



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

December 20, 1986

Docket No. 50-417

Mr. Oliver D. Kingsley, Jr.
Vice President, Nuclear Operations
Mississippi Power & Light Company
P. O. Box 23054
Jackson, Mississippi 39205

Dear Mr. Kingsley:

SUBJECT: ISSUANCE OF AMENDMENT NO. 8 TO CONSTRUCTION PERMIT NO. CPPR-119, TO IMPLEMENT TRANSFER OF AUTHORITY FOR CONTROL OF LICENSED ACTIVITIES AND EXEMPTION TO 10 CFR PART 100

RE: Grand Gulf Nuclear Station, Unit 2

By your letters dated September 2 and October 4, 13, 24, November 20, 21 and December 2 and 3, 1986, you requested an amendment to Construction Permit No. CPPR-119. In accordance with your requests the Nuclear Regulatory Commission has issued the enclosed Amendment No. 8 to Construction Permit CPPR-119 for the Grand Gulf Nuclear Station, Unit 2 located in Claiborne County, Mississippi.

This amendment implements the authorization to transfer control and performance of licensed activities from Mississippi Power and Light Company (MP&L) to System Energy Resources, Inc. (SERI). SERI was previously named Middle South Energy, Inc. The MP&L organization involved with nuclear power activities will be transferred, virtually intact to SERI, and the same MP&L organization and staff which is currently responsible for construction of Grand Gulf Nuclear Station, Unit 2 will continue those responsibilities as part of SERI. The Commission believes that it is appropriate, in connection with this amendment, to retain MP&L on the construction permit subject to the completion of an antitrust review which will address whether MP&L should or should not be removed from the license.

In connection with this action, the Commission has granted a partial exemption for an interim period up to April 30, 1987 from the requirement, as set forth in 10 CFR 100.11(a)(1) insofar as it incorporates by reference the definition of exclusion area in 10 CFR 100.3(a), that the licensee must define an exclusion area around the reactor in which the licensee has the authority to determine all activities. This exemption is in response to your exemption request submitted by letter dated December 10, 1986. We find that granting this exemption is authorized by law and will not present an undue risk to the public health and safety, and is consistent with the common defense and security. We further find that special circumstances justify the exemption, namely that application of the regulation in the particular circumstances is not necessary to achieve the underlying purpose of the rule.

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A copy of Amendment No. 8 to Construction Permit CPPR-119, the NRC staff's related safety evaluation and a related notice, the original of which has been forwarded to the Office of the Federal Register for publication, and the Exemption from 10 CFR Part 100.11(a)(1) is enclosed.

Sincerely,

Original Signed by

Robert E. Martin, Project Manager
BWR Project Directorate No. 4
Division of BWR Licensing

Enclosures:

1. Amendment No. 8 to CPPR-119
2. Staff Safety Evaluation
3. Exemption
4. Federal Register Notice

cc w/enclosures:
See next page

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A copy of Amendment No. 8 to Construction Permit CPPR-119, the NRC staff's related safety evaluation and a related notice, the original of which has been forwarded to the Office of the Federal Register for publication, and the Exemption from 10 CFR Part 100.11(a)(1) is enclosed.

Sincerely,

Robert E. Martin
Robert E. Martin, Project Manager
BWR Project Directorate No. 4
Division of BWR Licensing

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See next page

Mr. Oliver D. Kingsley, Jr.
Mississippi Power & Light Company

Grand Gulf Nuclear Station

cc:

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MISSISSIPPI POWER & LIGHT COMPANY
SYSTEM ENERGY RESOURCES, INC.
SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION
DOCKET NO. 50-417
GRAND GULF NUCLEAR STATION, UNIT 2
AMENDMENT TO CONSTRUCTION PERMIT

Amendment No. 8
Construction Permit No. CPPR-119

1. The Nuclear Regulatory Commission (the Commission) has found that:
 - A. The application for amendment to Construction Permit No. CPPR-119, transmitted by Mississippi Power and Light Company's letters dated September 2 and October 4, 13, 24, November 20, 21, December 2 and 3, 1986, complies with the standards and requirements of the Atomic Energy Act of 1954 as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public;
 - C. There is reasonable assurance (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public and (ii) that such activities will be conducted in accordance with the Commission's regulations, except as duly exempted from compliance therefrom by;
 - D. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.
2. Accordingly, the Nuclear Regulatory Commission has issued Amendment No. 8 to Construction Permit No. CPPR-119. It is amended as follows:
 - A. Change the title block at the head of the Construction Permit to read as follows:

MISSISSIPPI POWER & LIGHT COMPANY
SYSTEM ENERGY RESOURCES, INC.
SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION
DOCKET NO. 50-417
GRAND GULF NUCLEAR STATION, UNIT 2
CONSTRUCTION PERMIT

Construction Permit No. CPPR-119

- B. Change paragraph 1.B to read as follows:
 1. B. System Energy Resources, Inc. acting for itself and as an agent for South Mississippi Electric Power Association (the applicants or licensees), has described the proposed

design of the Grand Gulf Nuclear Station, Unit 2 (the facility), including, but not limited to, the principal architectural and engineering criteria for the design and has identified the major features or components incorporated therein for the protection of the health and safety of the public;

C. Change paragraph 1.F to read as follows:

1. F. System Energy Resources, Inc. is technically qualified to design and construct the proposed facility;

D. Add a new paragraph 3.F to read as follows:

3. F. Mississippi Power & Light Company (MP&L) is authorized to transfer its rights under CPPR-119 to construct the facility to SERI, provided however, that until further authorization of the Commission, MP&L and SERI shall continue to be responsible for compliance with the obligations imposed on the licensees in the antitrust conditions identified in Paragraph 3.D, and provided further that SERI accepts its rights under CPPR-119 to construct the facility subject to the outcome of the pending separate antitrust review of the antitrust considerations of this transfer.

E. Change paragraph 2 in Amendment No. 6 to CPPR-119 to read as follows:

2. All references to applicants or licensees shall include Mississippi Power and Light Company (MP&L), System Energy Resources, Inc. (SERI), and South Mississippi Electric Power Association (SMEPA), except in Paragraph 3.D licensees shall not include South Mississippi Electric Power Association.

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

FOR THE NUCLEAR REGULATORY COMMISSION



Robert M. Bernero, Director
Division of BWR Licensing

Date of Issuance: December 20, 1986

design of the Grand Gulf Nuclear Station, Unit 2 (the facility), including, but not limited to, the principal architectural and engineering criteria for the design and has identified the major features or components incorporated therein for the protection of the health and safety of the public;

C. Change paragraph 1.F to read as follows:

1. F. System Energy Resources, Inc. is technically qualified to design and construct the proposed facility;

D. Add a new paragraph 3.F to read as follows:

3. F. Mississippi Power & Light Company (MP&L) is authorized to transfer its rights under CPPR-119 to construct the facility to SERI, provided however, that until further authorization of the Commission, MP&L and SERI shall continue to be responsible for compliance with the obligations imposed on the licensees in the antitrust conditions identified in Paragraph 3.D, and provided further that SERI accepts its rights under CPPR-119 the facility subject to the outcome of the pending separate antitrust review of the antitrust considerations of this transfer.

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

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by

Robert M. Bernero, Director
Division of BWR Licensing

Date of Issuance: December 20, 1986

*Previously concurred:

PD#4/LA	PD#4/PM	PD#4	OGC	PD#4/D	DD/DBL
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12/29/86	/ 1/86	12/09/86



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
SUPPORTING AMENDMENT NO. 8 TO CONSTRUCTION PERMIT NO. CPPR-119

MISSISSIPPI POWER & LIGHT COMPANY

SYSTEM ENERGY RESOURCES, INC.

SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

GRAND GULF NUCLEAR STATION, UNIT 2

DOCKET NO. 50-417

1.0 INTRODUCTION

By letter dated September 2 as amended October 4, 13, 24 and as supplemented on November 20, 21, December 2 and 3, 1986, Mississippi Power & Light Company (MP&L), Middle South Energy, Inc. (now renamed System Energy Resources, Inc., SERI), and South Mississippi Electric Power Association (SMEPA) (the licensees) requested an amendment to Construction Permit No. CPPR-119 for the Grand Gulf Nuclear Station, Unit 2 (GGNS). The proposed amendment would change the GGNS Unit 2 Construction Permit to reflect the transfer of control and performance of licensed activities from MP&L to SERI. In addition to the submittal of the application for amendment of the construction permit pursuant to 10 CFR 50.90, the licensees have also submitted, pursuant to 10 CFR 50.80, an application for transfer of control of the licensed activities to System Energy Resources, Inc. (SERI). The staff's review of the application addresses those issues necessary for both the issuance of the construction permit amendment pursuant to 10 CFR 50.90 and for approval of transfer of control of licensed activities pursuant to 10 CFR 50.80.

Since information provided during the course of the staff's review indicated that the licensees did not own all of the mineral rights within the exclusion area, the Commission has, pursuant to a request by MP&L, issued a temporary partial exemption from the requirement of 10 CFR 100.11 (a)(1) insofar as it incorporates by reference the definition of exclusion area in 10 CFR 100.3(a) regarding the authority of the licensee to control all activities within the exclusion area. This exemption, which responds to MP&L's request as set forth in its letter of December 10, 1986, is addressed concurrently by the staff in a separate document to be issued with this amendment.

Ownership of the GGNS remains unchanged, being 90 percent owned by MSE (now SERI) and 10 percent owned by SMEPA. SMEPA's role in this transfer is completely unchanged. The entire Nuclear Production Department, now a part of MP&L, will transfer, with no significant changes, to SERI.

The licensees propose that the application be considered in two parts. This first part deals with a technical amendment which reflects transfer of authorization to construct GGNS Unit 2 from MP&L to SERI. A second part will deal with consideration of the antitrust conditions presently embodied in the construction permit. Accordingly, the Commission is proceeding with issuance of an amendment to the construction permit which transfers authority for construction responsibilities to SERI and also continues to hold MP&L and SERI to the terms of the existing antitrust conditions pending completion of review of the antitrust considerations of this amendment request.

2.0 EVALUATION

The licensees have addressed in their application, and the NRC review includes, consideration of the following technical issues: financial resources, technical qualifications of the proposed SERI staff, continuation of assured sources of offsite power in compliance with GDC-17, continuation of authority to control activities within the site exclusion area in compliance with 10 CFR Part 100.

Offsite Power Supplies

The NRC staff concluded in its Safety Evaluation Report, NUREG-0831, issued in September 1981, that the offsite power system for GGNS Units 1 and 2 met the requirements of the applicable General Design Criteria and was acceptable. Following the transfer of control of licensed activities from MP&L to SERI, MP&L will continue to own the transmission lines and the 500 KV and 115 KV switchyards on the GGNS site. The staff's review of the transfer of control of licensed activities from MP&L to SERI has focused on those matters associated with the transfer which require attention to ensure that applicable regulatory requirements continue to be met for the GGNS.

The major components of the GGNS offsite power system consist of three 500 kilovolt (KV) transmission lines which enter the 500 KV switchyard onsite and a 115 KV transmission line to a 115 KV switchyard onsite. The 500 KV switchyard interfaces with a 34.5 KV substation for each unit. The 34.5 KV substations interface with one of the two engineered safety feature (ESF) transformers for each unit. The other ESF transformer is powered from the 115 KV substation. These transmission lines and associated switchyards provide a total of three independent paths for offsite power as discussed in further detail in the staff's SER, NUREG-0831. MP&L will continue to own that portion of the site occupied by the 500 KV switchyard and the 115 KV substation. The interface between MP&L and SERI for ownership of offsite power supply equipment occurs at the 500/34.5 KV transformers and at the 115 KV substation as discussed in the licensees' letter of October 4, 1986. Since the responsibility for control of licensed activities for the operation of Unit 1 and construction of Unit 2 will rest solely with SERI, the staff's review has focused on the interface between SERI, as the partial owner and operator of GGNS, and MP&L as the provider of

offsite power to the GGNS, to ensure that applicable regulatory requirements will continue to be met. In this regard the staff review focussed on two principal areas: (1) the arrangements for provision by MP&L to GGNS of a continued source of offsite power and, (2) the arrangements for controlling operations, maintenance, repair and other activities in the MP&L portions of the switchyard such that adequate independent sources of offsite power will continue to be provided pursuant to GDC-17 "Electric Power Systems."

The licensees have indicated that the transfer of the GGNS from MP&L to SERI involves no changes to the design of the offsite power system or its operation and maintenance. The licensees also state that no change in ownership, operation, maintenance or coordination of activities affecting the offsite power system is planned. There are no changes to the Technical Specification onsite and offsite power system conditions for operation, surveillance and testing requirements or other requirements involved with the transfer.

With respect to (1) above, the joint licensees indicate in the letter of October 13, 1986 that MP&L will continue to provide offsite power pursuant to an existing contract between MP&L and MSE. The licensees state that this contract is equally binding between MP&L and SERI. The licensees have also committed to develop a written agreement to formalize existing arrangements for the future interface between SERI and MP&L. This agreement, which will be finalized concurrently with issuance of this amendment, and shall also be a legally binding contract, will also include provisions relating to the instructions and procedures to be followed by load dispatchers in providing offsite power to the GGNS.

With respect to (2) above, the joint licensees indicate in their letter of October 4, 1986 that the written agreement formalizing the interface between MP&L and SERI will provide for the continuation of current arrangements for the operation, maintenance and coordination of the switchyard and associated transmission facilities. The licensees also indicate that the agreement will require MP&L to obtain the approval of SERI for any design changes to the switchyard and associated transmission facilities, related to the GDC-17 offsite power supplies, prior to implementation of the changes.

The NRC staff concludes, on the basis of its review and the above evaluation, that adequate provisions have been made for MP&L to provide the necessary information to SERI, as the licensee to be responsible for the control of licensed activities, to enable determinations to be made by SERI regarding compliance with applicable regulatory requirements. The staff, therefore, affirms that the conclusions of its initial SER, NUREG-0831, regarding the acceptability of the offsite power supply system are unchanged.

Emergency Preparedness and Planning

Pending the completion of GGNS Unit 2, the current GGNS emergency plan is principally related to the operation of GGNS Unit 1. The existing

emergency plan will be modified, as required, prior to the operation of Unit 2 to incorporate the emergency planning requirements for Unit 2. The staff's evaluation of the effects of the transfer of control of licensed activities for the existing emergency plan is contained in the staff's evaluation report accompanying the amendment to the Unit 1 license to reflect the transfer of control of licensed activities from MP&L to SERI.

Control of Activities Within Exclusion Area

The NRC staff concluded in its Safety Evaluation Report, NUREG-0831, issued in September 1981, that the applicants owned all of the surface area as well as the mineral rights, and had the authority to determine all activities within the exclusion area, as required by 10 CFR Part 100. This conclusion addressed circumstances wherein Middle South Energy, Inc. (now SERI) and SMEPA owned the GGNS including the plant and all of the land within the exclusion area except for that portion under the 115 KV substation and the 500 KV switchyard and MP&L constructed and operated the GGNS as an agent for MSE and also owned and operated the 115 KV substation, the 500 KV switchyard and the transmission facilities. This conclusion was based on supporting information in the GGNS FSAR. By letter dated December 2, 1986 the licensee advised that there were inaccuracies in the FSAR regarding ownership of land, easements and mineral rights. By letter dated December 10, 1986 the licensee requested an exemption until April 30, 1987 regarding the requirement of 10 CFR Part 100 for exclusion area control.

The licensee stated that the surface rights within the exclusion area are and will continue to be owned by SERI, SMEPA and MP&L as follows. MP&L owns the 52 area tract underlying the switchyard. A legally binding agreement between MP&L and SERI, as described in the licensee's October 24, 1986 letter, will provide SERI with the authority it needs to exercise control over activities by MP&L or others in the switchyard. SERI owns the remainder of the exclusion area with the exception of a 10 percent ownership by SMEPA in a 94 acre tract underlying the power block. Pursuant to the ownership agreement between SERI/MSE and SMEPA, SERI/MSE is authorized to act as agent for SMEPA for matters relating to the design, construction, maintenance, operations and licensing of the GGNS. On these bases the staff concludes that SERI has the authority, as regards to surface ownership rights to control activities in the exclusion area notwithstanding SMEPA's 10% ownership interest.

Both MP&L and SMEPA have easements over portions of the exclusion area which will be controlled by SERI. MP&L's easements are for one of the transmission line rights of way. SERI's easement extends to all property within the exclusion area owned by SERI in which SMEPA did not acquire a 10% ownership interest. The staff concludes that the status of SERI and SMEPA as co-licensees and the authority of SERI to act as SMEPA's agent in the control of licensed activities at the GGNS provides adequate assurance that SERI will be able to control all activities in this regard. The staff concludes that the legally binding contractual arrangements to be undertaken between MP&L and SERI regarding the switchyard and the transmission lines provides adequate assurance that SERI will be able to control all activities with respect to these easements in the exclusion area.

SERI and SMEPA own substantial, but not all of the mineral rights in the exclusion area outside MP&L's 52 acre switchyard tract. MP&L owns a 1/2 interest in the mineral rights for the 52 acre switchyard tract. The Commission's regulations in 10 CFR Part 100.11 require that an exclusion area should be determined of such size that an individual located on its boundary during a postulated accident would not receive radiation doses greater than those specified. The Commission's regulations in 10 CFR Part 100.3 define the exclusion area, in this regard, to be an area within "...which the reactor licensee has the authority to determine all activities including exclusion or removal of personnel and property from the area..." and "Activities unrelated to operation of the reactor may be permitted in an exclusion area under appropriate limitations, provided that no significant hazards to the public health and safety will result."

Without a more extensive control of the mineral rights within the exclusion area the NRC staff cannot conclude that the above requirements of 10 CFR Part 100 are met. Accordingly, the licensee has requested an exemption up until April 30, 1987 from the requirements of 10 CFR Part 100 and, specifically, from 10 CFR 100.3 while it develops and the staff reviews a more detailed analysis to be submitted in early January, 1987. The staff is treating this submittal as a request for an exemption from 10 CFR 100.11(a)(1) insofar as it incorporates by reference the definition of "exclusion area" in 10 CFR 100.3(a). The staff has evaluated and agrees with the licensees' basis for concluding that it has adequate control over all activities within the exclusion area during this interim period as discussed below.

For the interim period, the licensees state that with respect to surface rights, SERI has complete control of the right to exclude third parties from the exclusion area. The present ownership of the GGNS facilities, the exclusion area surface rights and the mineral rights will be unchanged by the transfer of control of licensed activities from MP&L to SERI. There are no known current attempts to exploit the mineral rights within the exclusion area. The licensee states further that pursuers of mineral rights could be denied access to the GGNS site until such time as legal action had been taken to settle any issues in this regard. The licensee describes the process, under the laws of the state of Mississippi, that a mineral rights owner is required to follow and concludes that this process would provide ample prior notification and adequate time to either resolve the matter with pursuers of mineral rights or to take action to ensure protection of the public health and safety.

The licensee states that under the laws of the state of Mississippi mineral owners and lessees have no legal right to use physical force or to create a public disturbance to gain access to property in order to explore for or extract minerals.

The licensee states that the potential for exploitation of mineral rights on the GGNS site appears remote due to past unsuccessful exploratory activities in the vicinity of the site.

The licensee has also provided a commitment to expeditiously notify the NRC in the event any party requests permission from SERI to conduct seismic operations, file an application for a permit to drill a well, or take any other action indicating an intent to explore for minerals on the GGNS site.

With respect to the ownership of surface rights and easements within the exclusion area, the NRC staff concludes that, on the basis of the relationships between SERI, SMEPA and MP&L which include certain binding contractual agreements, as discussed above, the licensee responsible for control of licensed activities, SERI, does have the authority to control activities within the exclusion area as required by 10 CFR 100.

With respect to the ownership of mineral rights the NRC staff concludes that on the basis of there being no current attempts to exploit mineral rights, the licensee's control of the surface rights, and the substantial amount of time and effort required for a mineral rights owner to gain the necessary approvals and prepare for any actual activities affecting the exclusion area, that there is a vanishingly small probability that any such activities would occur during an interim period proposed by the licensee for the finalization of this issue. Accordingly, the NRC staff concludes that SERI does have sufficient authority during this interim period to control activities within the exclusion area and that an interim period up until April 30, 1987 appropriate for the resolution of this matter.

The staff will continue its review of the licensee's basis to be provided in early 1987, for establishing long term control of activities within the exclusion area as related to the ownership of mineral rights. The NRC staff will require, as the resolution to this matter, that the licensee demonstrate, consistent with the requirements of 10 CFR Part 100, that it has the authority on a permanent basis to determine all activities within the exclusion area including exclusion and removal of personnel and property from the area and the control of other activities so as not to interfere with the normal operations of the facility.

Technical Qualifications

This evaluation assesses, as required by 10 CFR 50.80, the Technical Qualifications of the transferee, Systems Energy Resources, Inc. The Technical Qualifications portion of the amendment describes the transfer of the MP&L Nuclear Production Department, virtually intact, to SERI.

MP&L's Nuclear Production Department, including the Nuclear Operations and Nuclear Engineering and Support Sections, will be transferred to and employed by SERI. The title of the senior officer (Mr. William Cavanaugh, (III)), has been changed from President and Chief Operating Office of MP&L to President and Chief Executive Officer of SERI and this is reflected in the Offsite Organization Chart (Figure 6.2.1-1) of the Technical Specifications. Thus, the same MP&L organization and staff that are currently responsible for operating GGNS Unit 1 and constructing Unit 2

will continue those responsibilities as part of SERI. However, duties previously associated with the management of non-nuclear activities will be eliminated for Mr. Cavanaugh.

The nuclear organization and staff remain the same; there are no changes in reporting relationships, responsibilities or personnel assignment; management will be focussed solely on nuclear plant activities; and the nuclear organization and staff therefore, continue to meet the acceptance criteria of Chapter 13.1 of the Standard Review Plan, NUREG-0800. We, therefore, find the Technical Qualifications portion of the amendment acceptable.

Financial Aspects

MP&L is currently licensed to operate Grand Gulf Unit 1 and to construct Grand Gulf Unit 2. These activities are carried out on behalf of the four operating utility subsidiaries of Middle South Utilities, Inc. (MSU), the parent utility holding company. In addition to MP&L, the operating utilities are Arkansas Power and Light Company, Louisiana Power and Light Company, and New Orleans Public Service, Inc. The company name of Middle South Energy, Inc. (MSE), MSU's financing subsidiary, was recently changed to System Energy Resources, Inc. (SERI).

SERI owns and finances 90 percent of the cost of the two Grand Gulf units for the benefit of the four operating utilities. As noted above, the proposed changes involve the transfer of control and performance of licensed activities at Grand Gulf from MP&L to SERI. It is proposed that the MP&L nuclear organization be transferred, virtually intact, to SERI. No changes are proposed to the manner in which the four MSU operating utilities share Grand Gulf costs and make payments to SERI. The remaining ten percent of Grand Gulf is owned by South Mississippi Electric Power Association (SMEPA). The proposed transfer of control within MSU does not affect SMEPA's ownership share or its obligation to pay its pro-rata share of Grand Gulf 1 operating costs to SERI. SMEPA and SERI have agreed that SMEPA would not be obligated to pay further costs of construction of Grand Gulf 2 should construction of the unit resume.

The NRC staff's review included the recent financial statements and narratives filed by MSU, MSE, and SERI with the stockholders and with the Securities and Exchange Commission. We also reviewed SERI's September 12, 1986 prospectus issued in connection with its sale of \$750 million in first mortgage bonds. These documents provide information on MSU's ongoing sources of funds to cover its costs including the costs of licensed activities. (Proceeds of the first mortgage bond issue are being used to refinance outstanding indebtedness.)

SERI reports that as of June 30, 1986, it had invested approximately \$940 million in Grand Gulf 2, which was approximately 34 percent complete based on the estimated man-hours needed to complete the unit. From late 1979 until September 1985, only a limited amount of construction was performed

on unit 2. Effective September 18, 1985, the licensees suspended construction activities on the unit. According to SERI, completion of Grand Gulf 2 as planned appears unlikely because of financing restraints on the Middle South System. SERI has determined to continue with full suspension of construction on Grand Gulf 2 until further evaluations are made, which are estimated to be completed in late 1986, and to limit expenditures to only those activities which are absolutely necessary for demobilization and suspension. The ability to obtain capital financing for construction is a separate issue from the ability to obtain adequate funds for safe operation of a completed facility such as Grand Gulf Unit 1.

The licensee states that the contractual arrangements between SERI/MSE and SMEPA as joint owners regarding all costs for the design, construction and related fuel cycle of GGNS Unit 2, will not be altered by or in connection with the issuance of the amendment to the GGNS Unit 2 Construction Permit and that, accordingly, the construction permit amendment application does not raise financial qualification considerations. Since the licensee's have made no determination regarding eventual completion of GGNS Unit 2, at this time, the NRC staff has not performed a financial qualifications review with respect to continued construction of GGNS Unit 2. If the licensee's eventually decide to reactivate construction of GGNS Unit 2 then the NRC staff may, at that time, request the licensees, pursuant to 10 CFR 50.33(f), to submit additional or more detailed financial information.

Antitrust Aspects

The Licensee's application of September 2, 1986 proposed that a bifurcated staff review of the overall application be conducted: (1) a technical amendment involving the designation of SERI as the 90% owner and construction of GGNS Unit 2 and (2) an amendment to the antitrust conditions presently included in the construction permit. The first part is dealt with elsewhere in this evaluation.

With respect to the second part, the licensees propose that MP&L be deleted entirely as a licensee for GGNS and that the current antitrust conditions of the operating license, as they relate to MP&L, also be deleted (Pages 12 and 14 of the application). However, the licensees do not request that MP&L be deleted from the license at this time in connection with the staff's review of the technical aspects of this amendment. While the licensees submit (application at 15, footnote 11) that after an antitrust review of the proposed changes it will be determined to remove MP&L from the license, such a determination to either remove or retain MP&L on the license must await the completion of the antitrust review. Such a determination can be considered separately from the technical aspects of the licensees request.

On page 14 an alternate proposal is made that the technical amendment could be issued substituting SERI for MP&L as constructor of GGNS Unit 2 with a condition providing for removal of the antitrust license conditions only upon completion of the antitrust review of the aspects of this transfer and only upon a finding that there are no significant antitrust implications.

It is unacceptable to the Commission that MP&L be deleted entirely as a licensee at this time and that the existing antitrust conditions also be deleted at this time. The NRC staff finds that it is appropriate to retain MP&L on the construction permit for the purposes of this amendment to the construction permit involving the technical aspects of the application. Therefore, MP&L is retained as a licensee for purposes of the antitrust conditions and the antitrust conditions are unchanged and remain in the construction permit. Accordingly, as a condition of NRC's authorization of MP&L to transfer its right to possess and construct the facility to SERI, MP&L and SERI shall continue to be responsible for compliance with the obligations imposed on the licensees in the antitrust conditions set forth in the construction permit until further authorization of the Commission; and provided further that SERI accepts the right to possess and construct the facility subject to the outcome of the antitrust review to be conducted as a result of this transfer. The NRC staff considers the licensees' proposal made on page 14 of the application to be consistent with this objective and, accordingly, has incorporated this requirement as a part of the construction permit. This proposal by the licensee is accepted by the NRC staff and incorporated into the construction permit.

3.0 ENVIRONMENTAL CONSIDERATION

The issuance of Amendment No. 8 responds to the joint licensees' request for amendment of the Unit 2 construction permit and to the joint licensee's request for transfer of control of licensed activities.

Pursuant to 10 CFR 51.32 an environmental assessment of the amendment to the construction permit and the transfer of control was published in the Federal Register on December 9, 1986, (51 FR 44396) and an environmental assessment of a temporary exemption from certain requirements of 10 CFR Part 100 related to these actions was published in the Federal Register on December 16, 1986 (51 FR 45072). Accordingly, the Commission has determined that the issuance of this amendment will not result in any environmental impacts other than those evaluated in the Final Environmental Statement.

4.0 CONCLUSION

Amendment No. 8 to Construction Permit No. CPPR-119 is strictly administrative in nature for the purpose of transferring authority to control and perform licensed activities in the construction of GGNS Unit 2 from MP&L to SERI. No technical conditions have been added or deleted from the Construction Permits. The staff concludes that: (1) the proposed amendment to Construction Permit No. CPPR-119 does not involve a significant increase in the probability or consequences of accidents previously considered, does not create the possibility of an accident of a type different from any evaluated previously, does not involve a significant decrease in a safety margin, and thus does not involve a significant hazards consideration; (2) there is reasonable assurance that the health and safety of the public will not be endangered by construction and operation in the proposed manner; and (3) such activities will be in compliance with the Commission's regulations, and the issuance of the amendment will not be

inimical to the common defense and security or to the health and safety of the public.

Principal Contributors: R. E. Martin, L. Cohen, S. Rhow, I. Schoenfeld, J. Peterson and C. Ferrell

Dated: December 20 , 1986

EXEMPTION

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the matter of

Mississippi Power and Light Company,)	
Middle South Energy and)	Docket Nos. 50-416
South Mississippi Electric)	and 50-417
Power Association)	
(Grand Gulf Nuclear Station,)	
Units 1 and 2))	

EXEMPTION PROVIDING FOR CONTROL OF
ALL ACTIVITIES WITHIN THE
SITE EXCLUSION AREA

I.

Mississippi Power and Light Company (MP&L), Middle South Energy (MSE, recently renamed System Energy Resources, Inc., SERI) and South Mississippi Electric Power Association (SMEPA), (joint licensees) are the holders of Facility Operating License No. NPF-29 and Construction Permit No. CPPR-119, which authorize the operation and the construction of the Grand Gulf Nuclear Station Units 1 and 2, respectively, (the facility). The facility consists of boiling water reactors located in Claiborne County, Mississippi.

II.

The Commission's regulations in 10 CFR Part 100.11 require that the site exclusion area should be determined of such size that an individual located on its boundary during a postulated accident would not receive radiation doses greater than those specified. The Commission's regulations in 10 CFR Part 100.3 define the exclusion area, in this regard, to be an area within "...which the reactor licensee has the authority to determine all activities including exclusion or removal of personnel and property from the area..." and also

"Activities unrelated to operation of the reactor may be permitted in an exclusion area under appropriate limitations, provided that no significant hazards to the public health and safety will result."

The NRC staff had based its previous findings, as set forth in the Safety Evaluation Report, NUREG-0831, September 1981, that the licensees met the requirements of 10 CFR Part 100 in this regard on the basis, provided in the FSAR, that the licensees owned all of the mineral rights within the exclusion area. By letter dated December 2, 1986 the licensees advised that there were inaccuracies in the FSAR regarding ownership of mineral rights. That letter indicated that SERI and SMEPA own substantial, but not all of the mineral rights in the exclusion area.

III.

By letter dated December 10, 1986 the licensees requested an exemption up until April 30, 1987 from the requirements for exclusion area control of 10 CFR Part 100 and specifically from the 10 CFR 100.3 definition of exclusion area. Inasmuch as the definition of exclusion area pertains to its incorporation by reference in the requirements of 10 CFR Section 100.11(a)(1), the staff has treated this submittal as a request for partial exemption from 10 CFR 100.11(a)(1) insofar as it incorporates by reference the definition of "exclusion area" in 10 CFR 100.3(a). The request for exemption relies on an interim basis for the licensees' control of activities while the licensees prepare further information to demonstrate long term control of activities and full compliance with 10 CFR Part 100.

For the interim period the licensees state that the licensee to be responsible for licensed activities, System Energy Resources, Inc., has and will continue to have complete control of the surface rights within the exclusion area and thus complete control of ingress to and egress from the exclusion area. The present ownership of the GGNS facilities, the exclusion area surface rights and the mineral rights will be unchanged by the transfer of control of licensed activities from MP&L to SERI. There are no known current attempts to exploit the mineral rights within the exclusion area. The licensee states further that pursuers of mineral rights could be denied access to the GGNS site until such time as legal action had been taken to settle any issues in this regard.

The licensee describes the process, under the laws of the State of Mississippi, that a mineral rights owner is required to follow and concludes that this process would provide ample prior notification and adequate time to either resolve the matter with pursuers of mineral rights or to take action to ensure protection of the public health and safety.

The licensee states that under the laws of the State of Mississippi mineral owners and lessees have no legal right to use physical force or to create a public disturbance to gain access to property in order to explore for or extract minerals.

The licensee states that the potential for exploitation of mineral rights on the GGNS site appears remote due to past unsuccessful exploratory activities in the vicinity of the site.

The licensee has also provided a commitment to expeditiously notify the NRC in the event any party requests permission from SERI to conduct seismic operations, file an application for a permit to drill a well, or take any other action indicating an intent to explore for minerals on the GGNS site.

The NRC staff concludes that on the basis of there being no current attempts to exploit mineral rights, the licensee's control of the surface rights, and the substantial amount of time and effort required for a mineral rights owner to gain the necessary approvals and prepare for any actual activities affecting the exclusion area, that there is a vanishingly small probability that any such activities would occur during an interim period proposed by the licensee for the finalization of this issue. Accordingly, the NRC staff concludes that SERI does have sufficient authority during this interim period to control activities within the exclusion area consistent with the underlying purpose of 10 CFR Part 100. For these reasons the staff finds that the requested exemption is acceptable.

The staff will continue its review of the licensee's basis, to be provided in early January 1987, for establishing long term control of activities within the exclusion area related to the ownership of mineral rights. The NRC staff will require, as the resolution to this matter, that the licensee demonstrate, consistent with the requirements of 10 CFR Part 100, that it has the authority on a permanent basis to determine all activities within the exclusion area including the exclusion and removal of personnel and property from the area and the control of other activities so as not to interfere with the normal operations of the facility.

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IV

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12 (a)(1) this exemption is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and

security. The Commission further determines that special circumstances, as provided in 10 CFR 50.12(a)(2)(ii) are present justifying this partial temporary exemption, namely that application of the regulation in the particular circumstances is not necessary to achieve the underlying purpose of the rule. The purpose of the rule is to require that the licensees be able to control all activities within the exclusion area including the exclusion or removal of personnel and property and those activities unrelated to reactor operation which could pose a significant hazard to the public health and safety. The interim measures cited by the licensee are sufficient to achieve this underlying purpose up until April 30, 1987, pending receipt and review of the licensees' proposed long term solution to the matter in early January 1987.

Accordingly, the Commission hereby grants a partial exemption as described in Section III above from 10 CFR 100.11(a)(1) insofar as it incorporates the 10 CFR 100.3 definition of exclusion area, until April 30, 1987.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this Exemption will have no significant impact on the environment (December 16, 1986, 51 FR 45072).

This Exemption is effective upon issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Robert M. Bernero, Director
Division of BWR Licensing

Dated at Bethesda, Maryland
this 20th day of December 1986

UNITED STATES NUCLEAR REGULATORY COMMISSIONDOCKET NO. 50-417MISSISSIPPI POWER & LIGHT COMPANYSYSTEM ENERGY RESOURCES, INC.SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATIONNOTICE OF ISSUANCE OF AMENDMENT TO CONSTRUCTION PERMIT

The U. S. Nuclear Regulatory Commission (the Commission) has issued Amendment No. 8 to Construction Permit No. CPPR-119 for the Grand Gulf Nuclear Station, Unit 2 (GGNS) to reflect transfer of control and performance of licensed activities from Mississippi Power and Light Company (MP&L) to System Energy Resources, Inc. (formerly named Middle South Energy, Inc.).

By letters dated September 2, 1986, as amended by letters dated October 4, 13 and 24, and as supplemented on November 20, 21 and December 2 and 3, 1986, MP&L, System Energy Resources, Inc. (SERI) and the South Mississippi Electric Power Association (SMEPA), the joint licensees, requested that the Construction Permit CPPR-119 be amended to substitute SERI for MP&L as the licensee authorized to construct GGNS Unit 2.

The issuance of this amendment to Construction Permit No. CPPR-119 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 is set forth in Amendment No. 8. Prior public notice of Amendment No. 8 was not required, since the amendment does not involve a significant hazards consideration. Notice of the proposed transfer

of control was published in the Federal Register on December 3, 1986 (51 FR 43695), and the Commission has, pursuant to 10 CFR Section 50.80, duly authorized transfer of control over activities licensed under CPPR-119 by letter dated December 20, 1986.

For further details with respect to this action see (1) the application for amendment, dated September 2, 1986 and October 4, 13, 24, November 20, 21, December 2 and 3, 1986, (2) Amendment No. 8 to Construction Permit No. CPPR-119, and (3) the Commission's related Safety Evaluation. All of these items are available for public inspection at the Commission's Public Document Room, 1717 H Street, N.W., Washington, D.C. 20555, and at the Local Public Document Room at the Hinds Junior College, McLendon Library, Raymond, Mississippi 39154.

In addition, a copy of items (2) and (3) may be obtained upon request addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention: Director, Division of BWR Licensing, Office of Nuclear Reactor Regulation.

Dated at Bethesda, Maryland, this 20th day of December, 1986.

FOR THE NUCLEAR REGULATORY COMMISSION



Walter R. Butler, Director
BWR Project Directorate No. 4
Division of BWR Licensing

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Dated at Bethesda, Maryland, this 20th day of December, 1986.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed by

Walter R. Butler, Director
BWR Project Directorate No. 4
Division of BWR Licensing

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