

August 21, 1987

Docket No. 50-498

Mr. J.H. Goldberg
Group Vice-President, Nuclear
Houston Lighting & Power Company
P. O. Box 1700
Houston, Texas 77001

Dear Mr. Goldberg:

SUBJECT: ISSUANCE OF FACILITY OPERATING LICENSE NO. NPF-71 -
SOUTH TEXAS PROJECT, UNIT 1

The U.S. Nuclear Regulatory Commission (NRC) has issued the enclosed Facility Operating License No. NPF-71, together with the Technical Specifications and the Environmental Protection Plan for the South Texas Project, Unit 1. Authorization to operate beyond 5 percent power is still under consideration by the NRC. The issuance of this license authorizing operation at up to 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.

Five copies of Amendment No. 1 to Indemnity Agreement No. B-108 which covers the activities authorized under License No. NPF-71 are also enclosed. Please countersign all copies and return one signed copy to this office.

Sincerely,

/ s /

Dennis M. Crutchfield, Director
Division of Reactor Projects - III, IV,
V and Special Projects
Office of Nuclear Reactor Regulation

Enclosures:

1. Facility Operating License No. NPF-71
2. Federal Register Notice
3. Amendment No. 1 to Indemnity Agreement No. B-108

cc w/enclosures:
See next page

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| PD4:LA PNoonan:as 8/6/87 | PD4:PM NPKadambi 8/6/87 | PTS WLambe 8/6/87 | PTS IDivitz/DNash 8/6/87 | OGC Antitrust Lawyer 8/1/87 |
| OGC Hearing Lawyer 8/1/87 | PD4:D JACalvo 8/21/87 | DR FSchroeder 8/21/87 | D DCrutchfield 8/21/87 | AMP FMiraglia 8/21/87 |
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Mr. J. H. Goldberg
Houston Lighting and Power Company

South Texas Project

CC:

Brian Berwick, Esq.
Assistant Attorney General
Environmental Protection Division
P. O. Box 12548
Capitol Station
Austin, Texas 78711

Mr. J. T. Westermeir
Manager, South Texas Project
Houston Lighting and Power Company
P. O. Box 1700

Mr. M. B. Lee
Mr. J. E. Malaski
City of Austin
P. O. Box 1088
Austin, Texas 78767-8814

Mr. A. von Rosenberg
Mr. M. T. Hardt
City Public Service Board
P. O. Box 1771
San Antonio, Texas 78296

Jack R. Newman, Esq.
Newman & Holtzinger, P.C.
1615 L Street, NW
Washington, D.C. 20036

Melbert Schwartz, Jr., Esq.
Baker & Botts
One Shell Plaza
Houston, Texas 77002

Mrs. Peggy Buchorn
Executive Director
Citizens for Equitable Utilities, Inc.
Route 1, Box 1684
Brazoria, Texas 77422

Resident Inspector/South Texas
Project
c/o U.S. Nuclear Regulatory Commission
P. O. Box 910
Bay City, Texas 77414

Mr. Jonathan Davis
Assistant City Attorney
City of Austin
P. O. Box 1088
Austin, Texas 78767

Ms. Pat Coy
Citizens Concerned About Nuclear
Power
5106 Casa Oro
San Antonio, Texas 78233

Mr. Mark R. Wisenberg
Manager, Nuclear Licensing
Houston Lighting and Power Company
P. O. Box 1700
Houston, Texas 77001

Mr. A. Zaccaria
Mr. K. G. Hess
Bechtel Corporation
P. O. Box 2166
Houston, Texas 77001

Mr. T. V. Shockley
Mr. R. L. Range
Central Power and Light Company
P. O. Box 2121
Corpus Christi, Texas 78403

cc:

Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
Office of Executive Director
for Operations
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 76011

Mr. Lanny Sinkin,
Counsel for Intervenor
Citizens Concerned about Nuclear Power, Inc.
Christic Institute
1324 North Capitol Street
Washington, D.C. 20002

Licensing Representative
Houston Lighting and Power Company
Suite 610
Three Metro Center
Bethesda, Maryland 20814

Mr. J. H. Goldberg
Houston Lighting and Power Company

South Texas Project (other)

CC:

Mr. Paul Gosselink
Attorney General's Office
Post Office Box 12548, Capitol Station
Austin, Texas 78711

Bureau of Radiation Control
State of Texas
1101 West 49th Street
Austin, Texas 78756

Office of the Governor
ATTN: Ms. Darla Parker
Office of Intergovernmental Relations
Post Office Box 13561
Austin, Texas 78711

Judge, Matagorda County
Matagorda County Courthouse
1700 Seventh Street
Bay City, Texas 77414

Director, Eastern Environmental
Radiation Facility (SER, SSER, DES & FES)
U.S. Environmental Protection Agency
Post Office Box 3009
Montgomery, Alabama 36193

Director, Criteria and Standards
(SER, SSER, DES, FES)
(ANR-460)
Office of Radiation Programs
U.S. Environmental Protection Agency
Washington, D.C. 20460

Director, Office of Radiation Programs
(DES & FES)
Las Vegas Facility
U.S. Environmental Protection Agency
Post Office Box 18416
Las Vegas, Nevada 89114

EIS Review Coordinator
EPA Regional VI Office
1201 Elm Street
Dallas, Texas 75270

August 21, 1987

ISSUANCE OF FACILITY OPERATING LICENSE NO. NPF-1
SOUTH TEXAS PROJECT, UNIT 1DISTRIBUTION

Docket File*

Local PDR*

NRC PDR*

PD4 Reading

FMiraglia

FSchroeder

PNoonan(5)*

TMurley/JSniezek

DCrutchfield

JACalvo

PKadambi (2)*

RPerch

DNash, PTSB

STreby, OGC-Beth

JScinto, OGC-Beth

GPA/PA

ARM/LFMB

EButcher*

TBarnhart(4)*

ACRS(10)

IDinitz, PTSB

JRutberg/BVogler, OGC

WLambe, PTSB

EJordan*

DHagan

JPartlow*

IBailey

CMiles, PA

*WITH TECHNICAL SPECIFICATIONS



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

HOUSTON LIGHTING & POWER COMPANY
CITY PUBLIC SERVICE BOARD OF SAN ANTONIO
CENTRAL POWER AND LIGHT COMPANY
CITY OF AUSTIN, TEXAS
DOCKET NO. 50-498
SOUTH TEXAS PROJECT, UNIT 1
FACILITY OPERATING LICENSE

License No. NPF-71

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for a license filed by Houston Lighting & Power Company* (HL&P) acting on behalf of itself and for the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and City of Austin, Texas (COA) (licensees) 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 South Texas Project, Unit 1, (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-128 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);

*Houston Lighting & Power Company is authorized to act for the City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

- E. Houston Lighting & Power Company 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 licensees have 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-71, 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; and
 - 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, the Atomic Safety and Licensing Board's Partial Initial Decision (Operating License) (Phase I), dated March 14, 1984, affirmed in ALAB-799, dated February 6, 1985, the Partial Initial Decision (Operating License) (Phases II/III), dated June 13, 1986 and the Partial Initial Decision (Authorizing Operating Licenses), dated August 29, 1986, both affirmed in ALAB-849, dated October 8, 1986, regarding this facility, Facility Operating License No. NFP-71 is hereby issued to Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company, and City of Austin, Texas (the licensees) to read as follows:
- A. This license applies to the South Texas Project, Unit 1, a pressurized water reactor, and associated equipment (the facility) owned by Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas. The facility is located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston and is described in the licensees' Final Safety Analysis Report; as supplemented and amended, and in the licensees' Environmental Report, as supplemented and amended.

B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:

- (1) Houston Lighting & Power Company (HL&P) pursuant to Section 103 of the Act and 10 CFR Part 50, to possess, use and operate the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (2) The City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), pursuant to the Act and 10 CFR Part 50, to possess the facility at the designated location in Matagorda County, Texas, in accordance with the procedures and limitations set forth in this license;
- (3) HL&P, 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;
- (4) HL&P, 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;
- (5) HL&P, 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; and
- (6) HL&P, 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 authorized herein.

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

HL&P is authorized to operate the facility at reactor core power levels not in excess of 3800 megawatts thermal (100% power) in accordance with the conditions specified herein. Pending Commission approval, this license is restricted to reactor core power levels not to exceed 5 percent of full power (190 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. HL&P shall operate the facility in accordance with the Technical Specifications and the Environmental Protection Plan.

(3) Antitrust Conditions

Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas shall comply with the antitrust conditions delineated in Appendix C to this license; Appendix C is hereby incorporated into this license.

(4) Initial Startup Test Program (Section 14, SER)*

Any changes to the Initial Test Program described in Section 14 of the Final Safety Analysis Report made in accordance with the provisions of 10 CFR 50.59 shall be reported in accordance with 50.59(b) within one month of such change.

(5) Safety Parameter Display System (Section 18, SSER No. 4)*

Before startup after the first refueling outage, HL&P shall perform the necessary activities, provide acceptable responses, and implement all proposed corrective actions related to issues as described in Section 18.2 of SER Supplement 4.

* 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.

(6) Supplementary Containment Purge Isolation (Section 11.5, SSER No. 4)

HL&P shall provide, prior to startup from the first refueling outage, control room indication of the normal and supplemental containment purge sample line isolation valve position.

(7) Emergency Planning (Section 13.3, SSER No. 3)

In the event that the NRC finds that the lack of progress in completion of the procedures in the Federal Emergency Management Agency's final rule, 44 CFR Part 350, is an indication that a major substantive problem exists in achieving or maintaining an adequate state of emergency preparedness, the provisions of 10 CFR Section 50.54(s)(2) will apply.

D. Exemptions

The following exemptions are authorized by law and will not endanger life or property or the common defense and security, and certain special circumstances are present. With the granting of these exemptions, the facility will operate, to the extent authorized herein, in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission.

- (1) The facility requires a schedular exemption from the requirements of General Design Criterion 4, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical basis associated with this exemption. The staff's environmental assessment was published on July 2, 1987 (52 FR 25095). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(iii) and (iv), the South Texas Project Unit 1, is hereby granted an exemption from the requirements of General Design Criterion (GDC) 4, Appendix A to 10 CFR 50 with respect to the dynamic loading effects associated with the postulated pipe breaks described in detail in Section 3.6 of Supplement 4 to the Safety Evaluation Report. These dynamic loading effects include pipe whip, jet impingement, and break-associated dynamic transients. Specifically, this eliminates the need to install jet impingement barriers and pipe whip restraints associated with postulated pipe breaks in the pressurizer surge line, and the accumulator injection lines. This exemption will expire 6 months following completion of the current GDC-4 rulemaking changes or at the end of the second refueling outage, whichever occurs earlier.
- (2) The facility requires a technical exemption from the requirements of 10 CFR 50, Appendix J, Section III.D.2(b)(ii). The justification for this exemption is contained in Section 6.2.6 of Supplement 3 to the Safety Evaluation Report. The staff's environmental assessment was published on July 2, 1987 (52 FR 25094). Therefore, pursuant to 10 CFR 50.12(a)(1), 10 CFR 50.12(a)(2)(ii) and (iii), the South Texas Project

Unit 1 is hereby granted an exemption from the quoted requirement and instead, is required to perform the overall air lock leak test at pressure P_a prior to establishing containment integrity if air lock maintenance has been performed that could affect the air lock sealing capability.

- (3) The facility requires a schedular exemption from the requirements of General Design Criterion 57, Appendix A to 10 CFR 50. The staff has described in detail in Supplement 4 to the Safety Evaluation Report the technical bases associated with this exemption. The staff's environmental assessment was published on June 18, 1987 (52 FR 23217). Therefore, pursuant to 10 CFR 50.12(a)(1) and 10 CFR 50.12(a)(2)(v) the South Texas Project Unit 1 is hereby granted an exemption from the requirements of GDC-57 applicable to the essential component cooling water (CCW) piping which is also used by the non-essential reactor containment building chilled water system in providing cooling to the Reactor Containment Fan Coolers (RCFC). This exemption will expire at the end of the first refueling outage.
- (4) The facility was previously granted exemption from the criticality monitoring requirements of 10 CFR 70.24 (See Materials License No. SNM-1972 dated December 29, 1986 and Section 9.1.2 of SSER No. 3). The South Texas Project Unit 1 is hereby exempted from the criticality monitoring provisions of 10 CFR 70.24 as applied to fuel assemblies held under this license.

E. Fire Protection

HP&L shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report through Amendment No. 55 and the Fire Hazards Analysis Report through Amendment No. 7, and submittals dated April 29, May 7, 8 and 29, June 11, 25 and 26, 1987, and as approved in the SER (NUREG-0781) dated April 1986 and its Supplements, subject to the following provision:

HL&P may make changes to the approved fire protection program without prior approval of the Commission, only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

F. Physical Security

HL&P shall fully implement and maintain in effect all provisions of the physical security, guard training and qualification, and safeguards contingency plans previously approved by the Commission and all

amendments and revisions to such plans made pursuant to the authority under 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.21, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions/amendments submitted through July 30, 1987; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan" with revisions submitted through July 24, 1987; and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions/amendments submitted through July 24, 1987.

HL&P shall implement those interim measures as specified in Attachments A to the HL&P letters dated July 24, July 30, August 7, and August 18, 1987. In addition, to correct the deficiencies noted in the letter from R. D. Martin to T. E. Murley dated August 19, 1987, HL&P shall fulfill the following specific conditions:

- (1) The staff has found the intrusion detection system to be acceptable based on a short period of operation. While long term operability is being demonstrated, acceptable compensatory measures are in place. Prior to initial criticality, the intrusion detection system shall be proven operable to the staff's satisfaction under the criteria and reliability standards set forth in Regulatory Guide 5.44, Revision 2.
- (2) Prior to reaching 5 percent power HL&P shall demonstrate to the satisfaction of the staff that (a) the recently reorganized HL&P management organization and the training and qualification program continue to comply with the requirements of 10 CFR 73.55(b) and 10 CFR 73 Appendix B; and (b) the management organization and the training and qualification program have implemented those improvements to program quality which are referenced in commitments and schedules detailed in the letters and attachments cited above.

G. Reporting To The Commission

Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, HL&P shall report any violations of the requirements contained in Section 2.C of this license in the following manner: initial notification shall be made within twenty-four (24) hours to the NRC Operations Center via the Emergency Notification System with written follow-up within 30 days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).

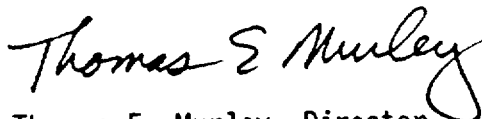
H. Financial Protection

The licensees 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. Effective Date and Expiration

This licensee is effective as of the date of issuance and shall expire at midnight on August 20 , 2027.

FOR THE NUCLEAR REGULATORY COMMISSION



Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Enclosures:

1. Appendix A, Technical Specifications (NUREG-1255)
2. Appendix B, Environmental Protection Plan
3. Appendix C, Antitrust Conditions

Date of Issuance: August 21, 1987

APPENDIX C

TO

FACILITY OPERATING LICENSE NO. NPF-71
SOUTH TEXAS PROJECT

UNITS 1 AND 2

HOUSTON LIGHTING & POWER COMPANY, ET AL.
DOCKET NOS. 50-498 AND 50-499

ANTITRUST CONDITIONS

LICENSE CONDITIONS FOR SOUTH TEXAS PROJECT
UNIT NOS. 1 AND 2

I. A. The following definitions apply to paragraph I.B:

- (1) "Applicants" means severally and jointly Houston Lighting and Power Company (HLP), Central Power and Light Company (CPL), City Public Service Board of San Antonio (CPSB), and the City of Austin Electric Utility Department (COA) and any of their respective successors, assignees, or subsidiaries engaged in the generation, transmission or the distribution of electric power. Where a license condition is directed to a specific Applicant, that Applicant is identified.
- (2) "South Texas Area" means (a) those counties in which Applicant's serve electric customers at wholesale or retail, and (b) those other areas, if any, surrounded by the areas in (a) above.
- (3) "Entity" means an electric utility which is a person, a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or an association of any of the foregoing owning, operating, or contractually controlling, or proposing in good faith to own, operate, or contractually control facilities for generation, transmission or distribution of electric power and energy for the purpose of providing electric utility service.
- (4) "Bulk Power" means the electric power and/or electric energy supplied or made available at transmission or subtransmission voltages.
- (5) "Costs" means all appropriate operating and maintenance expenses and all ownership costs where applicable.
- (6) The terms "connection" and "interconnection" are used interchangeably.

B. The Applicants defined in Paragraph I.A.(1) are subject to the following antitrust conditions:

- (1) (a) CPL shall afford to the Public Utilities Board of the City of Brownsville an opportunity to participate in the South Texas Project, Units 1 and 2, on reasonable terms and conditions and in accordance with the South Texas Project Participation Agreement and on a basis that will fully compensate CPL for its actual costs, provided that

Brownsville must enter into a firm commitment to acquire the ownership interest made available to it by the terms of this paragraph no later than January 1, 1983. The ownership interest which CPL shall make available to Brownsville and shall be computed by multiplying CPL's Generation Entitlement Share in STP Units 1 and 2 by the ratio of Brownsville's peak demand for 1980 to CPL's peak demand for 1980. In the event Brownsville obtains an ownership interest from any Applicant other than CPL, the ownership interest which CPL must make available to Brownsville hereunder shall be reduced by one megawatt for each megawatt in excess of 12 megawatts that Brownsville acquires from other Applicants. Applicants shall not exercise any rights of first refusal over Brownsville's efforts to participate in the South Texas Project to the extent of the first 50 MW of such ownership share.

- (b) CPL shall afford Brownsville reasonable transmission services to enable it to obtain delivery of power from the STP, provided that CPL is fully compensated for its costs of such transmission services plus a reasonable return on investment, and provided further that in the event transmission capacity is not available to provide such transmission services, the provisions of Paragraph I.B.(4) hereof define the extent of the obligation which CPL has with respect to the construction of additional transmission facilities necessary to provide such transmission service.
 - (c) CPL will also afford all reasonable coordination services (including but not limited to reserve sharing, backup power, maintenance power and emergency power) necessary for Brownsville to have effective access to power from STP obtained from CPL, provided that CPL is fully compensated for its costs of providing such coordination services plus a reasonable return on investment.
 - (d) Each Applicant shall facilitate where necessary Brownsville's obtaining the participation interests and services specified in paragraphs 1(a), 1(b), and 1(c) above.
- (2) The Applicants, as long as they are members of the Texas Interconnected Systems (TIS) or any other organization which considers the planning for or operations of ERCOT-TIS electric utilities, shall support reasonable requests by Entities in the South Texas Area having generation capacity for membership in TIS or such other organizations. The Applicants shall also propose and actively support, as long as they are members thereof, the creation of one or more additional

classification of TIS membership, based on non-discriminatory criteria to afford access to data, studies and recommendations to all Entities in the South Texas Area who desire membership. The Applicants shall share information with other Entities with respect to, and shall conduct with other such Entities through any electric utility planning organizations of which the Applicants are members, joint studies and planning of future generation, transmission and related facilities; provided, however, that this condition shall not obligate the Applicants to conduct such joint studies or joint planning unless (1) the studies or planning are requested and carried out in good faith and based on reasonably realistic and reasonably complete data or projections, (2) the studies or planning are reasonably justified on the basis of sound engineering principles, (3) appropriate protection is accorded proprietary or other confidential business and financial information, and (4) the costs of such studies or planning are allocated on a fair and equitable basis.

- (3) Each Applicant shall participate in and facilitate the exchange of bulk power by transmission over its own transmission facilities between or among two or more Entities in the South Texas Area with which the Applicant is connected; and between any such Entity(ies) and any Entity(ies) outside the South Texas Area between whose facilities the Applicant's transmission lines and other transmission lines, including direct current (asynchronous) transmission lines, form a continuous electrical path; provided, that (i) permission to utilize such other transmission lines has been requested by the proponent of the arrangement, (ii) the arrangements reasonably can be accommodated from a functional and technical standpoint, and (iii) any Entity(ies) requesting such transmission arrangements shall have given reasonable advance notice of its (their) schedule and requirements. Such transmission shall be on terms that fully compensate an Applicant for its costs including a reasonable return on investment; provided, however, that such transmission services and the rates to be charged therefor shall be subject to the jurisdiction of the appropriate regulatory agency(ies). Where the rates to be charged are subject to the jurisdiction of an appropriate regulatory authority, the Applicants shall not refuse to provide such transmission services merely because the rate(s) to be charged therefor are the subject of dispute with such Entity(ies). An Applicant shall not be required to enter into any arrangement which would unreasonably impair system reliability or emergency transmission capacity, it being recognized that while some transmission may be operated fully loaded other transmission may be for emergency use and operated either unloaded or partially loaded.

- (4) Each Applicant shall include in its planning and construction programs sufficient transmission capacity as required for the transactions referred to in paragraph I.B.(3) (and I.B.(5) for CPL), provided any Entity(ies) in the South Texas Area gives an Applicant sufficient advance notice as may be necessary to accommodate its (their) requirements from a functional and technical standpoint and that such Entity(ies) fully compensates an Applicant for its costs including a reasonable return on investment.^{1/} An Applicant shall not be required to construct transmission facilities if construction of such facilities is infeasible, or if such would unreasonably impair system reliability or emergency transmission capacity. In connection with the performance of the obligations above, an Applicant shall not be foreclosed from requiring a reasonable contribution in aid of construction or from making arrangements for coordinated construction of future transmission lines such that each of the parties to the transaction would own an interest in or a segment of the transmission addition in proportion to its share of the cost of the addition. Any such contribution made in aid of construction or ownership interest shall also be properly credited in determining any wheeling charges. If an Applicant engages in joint ownership of transmission lines with any other Entity(ies), it shall not refuse to engage in similar transactions in comparable circumstances with other Entities, subject to the provisions limiting an Applicant's obligations above.
- (5) CPL shall, upon reasonable advance notice, enter into arrangements for the sale of full and partial requirements bulk power pursuant to a filed tariff to any requesting Entity having a non-aggregated generating capacity of 200 megawatts or less under reasonable terms and conditions which shall include a provision for CPL to recover its costs of providing such service plus a reasonable return on investment. Such tariff shall not require CPL to enter into any arrangement for such sale(s) if (a) it does not have available sufficient bulk power or adequate transmission to provide the requested service; or (b) the sale would impair CPL's ability to render adequate and reliable service to its own customers or its ability to discharge prior commitments. It is expressly recognized, and such tariff may reflect, that the determination whether sufficient bulk power or adequate transmission is available to accommodate a request for full or partial requirements bulk power will consider and recognize that (1) CPL will be engaging in

^{1/} Nothing in this paragraph shall require CPSB or COA to undertake any action(s) which may be contrary to any state constitutional provision.

centralized economic dispatch with its affiliates in accordance with, and pursuant to the requirements of, the Public Utility Holding Company Act of 1935, (2) pursuant to such requirements CPL may first utilize its generating and transmission capacity to accomplish such centralized economic dispatch before its generating and transmission capacity is made available for full or partial requirements bulk power sales under the tariff, and (3) if other CSW system capacity becomes available by reason of CPL's participation in such centralized economic dispatch, then such other CSW system capacity will, at the option of CSW, be made available in lieu of CPL's obligation to provide such capacity. Any curtailment of CPL's full or partial requirements sales shall be on a reasonable and non-discriminatory (where possible) basis.

- (6) (a) In connection with the performance of its obligations herein and subject to the provisions of this paragraph, HLP shall not disconnect from or refuse to connect its then-existing or proposed facilities with the facilities of any Entity used or proposed to be used for the transmission of electric energy in interstate commerce by reason of the interstate character of such facilities, and HLP will not prevent any Entity with which it maintains connections from establishing, maintaining, modifying or utilizing a connection with facilities used or proposed to be used for the transmission of electric energy in interstate commerce by reason of the interstate character of such facilities, provided that, anything in these license conditions to the contrary notwithstanding (but subject to subparagraphs 6(b) and 6(d) below) any Entity seeking to establish, maintain, modify or utilize any connection which could affect the nonjurisdictional status of HLP under the Federal Power Act shall have filed an application with and used its best efforts to obtain an order from the FERC, applicable to HLP under Section 210, 211 and 212 of such Act, requiring the establishment, maintenance, modification or utilization of such connection. In the event that an Entity files an application pursuant to this subparagraph, HPL agrees that it will not unreasonably oppose any such application. In the event such application is denied by a valid order of the FERC, any continuing refusal by HLP to establish, maintain, modify or utilize such connection with such Entity shall be subject to review by the NRC in accordance with the Atomic Energy Act of 1954, as amended, and the rules and regulations thereunder, to determine whether any such refusal would create or maintain a situation inconsistent with the antitrust

laws or the policies thereunder in accordance with the standards set forth in Section 105 of such Act; provided that all factual determinations by the FERC on any cost or system reliability reason(s) for any such refusal shall not be subject to redetermination by the NRC. The burden of proof will be on the HLP in such NRC proceeding.

- (b) HLP shall not enter into or maintain any agreement or understanding with any other Entity(ies) or Applicant to refuse to deal with another Entity(ies) or Applicant(s) with the purpose of maintaining a non-jurisdictional status under the Federal Power Act, and in the event that HPL refuses to make an interconnection with or chooses to disconnect from any Entity(ies), such decision and/or action by HLP will be undertaken unilaterally, not jointly, and without consultation with any other Entity(ies), provided, however, that after HLP decides to undertake such action, it may notify any affected Entity of its decision.
- (c) In the event that an Entity files an application pursuant to subparagraph (a) of this paragraph solely by reason of HLP's desire to maintain its non-jurisdictional status under the Federal Power Act, HLP agrees to pay such Entity's reasonable expenses in connection with such application and the ensuing proceeding, ^{2/} provided, however, that HLP shall not be required to pay for any expenses of such Entity if that Entity's application is denied by FERC for reasons advocated by HLP at FERC, and provided further, that HLP shall not be required to pay for any costs or expenses of such Entity which that Entity would have incurred had it not filed an application solely by reason of HLP's desire to maintain its non-jurisdictional status under the Federal Power Act.
- (d) Nothing in these License Conditions shall impair the right of the Department of Justice or any other Entity, public or private, to file an antitrust action in any Federal Court in the event any Applicant refuses to establish, maintain, modify or utilize any connection with any Entity(ies), provided that nothing herein shall preclude any Applicant from raising any legal or equitable defense that may be available to it.

2/ This obligation shall not apply to the expenses of Central and South West Corporation or Texas Utilities Company or any of their respective subsidiaries, including but not limited to the expenses of CSW and any of its subsidiaries incurred in FERC Docket No. EL79-8.

- (7) HLP agrees to use its best efforts to amend any agreements with all Entities to ensure that such agreements are not inconsistent with paragraphs (6)(a) and (6)(b) hereof.
- (8) If Applicants participate in any future nuclear units other than those which are now under construction or for which an application for a construction permit has been filed, they will afford similar participation to Entities in the South Texas Area on a reasonable basis.
- (9) Applicants agree that the reliability of power delivered into TIS-ERCOT over DC asynchronous connections shall not be treated differently by the Applicants, for purposes of spinning and installed reserve calculations and requirements, than would be the case if such power originated within TIS-ERCOT. Outages on DC asynchronous connections shall be treated by the Applicants in the same way as losses of generation within TIS-ERCOT. Applicants agree to support the adoption of principles involving DC asynchronous connections contained in this paragraph within any TIS or ERCOT organization.
- (10) HLP and CPL shall use their best efforts to modify the Offer of Settlement filed in FERC Docket No. EL79-8 to include each of the undertakings set forth in the letter agreement among HLP, Central and South West Corporation, Texas Utilities Company and the FERC staff, dated September 11, 1980. HLP and CPL shall thereafter use their best efforts to secure approval thereof by the FERC, and shall abide by any valid order(s) of the FERC issued pursuant to the Offer of Settlement. Nothing herein shall preclude the Department of Justice from instituting or intervening in any proceeding at FERC, including Docket No. EL79-8, and from presenting such arguments and evidence that it deems appropriate.
- (11) The foregoing conditions shall be implemented (1) in a manner consistent with applicable Federal, state and local statutes and regulations, and (2) subject to any regulatory agency having jurisdiction. Nothing herein shall preclude the Applicants from seeking an exemption or other relief to which they may be entitled under applicable law or shall be construed as a waiver of their right to contest the applicability of the license conditions with respect to any factual situation.

UNITED STATES NUCLEAR REGULATORY COMMISSIONHOUSTON LIGHTING & POWER COMPANYCITY PUBLIC SERVICE BOARD OF SAN ANTONIOCENTRAL POWER AND LIGHT COMPANYCITY OF AUSTIN, TEXASSOUTH TEXAS PROJECT, UNIT 1DOCKET NO. 50-498NOTICE OF ISSUANCE OF FACILITY OPERATING LICENSE

Notice is hereby given that the U.S. Nuclear Regulatory Commission (the Commission or NRC), has issued Facility Operating License No. NPF-71 to Houston Lighting & Power Company, City Public Service Board of San Antonio, Central Power and Light Company and City of Austin, Texas, (the licensees) which authorizes operation of the South Texas Project, Unit 1 (the facility) at reactor core power levels not in excess of 3800 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 (190 megawatts thermal). Authorization to operate beyond five percent of full power will require specific Commission approval.

The South Texas Project, Unit 1 is a pressurized water reactor located in Matagorda County, Texas, west of the Colorado River, 8 miles north-northwest of the town of Matagorda and about 89 miles southwest of Houston. The license is effective as of the date of issuance.

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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. The Commission has made appropriate findings as required by the Act and the Commission's 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 for the South Texas Project was published in the FEDERAL REGISTER on December 20, 1977 (42 FR 63826).

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 and the Assessment of the Effect of License Duration on Matters Discussed in the Final Environmental Statement for the South Texas Project, Unit 1 (dated August 1986) since the activity authorized by the license is encompassed by the overall action evaluated in the Final Environmental Statement.

Pursuant to 10 CFR 51.52, the Commission has determined that the granting of relief and issuance of the exemptions included in this license will have no significant impact on the environment. These determinations were published in the FEDERAL REGISTER on June 18, 1987 (52 FR 23217) and July 2, 1987 (52 FR 25094 and 52 FR 25095).

For further details with respect to this section, see (1) Facility Operating License No. NPF-71, with Technical Specifications (NUREG-1255) and the Environmental Protection Plan; (2) the report of the Advisory Committee on Reactor Safeguards, dated June 10, 1986; (3) the Commission's Safety Evaluation Report, dated April 1986 (NUREG-0781), and Supplements 1, 2, 3 and 4;

(4) the Final Safety Analysis Report and Amendments thereto; (5) the Environmental Report and supplements thereto; and (6) the Final Environmental Statement, dated August 1986 (NUREG-1711).

These items are available for inspection at the Commission's Public Document Room located at 1717 H Street, N.W., Washington, D. C. 20555, and at the Local Public Document Rooms in the Wharton County Junior College, J. M. Hodges Learning Center, 911 Boling Highway, Wharton, Texas 77488 and in the Austin Public Library, 810 Guadalupe Street, Austin, Texas 78701. A copy of the Facility Operating License No. NPF-71 may be obtained upon request addressed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Division of Reactor Projects - III, IV, V and Special Projects. Copies of the Safety Evaluation Report and Supplements 1, 2, 3 and 4 (NUREG-0781) and the Final Environmental Statement (NUREG-1171) may be purchased at current rates from the Superintendent of Documents, U.S. Government Printing Office, Post Office Box 37082, Washington, D. C. 20013-7982 or by calling (202) 275-2060 or (202) 275-2171.

Dated at Bethesda, Maryland this 21st day of August, 1987.

FOR THE NUCLEAR REGULATORY COMMISSION

N. Prasad Kadambi

N. Prasad Kadambi, Project Manager
Project Directorate - IV
Division of Reactor Projects - III, IV,
V and Special Projects
Office of Nuclear Reactor Regulation



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

August 21, 1987

Docket Nos: 50-498

AMENDMENT TO INDEMNITY AGREEMENT NO. B-108
AMENDMENT NO. 1

Effective August 21, 1987, Indemnity Agreement No. B-108, between Houston Lighting and Power Company, City Public Service Board of San Antonio, Texas, Central Power and Light Company, The City of Austin and the Nuclear Regulatory Commission, dated December 29, 1986, is hereby amended as follows:

Item 2a of the Attachment to the indemnity agreement is deleted in its entirety and the following substituted therefor:

Item 2 - Amount of financial protection

a. \$1,000,000 (From 12:01 a.m., December 29, 1986 to 12 midnight, August 20, 1987, inclusive)

\$160,000,000* (From 12:01 a.m., August 21, 1987)

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-1972 (From 12:01 a.m., December 29, 1986 to 12 midnight, August 20, 1987, inclusive)

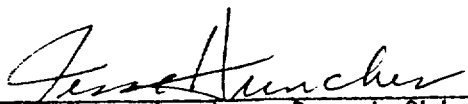
NPF-71 (From 12:01 a.m., August 21, 1987)

Item 5 of the Attachment to the indemnity agreement is amended by adding the following:

* and, as of August 1, 1977, the amount available as secondary financial protection.

Nuclear Energy Liability Policy (Facility Form) No. MF-130
issued by Mutual Atomic Energy Liability Underwriters.

FOR THE U.S. NUCLEAR REGULATORY COMMISSION



Jesse L. Funches, Branch Chief
Policy Development and Technical
Support Branch
Program Management, Policy Development
and Analysis Staff
Office of Nuclear Reactor Regulation

Accepted _____

By _____
Houston Lighting & Power
Company

Accepted _____

By _____
Central Power & Light Company

Accepted _____

By _____
City Public Service Board
of San Antonio, Texas

Accepted _____

By _____
The City of Austin