



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**  
WASHINGTON, D.C. 20555-0001

June 8, 1995

Mr. John R. McGaha, Jr.  
Vice President Operations  
Entergy Operations, Inc.  
River Bend Station  
P. O. Box 220  
St. Francisville, LA 70775

**SUBJECT: RIVER BEND STATION, UNIT 1 - AMENDMENT NO. 78 TO FACILITY OPERATING LICENSE NO. NPF-47 (TAC NO. M91838)**

Dear Mr. McGaha:

The Nuclear Regulatory Commission has issued the enclosed Amendment No. 78 to facility Operating License No. NPF-47 for the River Bend Station, Unit 1. The amendment consists of changes to the license in response to your application dated January 13, 1993, as supplemented by letter dated October 18, 1993.

The amendment revises the River Bend Station, Unit 1 operating license to reflect a change in ownership of Gulf States Utilities (GSU). GSU, which owns a 70 percent undivided interest in the River Bend Station, will become a wholly-owned subsidiary company of Entergy Corporation.

This amendment was originally issued as License Amendment No. 69 on December 16, 1993, subject to NRC approval granted by Order Approving Transfer of License also dated December 16, 1993. By order dated March 14, 1995, the Court of Appeals for the D.C. Circuit ordered that the two orders for 1) the merger of Gulf States Utilities and Entergy and 2) the operation of River Bend Station by Entergy Operations, Inc. (EOI) be vacated and the case remanded to the NRC. Pursuant to the remand, the NRC reexamined the issue of whether the merger of GSU with Entergy or operation by EOI would create or maintain a situation inconsistent with the antitrust laws. The NRC published its finding of no significant antitrust change and performed a reevaluation after receiving two requests to reevaluate its finding. As explained in the enclosed supplemental safety evaluation, the NRC's reevaluation in response to the two requests resulted in the NRC's reaffirming its earlier finding of no significant antitrust change.

The safety evaluation enclosed is the same as issued for License Amendment No. 69 even though some matters, unrelated to the remand, have since been appropriately dispositioned by the licensees. The supplemental safety evaluation, also enclosed, updates the safety evaluation on those matters remanded by the D.C. Circuit Court. Taken together, the safety evaluation and supplemental safety evaluation provide the NRC's basis for reissuance of the license amendment. The orders are identical to those previously issued except that the language in the final sentence of the original order relating to the completion of the merger has been removed, as the merger has already taken place. The order enclosed is effective immediately.

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Mr. John R. McGaha

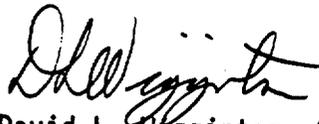
- 2 -

The transfer of any right under the operating license is subject to NRC approval pursuant to 10 CFR 50.80(a). Such approval is given in the enclosed Order Approving Transfer of License, which is being forwarded to the Office of the Federal Register for publication.

In addition to the changes requested in your application, the amendment corrects an error the staff found during the review of the requested changes. At the time Amendment No. 1 was issued, Cajun Electric Power Cooperative was mistakenly not included as a licensee and the footnote stating GSU is authorized to act as agent for Cajun was also not included. A review of the docket failed to reveal a basis for removing this information from the license. Therefore, this amendment corrects that error.

A copy of our Safety Evaluation and Supplemental Safety Evaluation are also enclosed. Notice of Issuance will be included in the Commission's biweekly Federal Register notice.

Sincerely,



David L. Wigginton, Senior Project Manager  
Project Directorate IV-1  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation

Docket No. 50-458

Enclosures: 1. Amendment No. 78 to NPF-47  
2. Safety Evaluation  
3. Supplemental Safety Evaluation  
4. Order

cc w/encls: See next page

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In addition to the changes requested in your application, the amendment corrects an error the staff found during the review of the requested changes. At the time Amendment No. 1 was issued, Cajun Electric Power Cooperative was mistakenly not included as a licensee and the footnote stating GSU is authorized to act as agent for Cajun was also not included. A review of the docket failed to reveal a basis for removing this information from the license. Therefore, this amendment corrects that error.

A copy of our Safety Evaluation and Supplemental Safety Evaluation are also enclosed. Notice of Issuance will be included in the Commission's biweekly Federal Register notice.

Sincerely,

Original signed by:

David L. Wigginton, Senior Project Manager  
Project Directorate IV-1  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation

Docket No. 50-458

- Enclosures: 1. Amendment No. 78 to NPF-47
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cc w/encls: See next page

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Document Name: RB69.AMD *DW 6/8/95* \*See previous concurrences.

OFC	LA:PD4-1	PM:PD4-1 <i>for DW</i>	ADAR/PDLR*	OGC*	D:PD4-1 <i>WBS</i>
NAME	<i>PN</i> PNoonan	DWigginton:mk	WLambe	APHodgdon	WBeckner
DATE	<i>6/1/95</i>	<i>6/1/95</i>	5/31/95	5/31/95	<i>6/1/95</i>
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OFC	<i>AD</i> :DRPW	ADPR	D:NRR
NAME	EAdensam	RZimmerman	WRussell <i>WRS</i>
DATE	<i>6/1/95</i>	<i>6/1/95</i>	<i>6/8/95</i>
COPY	<i>YES/NO</i>	YES/NO	YES/NO

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100029

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River Bend Station

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UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

GULF STATES UTILITIES COMPANY

CAJUN ELECTRIC POWER COOPERATIVE

DOCKET NO. 50-458

RIVER BEND STATION, UNIT 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No. 78  
License No. NPF-47

1. The Nuclear Regulatory Commission (the Commission) has found that:
  - A. The application for amendment by Gulf States Utilities\* (GSU) dated January 13, 1993, as supplemented by letter dated October 18, 1993, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
  - B. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission;
  - C. There is reasonable assurance: (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations;
  - D. The issuance of this license amendment will not be inimical to the common defense and security or to the health and safety of the public; and
  - E. 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, Facility Operating License No. NPF-47 is hereby amended to read as follows:\*\*

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\* Gulf States Utilities Company is authorized to act as agent for Cajun Electric Power Cooperative and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

\*\* Pages 1, 6, and 7 are attached, for convenience, for the composite license to reflect these changes. Please remove pages 1 and 6 of the existing license and replace with the attached pages and add page 7.

- (a) Add footnote \*\* on page 1 of the license to read:

"Gulf States Utilities Company, which owns a 70 percent undivided interest in River Bend, has merged with a wholly owned subsidiary of Entergy Corporation. Gulf States Utilities Company was the surviving company in the merger."

- (b) Paragraph 2.C.(16) shall be added as a new condition.

(16) Merger Related Reports

GSU shall inform the Director, NRR:

- (a) Sixty days prior to a transfer (excluding grants of security interests or liens) from GSU to Entergy or any other entity of facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding one percent (1%) of GSU's consolidated net utility plant, as recorded on GSU's books of account.
- (b) Of an award of damages in litigation initiated against GSU by Cajun Electric Power Cooperative regarding River Bend within 30 days of the award.
- (c) The last page of the license shall be marked "Revised: December 16, 1993."

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

FOR THE NUCLEAR REGULATORY COMMISSION



David L. Wigginton, Senior Project Manager  
Project Directorate IV-1  
Division of Reactor Projects III/IV  
Office of Nuclear Reactor Regulation

Attachment: Pages 1, 6, and 7 of Facility  
Operating License No. NPF-47

Date of Issuance: June 8, 1995

ATTACHMENT TO LICENSE AMENDMENT NO. 78

FACILITY OPERATING LICENSE NO. NPF-47

DOCKET NO. 50-458

Replace the following pages of the License with the attached pages. The revised pages contain vertical lines indicating the areas of change.

Remove Pages

1  
6  
-

Insert Pages

1  
6  
7



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

WASHINGTON, D.C. 20555-0001

GULF STATES UTILITIES COMPANY\*\*  
CAJUN ELECTRIC POWER COOPERATIVE

DOCKET NO. 50-458  
RIVER BEND STATION, UNIT 1  
FACILITY OPERATING LICENSE

License No. NPF-47

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
  - A. The application for license filed by Gulf States Utilities Company\* (GSU), acting on behalf of itself and Cajun Electric Power Cooperative, 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 River Bend Station, Unit 1 (the facility) has been substantially completed in conformity with Construction Permit No. CPPR-145 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;
  - 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;
  - E. Gulf States Utilities Company is technically qualified to engage in the activities authorized by this operating license in accordance with the Commission's regulations set forth in 10 CFR Chapter I;
  - F. Gulf States Utilities Company and Cajun Electric Power Cooperative 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;

---

\* Gulf States Utilities Company is authorized to act as agent for Cajun Electric Power Cooperative and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

\*\* Gulf States Utilities Company, which owns a 70 percent undivided interest in River Bend, has merged with a wholly owned subsidiary of Entergy Corporation. Gulf States Utilities Company was the surviving company in the merger.

(16) Merger Related Reports

GSU shall inform the Director, NRR:

- a. Sixty days prior to a transfer (excluding grants of security interests or liens) from GSU to Entergy or any other entity of facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding one percent (1%) of GSU's consolidated net utility plant, as recorded on GSU's books of account.
  - b. Of an award of damages in litigation initiated against GSU by Cajun Electric Power Cooperative regarding River Bend within 30 days of the award.
- D. GSU shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plans, which contain Safeguards information protected under 10 CFR 73.21, are entitled: "River Bend Physical Security Plan," with revisions submitted through November 6, 1987; "River Bend Station Guard Training and Qualification Plan," with revisions submitted through December 16, 1986; and "River Bend Station Safeguards Contingency Plan," with revisions submitted through January 27, 1987. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.
- E. Except as otherwise provided in the Technical Specifications or Environmental Protection Plan, GSU 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 24 hours to the NRC Operations Center via the Emergency Notification System with written followup within thirty days in accordance with the procedures described in 10 CFR 50.73(b), (c), and (e).
- F. 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.

- G. This license is effective as of the date of issuance and shall expire at midnight on August 29, 2025.

FOR THE NUCLEAR REGULATORY COMMISSION

Original Signed By

Harold R. Denton, Director  
Office of Nuclear Reactor Regulation

Enclosures:

1. Attachments 1-5
2. Appendix A - Technical Specifications (NUREG-1172)
3. Appendix B - Environmental Protection Plan
4. Appendix C - Antitrust Conditions

Date of Issuance: November 20, 1985

Revised: December 16, 1993



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION  
RELATED TO AMENDMENT NO. 78 TO FACILITY OPERATING LICENSE NO. NPF-47

GULF STATES UTILITIES

RIVER BEND STATION, UNIT 1

DOCKET NO. 50-458

1.0 INTRODUCTION

By letter dated January 13, 1993, Gulf States Utilities Company (GSU) submitted a request for an amendment to the operating license for River Bend Station, Unit 1 (River Bend). The proposed amendment reflects a transfer of ownership of GSU to become a wholly-owned subsidiary of Entergy Corporation (Entergy) as a result of a merger between GSU and Entergy. A second license amendment has been proposed to accomplish the transfer of operating authority from GSU to another Entergy subsidiary, Entergy Operations, Inc. (EOI).

GSU is currently a publicly traded company, the common stock of which is widely held. Following consummation of the merger, Entergy will be the sole holder of GSU's common stock, with GSU's current common shareholders receiving cash or common stock of the new holding company. GSU will retain its 70 percent ownership in River Bend and Cajun Electric Power Cooperative Inc. (Cajun) will retain its 30 percent ownership share.

2.0 EVALUATION

The proposed license amendment would add a footnote to paragraph I.A of the operating license to reflect the merger of GSU and a subsidiary of Entergy. The amendment does not involve a request for any change to the design or operation of the facility, nor to the existing Technical Specifications. The requested license amendment will introduce no change in the numbers, qualifications, or organizational affiliation of personnel who operate River Bend.

Under the terms of the proposed merger, GSU would continue to operate as a utility, but by transfer of its common stock to Entergy, GSU will become a wholly-owned subsidiary of Entergy. Ownership of River Bend will remain unchanged, with GSU retaining its 70 percent undivided ownership interest in the facility and Cajun retaining its 30 percent undivided ownership interest.

Financial Qualifications Review

Pursuant to 10 CFR 50.80(a), "No license for a production or utilization facility, or any right thereunder, shall be transferred, assigned, or in any manner disposed of either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless

the Commission shall give its consent in writing." Pursuant to 10 CFR 50.80(b), an application for transfer of a license should include, among other things, information on the financial qualifications of the transferee.

The transferee, Entergy, is a public utility holding company with four operating utility subsidiaries: Arkansas Power and Light Company, Louisiana Power and Light Company, Mississippi Power and Light Company, and New Orleans Public Service, Inc. Through these subsidiaries, Entergy generates, transmits, and distributes electricity for wholesale and retail sale to more than 1.7 million customers in parts of Arkansas, Louisiana, Mississippi, and Missouri. GSU, the transferor, generates, transmits, and distributes electricity for wholesale and retail customers. Combining GSU's service territory with Entergy's would create a large contiguous area with opportunities for bulk power transfers and a potential to reduce overhead and increase efficiency within the combined system.

#### Entergy's Financial Qualifications

Entergy is in stable but average financial condition compared to other electric utilities. In 1992, Entergy realized electric operating revenues of \$4.04 billion, an increase from \$3.97 billion in 1991 and \$3.89 billion in 1990. After expenses, Entergy realized net income of \$438 million in 1992, a decrease from \$484 million in 1991 and \$478 million in 1990. Entergy's "times interest earned" ratio has remained steady at approximately 2.4 during the past three years. This ratio is used by financial analysts to evaluate the ability of a company to pay interest on long-term debt. Any ratio above 1.5 is generally considered acceptable. Entergy's return on common equity was 9.8 percent in 1993, down from 10.9 percent in 1991 and 11.6 percent in 1990. This is below the average return for most financially healthy utilities, but is not seriously deficient.

Since 1990, Entergy has improved its capital structure. In 1992, its capital structure consisted of 41.5 percent common equity and 51.7 percent long-term debt. This improved from 38 percent and 56 percent for equity and long-term debt, respectively, in 1990. Although Entergy's proportion of equity is relatively weak, it is adequate and does not indicate excessive leverage (i.e., reliance on debt).

Moody's has rated Entergy's long-term debt through its subsidiaries: Arkansas Power and Light Company - Baa2; Mississippi Power and Light Company - Baa3; and Louisiana Power and Light Company - Ba3. These ratings are in the lowest category of investment-grade except for Louisiana Power and Light, which is below investment grade but is not apparently adversely affecting Entergy's overall financial health.

For cash flow, Entergy generated \$842 million in 1992, \$856 million in 1991, and \$870 million in 1990. Although this indicates a downward trend in cash flow, Entergy continues to generate substantial funds to pay nuclear-related expenses beyond those currently covered and after cash payments of up to \$250 million related to the merger are made.

In summary, Entergy has average financial health. This conclusion is consistent with The Value Line Investment Survey (July 16, 1993, p.714) that rated Entergy average for financial safety.

#### GSU's Financial Qualifications

GSU's financial situation remains below average compared to other utilities, although it has improved over the last three years. GSU realized electric operating revenues of \$1.69 billion in 1992, \$1.62 billion in 1991, and \$1.60 billion in 1990. GSU's net income rose to \$128 million in 1992 from \$102 million in 1991 and a \$44 million loss in 1990.

GSU's "times interest earned" ratio was 1.7 in 1992, which exceeds the generally minimally acceptable level of 1.5. GSU's return on common equity was 4.0 percent in 1992, 1.9 percent in 1991, and -2.3 percent in 1990. These returns are well below the utility average and have probably caused GSU difficulty in attracting equity capital.

Since 1990, GSU has maintained an essentially constant position in equity as 40.3 percent of total capital. Long-term debt has increased as a percentage of total capital from 45.8 percent in 1990, to 47.9 percent in 1991, to 51.7 percent in 1992. Although GSU relies more than the electric utility average on long-term debt with its corresponding interest obligations, these percentages do not indicate excessive leverage.

GSU's latest long-term debt rating from Moody's Public Utility News Reports (July 6, 1993) was Baa2. This is the middle of Moody's lowest investment-grade rating category and remains satisfactory.

For cash flow, GSU generated \$158.5 million in 1992, \$257.8 million in 1991, and \$275.6 million in 1990. Although this represents a decline over the 3-year period, GSU has adequate cash flow to pay nuclear-related expenses beyond those currently covered.

A major contingent expense could result from litigation initiated against GSU by Cajun, a 30 percent owner of River Bend. Cajun is seeking recovery of \$1.6 billion in River Bend investment costs from GSU. If a court finds GSU liable for this amount, or a substantial portion of it, GSU would have insufficient assets to pay the judgement. GSU then would most likely be forced to seek bankruptcy protection.

Filing for bankruptcy protection is a potentially serious development that could adversely affect GSU's financial qualifications to own River Bend. However, a judgement in favor of Cajun could occur whether or not the proposed merger is consummated. Under the terms of the merger, GSU would continue to own its 70 percent share of River Bend and would also continue to operate as an electric utility. Although Entergy, as parent to GSU, would lose much of the value of its investment in GSU if Cajun's suit were successful, it is not clear that other Entergy assets would become vulnerable in a GSU bankruptcy proceeding. Although Entergy would be hurt financially, it should be able to survive and adequately support the safety of its reactor operations (i.e.,

Entergy would lose its maximum \$250 million cash investment in GSU and its stockholders would suffer equity dilution). For these reasons, the staff does not consider the potential for a large judgement against GSU as a result of the Cajun litigation to be a substantial factor in the financial qualifications review of the merger application.

### Conclusion

Both GSU and Entergy are financially qualified to own or operate the River Bend unit. As Entergy has indicated, GSU will remain a broad-based electric utility with generation, transmission, and distribution capabilities. However, because the staff finding is based on GSU retaining its asset base, this conclusion would be subject to re-review if either GSU's financial situation changes significantly as a result of the Cajun litigation or if Entergy transfers significant assets from GSU to itself or other subsidiaries. The staff, therefore, has imposed a license condition which requires GSU to inform the NRC if adverse results occur from either situation.

### License Condition

A new license condition (2.C.16) relating to reporting changes in the financial qualifications of GSU results from an NRC staff request. A commitment from the licensee was provided in a letter dated October 18, 1993. The new license condition states:

#### (c) Merger Related Reports

GSU shall inform the Director, NRR:

- (a) Sixty days prior to a transfer (excluding grants of security interest or liens) from GSU to Entergy or any other entity of facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding one percent (1%) of GSU's consolidated net utility plant, as recorded on GSU's books of account, and
- (b) Of an award of damages in litigation initiated against GSU by Cajun Electric Power Cooperative regarding River Bend within 30 days of the award.

### 3.0 HEARING CONTENTIONS

On July 7, 1993, the NRC noticed GSU's request for this amendment in the Federal Register (58 FR 36435) and offered an opportunity for interested persons to file petitions to intervene and requests for a hearing. On August 6, 1993, Cajun filed a petition to intervene and request for a hearing. Cajun supplemented its petition on August 17, 1993. On August 31, 1993, in response to an August 26, 1993, notice in the Federal Register that an Atomic Safety and Licensing Board (ASLB) had been established for this proposed

amendment, Cajun filed seven contentions, which are addressed below. A prehearing conference was held on September 15, 1993, to hear arguments on the petition to intervene and responsive pleadings.

By a filing before the Licensing Board on October 13, 1993, the staff addressed the contentions regarding their admissibility for a hearing. Cajun's contentions and the staff's consideration of their applicability to safety are presented below:

- C-1 "The proposed amendments fail to reflect the public interest and interests of co-owners, wholesale customers and customers that may be affected by the outcome of the Cajun and Texas litigation."

Cajun failed to state in its basis what it perceives to be the relationship between the proposed amendment and the litigation that it says may bankrupt GSU. While it states that there may be an "adverse financial impact" from the proposed merger and the litigation, it does not indicate how this alleged impact relates to the safe operation of River Bend. Based on the information provided by Cajun, it appears that the effect of the outcome of the cited litigation would be the same without regard to who owns GSU and who operates River Bend.

- C-2 "The proposed amendments may result in a significant reduction in the margin of safety at River Bend."

Cajun's discussion in support of this contention does not address margin of safety, but instead discusses funding and the possibility that River Bend might have to shut down because of the unavailability of funds to operate the plant. Cajun's arguments notwithstanding, established safety margins are contained in the plant technical specifications through the limiting conditions for operation, limiting safety system settings, and safety limits. There will be no change to the technical specifications for River Bend as a result of granting the amendment nor will there be any change to the physical design of the plant. Cajun itself has stated that the merger with Entergy and EOI's operation of the plant will enhance safety.

- C-3 "The proposed license amendment cannot be approved without Cajun's consent."

This particular contention is not one involving safety but one involving the contractual relationship between GSU and Cajun. Thus, it is not a concern that the NRC staff needs to address in evaluating the effect of the proposed amendment on public health and safety.

- C-4 "The proposed license amendments will adversely affect Cajun's rights regarding the operation of River Bend."

With this contention, Cajun listed six "additional" detrimental impacts. They are: (1) lack of privity with the operator; (2) right of access to audits and key reporting data; (3) approval of budgets, capital projects, and major undertakings; (4) scheduling of power; (5) administrative, general, and other costs; and (6) the assertion that the proposed arrangement limits liability to actions that constitute gross negligence or willful misconduct. The rights that Cajun alleges will be adversely affected by EOI operation are a combination of economic and contractual issues not related to any health and safety issues. Thus, the staff need not consider these concerns in evaluating the effect of the proposed amendment on public health and safety.

- C-5 "The proposed license amendments cannot be approved without certain license conditions."

Cajun offers no argument to show that granting any of its proposed license conditions will affect the safe operation of the plant. Rather the proposed license conditions appear to address economic and contractual concerns of Cajun.

- C-6 "The proposed ownership amendment should be approved only with conditions adequate to remedy its adverse impact on the Cajun/GSU Interconnection Agreement."

This particular contention is not one involving safety but one involving the contractual relationship between GSU and Cajun. Thus, it is not a concern that the NRC staff needs to address in evaluating the effect of the proposed amendment on public health and safety.

- C-7 "The River Bend license conditions must be enforced."

Cajun specifically identifies License Condition 2.C.(3), Appendix C, Condition 10 which requires GSU to transmit power over its system on behalf of utilities engaging in bulk power supply in GSU's service area, and Condition 12 addressing GSU's obligation to sell power for resale. This contention does not seem to be related to the proposed amendments but rather requests enforcement of two existing antitrust license conditions. An allegation of nonconformance with license conditions is properly raised in a petition pursuant to 10 CFR 2.206.

In summary, the contentions do not address the safe operation of the plant or public health and safety. Thus, there is no need for the staff to discuss Cajun's concerns as set forth in its contentions in the staff's review of the application.

#### 4.0 FINAL NO SIGNIFICANT HAZARDS CONSIDERATION

The licensee's request for this amendment to the operating license for River Bend, including a proposed determination by the staff of no significant hazards consideration, was noticed in the Federal Register on July 7, 1993 (58 FR 36435). Section 50.92(c) of 10 CFR includes three standards used by the NRC staff to arrive at a determination that a request for amendment involves no significant hazards considerations. If operation of a facility in accordance with the proposed amendment would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated; or (2) create the possibility of a new or different kind of accident from any accident previously evaluated; or (3) involve a significant reduction in a margin of safety, then the standards for a finding of no significant hazards have been met.

GSU addressed the above three standards in the amendment application and determined that the proposed changes do not involve a significant hazards consideration. In regard to the three standards, GSU provided the following analysis.

- (1) Operation of the facility in accordance with the proposed amendment would not involve a significant increase in the probability or consequences of an accident previously evaluated.

As a result of the proposed license amendment, there will be no physical change to the River Bend facility, and all Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the technical specifications will remain unchanged. Also, the River Bend Quality Assurance Program, Emergency Plan, Security Plan, and Operator Training and Requalification Program will be unaffected.

- (2) The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated.

The proposed amendment will have no effect on the physical configuration of River Bend or the manner in which it will operate. The plant design and design basis will remain the same. The current plant safety analyses will therefore remain complete and accurate in addressing the design basis events and in analyzing plant response and consequences. The Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the technical specifications for River Bend are not affected by the proposed license amendment. As such, the plant conditions for which the design basis accident analyses have been performed will remain

valid. Therefore, the proposed license amendment cannot create the possibility of a new or different kind of accident from any accident previously evaluated.

- (3) The proposed amendment will not involve a significant reduction in a margin of safety.

Plant safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the technical specifications. Since there will be no change to the physical design or operation of the plant, there will be no change to any of these margins. Thus, the proposed license amendment will not involve a significant reduction in any margin of safety.

By letter dated August 6, 1993, as supplemented by a letter dated August 17, 1993, Cajun filed four comments in response to the July 7, 1993, notices of consideration and proposed no significant hazards determinations. The comments and the staff's evaluation of them regarding applicability to safety and this amendment are presented below:

Comment 1

Cajun raised questions concerning GSU's ability to fund EOI's operation of River Bend, the possibility of GSU having to declare bankruptcy if a ruling adverse to GSU occurs in pending litigation between GSU and Cajun and its effect on GSU's ability to fund River Bend's operation, and the possibility that River Bend may have to be shutdown due to insufficient operating funds. Based on these concerns, Cajun stated that the criteria for a finding of no significant hazards determination have not been met.

These issues are addressed in the responses to contentions 1 and 2 above.

Comment 2

The proposed amendment transferring operational responsibility to EOI cannot be approved without Cajun's consent.

The transfer of operational responsibility is not the subject of this amendment.

Comment 3

The proposed amendment transferring operational authority to EOI will adversely affect Cajun's rights regarding the operation of River Bend.

The transfer of operational authority is not the subject of this amendment.

Comment 4

The antitrust license conditions contained in 2.C.(3), Appendix C, Conditions 10 and 12 of the River Bend license must be enforced.

This comment is addressed in the response to Contention 7.

In addition to the four comments, in the August 6, 1993, letter Cajun requested a hearing be conducted prior to a final no significant hazards consideration determination. With regard to that concern, 10 CFR 50.91 (a) (4) addresses staff actions in the event public comments or a request for a hearing are received. Specifically, it states, "Where the Commission makes a final determination that no significant hazards consideration is involved and that the amendment should be issued, the amendment will be effective upon issuance, even if adverse public comments have been received and even if an interested person meeting the provision called for in 2.714 of this chapter has filed a request for a hearing. The Commission need hold any required hearing only after it issues an amendment, unless it determines that a significant hazards consideration is involved in which case the Commission will provide an opportunity for a prior hearing."

The NRC has considered Cajun's comments and has concluded that there is nothing in them that would cause the staff to change the proposed no significant hazards consideration determination.

For these reasons, and those given by the licensee, the staff agrees with the licensee's determination, and therefore has made a final determination that the proposed amendment does not involve a significant hazards consideration.

4.0 ANTITRUST EVALUATION

Pursuant to Section 105c of the Atomic Energy Act of 1954, and the Commission's Rules and Regulations, the staff conducted a review to determine whether significant competitive changes have occurred in the licensee's activities since the previous antitrust operating license review.

Pursuant to procedures set forth by the Commission in delegating authority to the Director of the Office of Nuclear Reactor Regulation and the Director of the Office of Nuclear Material Safety and Safeguards, as appropriate, the Director of the Office of Nuclear Reactor Regulation has made a finding that as a result of the proposed merger, no significant antitrust changes have occurred since the operating license antitrust review of River Bend.

The Director's finding was published in the Federal Register on October 20, 1993, (58 FR 54175) and provided for requests for reevaluation of the finding by November 19, 1993. Requests to reevaluate the Director's finding, dated November 19, 1993, were received from counsel representing the City of Lafayette, Louisiana, Terrebonne Parish Consolidated Government, Louisiana Energy and Power Authority, and Cajun Electric Power Cooperative, Inc.

Reviews of post-operating license amendment applications involving changes in licensees have included an antitrust review by the staff and consultation with the Attorney General. The antitrust review by the staff focuses on significant changes in the licensee's activities since the most recent antitrust review of the facility in question. The staff applied the criteria established by the Commission in its Summer decision in reaching its No Significant Change Finding for River Bend.

The concerns raised by the City of Lafayette, Louisiana, Terrebonne Parish Consolidated Government, Louisiana Energy and Power Authority, and Cajun Electric Power Cooperative, Inc. in the Requests for Reevaluation were thoroughly considered by the staff in its initial evaluation of competitive changes resulting from the proposed merger between GSU and Entergy. The information provided by the City of Lafayette, Louisiana, Terrebonne Parish Consolidated Government, Louisiana Energy and Power Authority, and Cajun Electric Power Cooperative, Inc. does not identify any new competitive concerns or any data that were overlooked by the staff in its initial review of the proposed merger. Consequently, it is the determination of the staff that the criteria established by the Commission to substantiate a "significant change" have not been met.

The Commission's Rules and Regulations (2.101 (e) (3)) for reviewing antitrust issues prior to issuing an operating license provide for a thirty day period in which the Commission can review a reevaluation of a "significant change" determination. For antitrust reviews occurring after issuance of the operating license, it has been the staff's practice to provide a thirty day period for Commission review. However, in this particular case, the staff recommended the Commission inform the staff by December 17, 1993, whether they would exercise sua sponte review. This only provided a nine day review period in an attempt to meet GSU's request to complete the merger by the end of the calendar year. The Director has determined that he will not change his finding that no "significant change" has occurred. The Director's reevaluation was published in the Federal Register on December 13, 1993 (58 FR 65200) and became final NRC action on December 16, 1993, with the Commission's decision not to exercise sua sponte review.

#### 5.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Louisiana State official was notified of the proposed issuance of the amendment. The State official had no comments.

#### 6.0 ENVIRONMENTAL CONSIDERATION

Pursuant to 10 CFR 51.21, 51.32, and 51.35, an environmental assessment and finding of no significant impact was published in the Federal Register on October 29, 1993 (58 FR 58202). Accordingly, based upon the environmental assessment, the Commission has determined that issuance of this amendment will not have a significant effect on the quality of the human environment.

7.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) 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 Contributor: Edward T. Baker, PDIV-2, NRR

Date: June 8, 1995



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

SUPPLEMENTAL SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

RELATED TO AMENDMENT NO. 78 TO FACILITY OPERATING LICENSE NO. NPF-47

ENERGY OPERATIONS, INC.

RIVER BEND STATION, UNIT 1

DOCKET NO. 50-458

1.0 INTRODUCTION

By application dated January 13, 1993, as supplemented by letter dated October 18, 1993, Gulf States Utilities (the licensee) requested an amendment to Facility Operating License No. NPF-47 for the River Bend Station, Unit 1 (River Bend). The proposed amendment reflects a transfer of ownership of Gulf States Utilities (GSU) to become a wholly-owned subsidiary of Entergy Corporation (Entergy) as a result of a merger between GSU and Entergy. A separate license amendment has been proposed to accomplish the transfer of operating authority from GSU to another Entergy subsidiary, Entergy Operations, Inc. (EOI).

On December 16, 1993, in License Amendment No. 69 and by Order Approving Transfer of License dated the same day, the NRC approved the licensee's request. By order dated March 14, 1995, the Court of Appeals for the D.C. Circuit ordered that the two NRC orders for 1) the merger of Gulf States Utilities and Entergy and 2) the operation of River Bend by EOI be vacated and the case remanded to the NRC.

The safety evaluation attached is the same as issued for License Amendment No. 69 (now renumbered No. 78) although some matters, unrelated to the remand, have since been appropriately dispositioned by the licensees. This supplemental safety evaluation updates the attached safety evaluation and provides the staff's basis for reissuance of the license amendment.

2.0 EVALUATION

As a result of the court's order in Cajun Electric Power Cooperative, Inc. v. NRC, No. 94-1113 and consolidated case No. 94-1114, the staff initiated a new inquiry to determine whether it could approve the two amendments relating to the GSU/Entergy merger requested by GSU in light of Cajun Electric Power Cooperative, Inc. v. FERC, 28 F.2d 173 (D.C. Cir. 1994). In making its determination regarding whether the merger would create or maintain a

situation inconsistent with the antitrust laws, the staff weighed the effects of the merger against its own review standards, i.e., those set forth by the Commission in its Summer decision. The staff determined in its April 5, 1995, no significant changes finding that the merger occurred after the previous review and was attributable to the licensee, satisfying the first two Summer criteria; however, the staff does not believe that the consequences of the merger would satisfy the third Summer criterion, i.e., requiring a Commission remedy in the instant proceeding. As a result of requests to reevaluate its no significant antitrust changes finding, the staff performed such a reevaluation and reaffirmed its earlier findings. The staff determined that the concerns raised by the commenters were covered by existing license conditions and thus were subject to resolution through the Commission's enforcement processes.

### 3.0 STATE CONSULTATION

In accordance with the Commission's regulations, the Louisiana State Official was notified of the proposed issuance of the amendment. The State official had no comments.

### 4.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) 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: D. Wigginton  
W. Lambe

Date: June 8, 1995

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of	)	
	)	Docket No. 50-458
GULF STATES UTILITIES	)	(License No. NPF-47)
ENERGY CORPORATION	)	
ENERGY OPERATIONS, INC.	)	
	)	
(River Bend Station, Unit 1)	)	

ORDER APPROVING TRANSFERS  
AND NOTICE OF ISSUANCE  
OF LICENSE AMENDMENTS

I.

On November 20, 1985, pursuant to 10 CFR part 50, License No. NPF-47 was issued, under which Gulf States Utilities Company (GSU) is authorized to operate and hold a 70 percent ownership share in River Bend Station, Unit 1 (River Bend), which is located in West Feliciana Parish, Louisiana.

II.

In June 1992, GSU and Entergy Corporation (Entergy) entered into an agreement providing for the combination of the businesses of their companies. In accordance with the merger plan, GSU, following the merger, will continue to operate as an electric utility, but as a subsidiary of a new holding company to be named Entergy Corporation, with its electric operations fully integrated with those of the Entergy System. Upon consummation of the proposed business combination and subject to the receipt of the necessary approvals, Entergy Operations Inc. (EOI), on behalf of the owners, will assume operations and managerial responsibility for River Bend.

III.

To implement the business combination, GSU applied to the U. S. Nuclear Regulatory Commission (NRC) for two license amendments to license NPF-47, by two letters dated January 13, 1993, as supplemented by later filings. Under these requested license amendments, the license would reflect the transfer of ownership of GSU to become a wholly-owned subsidiary of Entergy as a result of a merger between GSU and Entergy, and control over the operation of River Bend would be transferred from GSU to EOI, another wholly-owned subsidiary of Entergy. Notice of these applications for transfer and proposed no significant hazards consideration determinations were published in the Federal Register on July 7, 1993 (58 FR 36435 and 58 FR 36436).

IV.

This Order was originally issued on December 16, 1993. By order dated March 14, 1995, the Court of Appeals for the D.C. Circuit ordered that the two orders for 1) the merger of Gulf States Utilities and Entergy and 2) the operation of River Bend Station by EOI be vacated and the case remanded to the NRC.

V.

The transfer of rights under license NPF-47 is subject to the NRC's approval under 10 CFR § 50.80. Based on information provided by GSU and Entergy, and other information before the Commission, it is determined that the proposed transfer of the control of operations of River Bend from GSU to EOI, and the proposed transfer of ownership of GSU to Entergy, subject to the conditions set forth herein, are in the public interest and are consistent with the applicable provisions of law, regulations and orders issued by the

Commission. These actions were evaluated by the staff as documented in Safety Evaluations, dated December 16, 1993, which contain final no significant hazards consideration determinations. The conditions of the transfer, to which GSU has not objected, are:

2.C.(3) Antitrust Conditions

- a. GSU shall comply with the antitrust license conditions set forth in Appendix C, attached hereto and incorporated in this license.
- b. EOI shall not market or broker power or energy from River Bend Station, Unit 1. GSU is responsible and accountable for the actions of its agent, EOI, to the extent said agent's actions affect the marketing or brokering of power or energy from River Bend Station, Unit 1 and, in any way, contravene the antitrust conditions of this paragraph or Appendix C of this license.

2.C.(16) Merger Related Reports

GSU shall inform the Director, NRR:

- a. Sixty days prior to a transfer (excluding grants of security interests or liens) from GSU to Entergy or any other entity of facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding one percent (1%) of

GSU's consolidated net utility plant, as recorded on GSU's books of account.

- b. Of an award of damages in litigation initiated against GSU by Cajun Electric Power Cooperative regarding River Bend within 30 days of the award.

VI.

Accordingly, pursuant to sections 103, 105, 161b, 161i, and 187 of the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2201 et seq. and 10 CFR Part 50, IT IS HEREBY ORDERED that the transfers to Entergy Corporation and Entergy Operations Inc., discussed above, are approved, and NOTICE IS GIVEN that license amendments providing for the transfer of control of operation of River Bend to EOI, subject to the license conditions set out and herein, and the transfer of ownership of GSU to Entergy are issued, effective immediately.

FOR THE NUCLEAR REGULATORY COMMISSION



William T. Russell, Director  
Office of Nuclear Reactor Regulation

Dated at Rockville, Maryland  
this 8th day of June 1995.