



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

PDR
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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 Partial Initial Decision (Operating License) (Phase 1) dated March 14, 1984, 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 by the Atomic and Safety Licensing Board 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) Pursuant to the Act and 10 CFR Part 50, the City Public Service Board of San Antonio (CPS), Central Power and Light Company (CPL), and the City of Austin, Texas (COA), 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 and in Attachment 1 to this license. The items identified in Attachment 1 to this license shall be completed as specified. Attachment 1 is hereby incorporated into this license. Pending Commission approval, this license is restricted to 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, and 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) SPDS License Conditions (Section 18, SSER No. 4)*

HL&P shall accomplish the following prior to startup from the first refueling outage:

- (a) Modify the critical safety function displays a) to provide the status of the radioactivity control safety function and b) to continuously display the status boxes that summarize plant safety status.
- (b) Establish formal mechanisms for controlling system update rates.
- (c) Investigate and correct excessive display generation times - those greater than 10 seconds.
- (d) Develop a program and implement procedures for controlling SPDS software and data base changes.

* 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.

- (e) Document the process used to verify that the SPDS system requirements are complete and that this process of verification is independent of the design process.
- (5) 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.
- (6) 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 of 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 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 scheduler 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.

2.E Fire Protection (Section 9.5.1, SER, SSER Nos. 2, 3 and 4)

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.

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2.F Physical Security (Section 13.6, SSER No. 3)

- 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 of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards Information protected under 10 CFR 73.71, are entitled: "South Texas Project Electric Generating Station Physical Security Plan," with revisions submitted through March 20, 1987; "South Texas Project Electric Generating Station Security Personnel Qualification and Training Plan," with revisions submitted through March 20, 1987; and "South Texas Project Electric Generating Station Safeguards Contingency Plan," with revisions submitted through March 29, 1985.
- G. Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, the licensee 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. 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. This licensee is effective as of the date of issuance and shall expire at midnight on _____, 2027.

FOR THE NUCLEAR REGULATORY COMMISSION

Thomas E. Murley, Director
Office of Nuclear Reactor Regulation

Enclosures:

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

Date of Issuance:

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ATTACHMENT 1 TO OPERATING LICENSE NO. NPF-71

Prior to Full Power Operation:

1. Address to the staff's satisfaction the items not included in paragraph 2.c.4 and resulting from the SPDS audit conducted by the staff during January 27-30, 1987 and documented in the meeting summary of March 12, 1987.
2. The preoperational tests and testing exceptions identified in the enclosure shall be completed in accordance with the scheduled commitments contained therein.

Enclosure:
As stated

SOUTH TEXAS PROJECT
UNIT 1
PREOPERATIONAL TEST AND ACCEPTANCE TEST

<u>TEST</u>	<u>COMPLETION BY</u>	<u>JUSTIFICATION</u>
<u>Preoperational</u>		
◦ Boron Recycle (BR01; 14.2.12.2-50)	Mode 2	Note 6
◦ RCS Liquid Leak Detection (ED02; 14.2.12.2-44)	Mode 4	Note 3
◦ Feedwater System (FW01; 14.2.12.2-65)	Mode 4	Note 3
◦ Misc. Areas Temperature Surveys (HZ05; 14.2.12.2-98)	Note 7	Note 7
◦ Safety Related Heat Tracing (NK01)	Mode 4	Note 5
◦ Radiation Monitoring System Communication (RA18; 14.2.12.2-50)	Mode 2	Note 9
◦ RCB Carbon Units (HC02; 14.2.12.2-29)	Mode 2	Note 10
◦ Waste Evaporator (WL02; 14.2.12.2-96)	Mode 2	Note 1
◦ Liquid Waste (WL03; 14.2.12.2-97)	Mode 2	Note 1
◦ Solid Waste Processing (WS01; 14.2.12.2-95)	Mode 2	Note 1
◦ Spent Resin Storage Tank (WS02; 14.2.12.2-95)	Mode 2	Note 1

<u>TEST</u>	<u>COMPLETION BY</u>	<u>JUSTIFICATION</u>
<u>Acceptance Test</u>		
◦ Plant Computer System (Proteus) (CU01; 14.2.12.2-65A)	Mode 2	Note 11
◦ Feedwater System (FW01; 14.2.12.2-65A)	Full Power	Note 2
◦ Emergency Lighting Systems - (LA; 14.2.12.2-4A)	Mode 4	Note 4
◦ Test of RM-11 (RA01)	Mode 2	Note 8
<u>Other Tests</u>		
◦ RTD Response Time Testing	Mode 2	Note 12

- Note 1: System is not needed prior to generation of radioactivity. System preoperational test will be completed prior to initial criticality.
- Note 2: Testing to be conducted during power ascension per the FSAR Commitment.
- Note 3: System test will be completed prior to Technical Specification mode requirements.
- Note 4: Lighting systems are operational. Testing will be completed prior to leaving cold shutdown condition (i.e., prior to Mode 4).
- Note 5: Freeze protection will not be required for the time period encompassed by low power testing. Testing will be completed prior to Technical Specification mode requirements.
- Note 6: System is not safety-related nor is it necessary prior to the approach to initial criticality.
- Note 7: Safety-related room cooling systems currently are operational. Remaining area tests will be performed prior to the Technical Specification mode requirements for the systems served by the area cooling.
- Note 8: No radioactivity generated until initial criticality.
- Note 9: System provides additional control room monitoring display capability but is not safety-related nor required by Technical Specifications.

- Note 10: System is not safety-related and is only needed for personnel reentry into containment following initial criticality.
- Note 11: System is not safety-related and is not required for pre-criticality testing.
- Note 12: Testing must occur during hot precritical conditions: No trip function is necessary prior to initial criticality.

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APPENDIX B

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

ENVIRONMENTAL PROTECTION PLAN
(NONRADIOLOGICAL)

JULY 1987

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SOUTH TEXAS PROJECT
UNITS 1 AND 2
ENVIRONMENTAL PROTECTION PLAN
(NONRADIOLOGICAL)
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1.0 Objectives of the Environmental Protection Plan

The Environmental Protection Plan (EPP) is to provide for protection of nonradiological environmental values during operation of the nuclear facility. The principal objectives of the EPP are as follows:

- (1) Verify that the facility is operated in an environmentally acceptable manner, as established by the Final Environmental Statement - Operating Licensing Stage (FES-OL) and other NRC environmental impact assessments.
- (2) Coordinate NRC requirements and maintain consistency with other Federal, State and local requirements for environmental protection.
- (3) Keep NRC informed of the environmental effects of facility construction and operation and of actions taken to control those effects.

Environmental concerns identified in the FES-OL which relate to water quality matters are regulated by way of the licensee's NPDES permit.

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2.0 Environmental Protection Issues

In the FES-OL dated August 1986 (NUREG-1171), the staff considered the environmental impacts associated with the operation of the South Texas Project Unit Nos. 1 and 2. No aquatic/water quality, terrestrial, or noise issues were identified.

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3.0 Consistency Requirements

3.1 Plant Design and Operation

The licensee may make changes in plant design or operation or perform tests or experiments affecting the environment provided such activities do not involve an unreviewed environmental question and do not involve a change in the EPP*. Changes in plant design or operation or performance of tests or experiments which do not affect the environment are not subject to the requirements of this EPP. Activities governed by Section 3.3 are not subject to the requirements of this Section.

Before engaging in additional construction or operational activities which may significantly affect the environment, the licensee shall prepare and record an environmental evaluation of such activity. Activities are excluded from this requirement if all measurable nonradiological environmental effects are confined to the on-site areas previously disturbed during site preparation and plant construction. When the evaluation indicates that such activity involves an unreviewed environmental question, the licensee shall provide a written evaluation of such activity and obtain prior NRC approval. When such activity involves a change in the EPP, such activity and change to the EPP may be implemented only in accordance with an appropriate license amendment as set forth in Section 5.3 of this EPP.

*This provision does not relieve the licensee of the requirements of 10 CFR 50.59.

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A proposed change, test or experiment shall be deemed to involve an unreviewed environmental question if it concerns: (1) a matter which may result in a significant increase in any adverse environmental impact previously evaluated in the FES-OL, environmental impact appraisals, or in any decisions of the Atomic Safety and Licensing Board; or (2) a significant change in effluents or power level; or (3) a matter, not previously reviewed and evaluated in the documents specified in (1) of the Subsection, which may have a significant adverse environmental impact.

The licensee shall maintain records of changes in plant design or operation and of tests and experiments carried out pursuant to this Subsection. These records shall include written evaluations which provide bases for the determination that the change, test, or experiment does not involve an unreviewed environmental question or constitute a decrease in the effectiveness of this EPP to meet the objectives specified in Section 1.0. The licensee shall include as part of the Annual Environmental Operating Report (per Subsection 5.4.1) brief descriptions, analyses, interpretations, and evaluations of such changes, tests and experiments.

3.2 Reporting Related to the NPDES Permit and State Certification

Changes to, or renewals of, the NPDES Permit or the State certification shall be reported to the NRC within 30 days following the date the change or renewal is approved. If a permit or certification, in part or in its entirety, is appealed and stayed, the NRC shall be notified within 30 days following the date the stay is granted.

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The licensee shall notify the NRC of changes to the effective NPDES Permit proposed by the licensee by providing NRC with a copy of the proposed change at the same time it is submitted to the permitting agency. The licensee shall provide the NRC a copy of the application for renewal of the NPDES Permit at the same time the application is submitted to the permitting agency.

3.3 Changes Required for Compliance with Other Environmental Regulations

Changes in plant design or operation and performance of tests or experiments which are required to achieve compliance with other Federal, State, and local environmental regulations are not subject to the requirements of Section 3.1.

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4.0 Environmental Conditions

4.1 Unusual or Important Environmental Events

Any occurrence of an unusual or important event that indicates or could result in significant environmental impact causally related to plant operation shall be recorded and reported to the NRC within 24 hours followed by a written report per Subsection 5.4.2. The following are examples: onsite plant or animal disease outbreaks; mortality or unusual occurrence of any species protected by the Endangered Species Act of 1973; fish kills; increase in nuisance organisms or conditions; and unanticipated or emergency discharge of waste water or chemical substances.

No routine monitoring programs are required to implement this condition.

4.2 Environmental Monitoring

4.2.1 Aquatic Monitoring

The certifications and permits required under the Clean Water Act provide mechanisms for protecting water quality and, indirectly, aquatic biota. The NRC will rely on the decisions made by the U.S. Environmental Protection Agency and the state of Texas under the authority of the Clean Water Act for any requirements for aquatic monitoring.

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4.2.2 Terrestrial Monitoring

No terrestrial monitoring is required.

4.2.3 Noise Monitoring

No noise monitoring is required.

4.2.4 Fog Monitoring

The licensee shall provide to the NRC the results of the fog monitoring program as described in Section 6.2.4.2 of Amendment 10 to the Environmental Report dated June 16, 1987. The report shall be provided within a reasonable time after completion and documentation of the results of the program.

5.0 Administrative Procedures

5.1. Review and Audit

The licensee shall provide for the review and audit of compliance with the EPP. The audits shall be conducted independently of the individual or groups responsible for performing the specific activity. A description of the organization structure utilized to achieve the independent review and audit function and results of the audit activities shall be maintained and made available for inspection.

5.2. Records Retention

Records and logs relative to the environmental aspects of station operation shall be made and retained in a manner convenient for review and inspection. These records and logs shall be made available to NRC on request.

Records of modifications to station structures, systems and components determined to potentially affect the continued protection of the environment shall be retained for the life of the station. All other records, data and logs relating to this EPP shall be retained for five years or, where applicable, in accordance with the requirements of others agencies.

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5.3 Changes in Environmental Protection Plan

Requests for changes in the EPP shall include an assessment of the environmental impact of the proposed change and a supporting justification. Implementation of such changes in the EPP shall not commence prior to NRC approval of the proposed changes in the form of a license amendment incorporating the appropriate revision to the EPP.

5.4 Plant Reporting Requirements

5.4.1 Routine Reports

An Annual Environmental Operating Report describing implementation of this EPP for the previous year shall be submitted to the NRC prior to May 1 of each year. The period of the first report shall begin with the date of issuance of the Operating License for Unit 1, and the initial report shall be submitted prior to May 1 of the year following issuance of the Operating License for Unit 1.

The report shall include summaries and analyses of the results of the environmental protection activities required by Subsection 4.2 (if any) of this EPP for the report period, including a comparison with related preoperational studies, operational controls (as appropriate), and previous nonradiological environmental monitoring reports, and an assessment of the observed impacts of the plant operation on the environment. If harmful effects or evidence of

trends toward irreversible damage to the environment are observed, the licensee shall provide a detailed analysis of the data and a proposed course of mitigating action.

The Annual Environmental Operating Report shall also include:

- (1) A list of EPP noncompliances and the corrective actions taken to remedy them.
- (2) A list of all changes in station design or operation, tests, and experiments made in accordance with Subsection 3.1 which involved a potentially significant unreviewed environmental question.
- (3) A list of nonroutine reports submitted in accordance with Subsection 5.4.2.

In the event that some results are not available by the report due date, the report shall be submitted noting and explaining the missing results. The missing results shall be submitted as soon as possible in a supplementary report.

5.4.2 Nonroutine Reports

A written report shall be submitted to the NRC within 30 days of occurrence of a nonroutine event. The report shall: (a) describe, analyze, and evaluate

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the event, including extent and magnitude of the impact, and plant operating characteristics; (b) describe the probable cause of the event; (c) indicate the action taken to correct the reported event; (d) indicate the corrective action taken to preclude repetition of the event and to prevent similar occurrences involving similar components or systems; and (e) indicate the agencies notified and their preliminary responses.

Events reportable under this subsection which also require reports to other Federal, State or local agencies shall be reported in accordance with those reporting requirements in lieu of the requirements of this subsection. The NRC shall be provided with a copy of such report at the same time it is submitted to the other agency.

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CONFORMED
December 1980

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 Projects, 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 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 transactions 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.

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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 subparagraph 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

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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 of 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 failed 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.

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- (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 with 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 ERCOST 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.

ROUTING AND TRANSMITTAL SLIP

Date 7/7/87

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. DOCKET No. 50-498		
2.		
3.		
4.		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

Please put into the PDR under the title, "Draft License for the South Texas Project, Unit 1."

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post) Prasad Kadambi.	Room No.—Bldg. P-1124
	Phone No. 29407

5041-102

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