthly Project Power Costs to be charged to its Participants pursuant to the Initial Project Power Sales Agreements amounts sufficient to enable Power Agency to meet its commitment to bear its share of the costs of cancellation, retirement or decommissioning of the facility. Each Participant agrees in the Initial Project Power Sales Agreement to pay its Participant's share of such Monthly Project Power Costs. Such costs are defined as including all costs incurred by Power Agency resulting from the retirement or decommissioning of the Initial Project, and the providing of reserves for such purposes. The Initial Project Power Sales Agreement imposes an unconditional "take or pay" commitment, thereby obligating each Participant to pay its Participant's Share of Monthly Project Power Costs whether or not the Joint Facilities are completed, operable, operating, or retired or decommissioned and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the Joint Facilities, or the power and energy contracted for, in whole or in part, for any reason whatsoever. The Power Agency will establish a reserve for such costs in the Decommissioning Fund established pursuant to the Bond Resolution proposed to be adopted by Power Agency's Board of Commissioners for the facility.

Financial Qualifications Conclusion

In accordance with the regulations cited herein an applicant must demonstrate that it has reasonable assurance of obtaining the necessary funds to cover the estimated costs of the activities contemplated under the license. Based upon the preceding analyses of its proposed financing plans, we conclude that the North Carolina Power Agency Number 3 has reasonable financing plans in light of relevant circumstances to acquire, operate, and permanently shutdown, if necessary, and maintain the facility in a safe condition to the extent of its 18.7 percent ownership interest.

Accordingly, we conclude that the North Carolina Power Agency Number 3 has financing plans that provide a reasonable assurance that funds can be obtained to finance its proposed respective undivided ownership interest shares in the facility. As a result, we have determined that The Power Agency is financially qualified to participate in facility to the extent of its 18.7 percent proposed ownership interest. This conclusion is based upon our determination that The Power Agency's proposed plan to fund its 18.7 percent ownership interest in the facility from proceeds derived from the issuance of its revenue bonds constitutes a reasonable financing plan in light of relevant circumstances.

Furthermore, we have determined that Power Agency has reasonable assurance under 10 CFR 50.33(f) of obtaining the necessary funds to cover the estimated operating costs of the facility. In this respect, the Power Agency has demonstrated that it has available resources sufficient to

cover estimated costs for each of the first five years of operation plus the estimated costs of permanent shut down and maintenance of the facility in a safe condition as required by 10 CFR Part 50, Appendix C(I)(B). As a consequence of this, we find that The Power Agency is financially qualified to acquire, operate, and safely decommission the facility to the extent of a 18.7 percent undivided ownership interest. In summary, our conclusion is based upon the status as a public utility, its unilateral ability to establish rates with its Participants, the requirement that it recover operating and decommissioning expenses and the legal requirements present in the various agreements between CP&L, The Power Agency, and Participants to the Power Agency.

UNITED STATES NUCLEAR REGULATORY COMMISSIONDOCKET NOS. 50-325 AND 50-324CAROLINA POWER & LIGHT COMPANYNOTICE OF ISSUANCE OF AMENDMENTS TO FACILITY
OPERATING LICENSES

The U.S. Nuclear Regulatory Commission (the Commission) has issued Amendments Nos. 42 and 65 to Facility Operating License Nos. DPR-71 and DPR-62 issued to Carolina Power & Light Company (the licensee) which revised the Licenses for operation of the Brunswick Steam Electric Plant, Units Nos. 1 and 2 (the facility), located in Brunswick County, North Carolina. The amendments are effective as of the date of issuance.

These changes reflect the addition of North Carolina Municipal Power Agency Number 3 as a co-owner of the facility. Exclusive responsibility for the operation and maintenance and the construction of capital additions to the facility will be retained by the licensee.

The application for amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR Chapter I, which are set forth in the license amendments. Prior public notice of the amendments was not required since the amendments do not involve a significant hazards consideration.

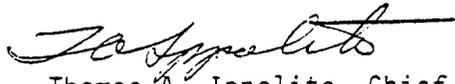
The Commission has determined that the issuance of the amendments will not result in any significant environmental impact and that pursuant to 10 CFR Section 51.5(d)(4) an environmental impact statement or negative declaration and environmental impact appraisal need not be prepared in connection with issuance of the amendments.

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For further details with respect to this action, see (1) the application for amendments dated September 3, 1981, as supplemented October 19, 1981, (2) Amendment Nos. 42 and 65 to License Nos. DPR-71 and DPR-62, and (3) the Commission's letter to the licensee dated November 2, 1981. These items are available for public inspection at the Commission's Public Document Room, 1717 H Street, N.W., Washington, D.C. and at the Southport-Brunswick County Library, 109 West Moore Street, Southport, North Carolina 28461. A copy of items (2) and (3) 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 2nd day of November 1981.

FOR THE NUCLEAR REGULATORY COMMISSION



Thomas A. Ippolito, Chief
Operating Reactors Branch #2
Division of Licensing