

REGULATORY DOCKET FILE COPY

AUG 5 1980

Docket Nos.: 50-361/362

Mr. Robert Dietch
Vice President
Southern California Edison Company
P. O. Box 800
2244 Walnut Grove Avenue
Rosemead, California 91770

Mr. B. W. Gilman
Senior Vice President - Operations
San Diego Gas and Electric Company
P. O. Box 1831
101 Ash Street
San Diego, California 92112

Gentlemen:

SUBJECT: AMENDMENTS TO CONSTRUCTION PERMITS FOR SAN ONOFRE NUCLEAR GENERATING STATION, UNITS 2 AND 3

Your letter of July 17, 1979, transmitted an application for amendments to the San Onofre 2 and 3 construction permits to add the City of Riverside and the City of Anaheim as co-owners of the San Onofre Nuclear Generating Station, Units 2 and 3. Subsequently, your letter of June 16, 1980, provided additional information for our review.

In connection with your application, we have requested and received advice from the Attorney General of the United States. The Attorney General found that no antitrust hearing was necessary with respect to the transfer of ownership interest. Notice of the receipt of the Attorney General's advice was published in the Federal Register on February 14, 1980 (45 F.R. 10099). No petitions to intervene on this ownership transfer have been received by the Commission.

We have reviewed your application and have concluded that the City of Riverside and the City of Anaheim are financially qualified to participate in the ownership of San Onofre 2 and 3. We have further concluded that this action does not involve a significant hazards consideration, does not constitute an unreasonable risk to the health and safety of the public, and is not inimical to the common defense and security. The bases for these conclusions are set forth in the enclosed Safety Evaluation. Following execution of the purchase and ownership agreement, eight copies of this agreement are to be submitted to the Nuclear Regulatory Commission staff.

We have also concluded that there will be no environmental impact attributable to the proposed action that was not considered in our Final Environmental Statement, and that therefore no environmental impact statement need be prepared for the proposed action. The bases for these conclusions are set forth in the enclosed Environmental Impact Appraisal. Also enclosed is the applicable Negative Declaration.

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Therefore, the Commission has issued the enclosed Amendment No. 2 to CPPR-97 and Amendment No. 2 to CPPR-98 for San Onofre 2 and 3, which reflect the changes discussed. A copy of a related notice, which has been forwarded to the Office of the Federal Register for publication, is also enclosed.

Sincerely,

Original signed by

~~Darrell G. Eisenhut~~

B. Purples

D. G. Eisenhut, Director
Division of Licensing

Enclosures:

- 1. Amendment 2 to CPPR-97
- 2. Amendment 2 to CPPR-98
- 3. Safety Evaluation
- 4. Negative Declaration
- 5. Environmental Impact Appraisal
- 6. Federal Register Notice

cc: See next page

OELD
JRutberg
7/18/80

OELD
[Signature]
7/28/80

OFFICE ▶	DL:LB #3	DL:LB #3	DE	DL:LB #3	DL:AD	DL:AD
SURNAME ▶	JLee:mec	NRood	JSanLzman	ASchwencer	RLTedesco	DEEisenhut
DATE ▶	7/11/80	7/14/80	7/19/80	8/4/80	8/4/80	8/5/80

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R Jones (4)

AUG 5 1980

Mr. Robert Dietch
Vice President
Southern California Edison Company
2244 Walnut Grove Avenue
P. O. Box 800
Rosemead, California 91770

Mr. B. W. Gilman
Senior Vice President - Operations
San Diego Gas & Electric Company
101 Ash Street
P. O. Box 1831
San Diego, California 92112

cc: Charles R. Kocher, Esq.
James A. Beoletto, Esq.
Southern California Edison Company
2244 Walnut Grove Avenue
P. O. Box 800
Rosemead, California 91770

Chickering & Gregory
ATTN: David R. Pigott, Esq.
Counsel for San Diego Gas & Electric Company &
Southern California Edison Company
3 Embarcadero Center - 23rd Floor
San Francisco, California 94112

Mr. George Carvalho
City Manager
City of San Clemente
100 Avenida Presidio
San Clemente, California 92672

Alan R. Watts, Esq. Staff Attorney/REG
Rourke & Woodruff Regulatory Consultants
Suite 1020
1055 North Main Street
Santa Ana, California 92701

Lawrence Q. Garcia, Esq.
California Public Utilities Commission
5066 State Building
San Francisco, California 94102

Mr. R. W. DeVane, Jr.
Combustion Engineering, Incorporated
1000 Prospect Hill Road
Windsor, Connecticut 06095

Mr. Robert Dietch
Mr. B. W. Gilman

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AUG 5 1980

cc: Mr. P. Dragolovich
Bechtel Power Corporation
P. O. Box 60860, Terminal Annex
Los Angeles, California 90060

Mr. Mark Medford
Southern California Edison Company
2244 Walnut Grove Avenue
P. O. Box 800
Rosemead, California 91770

Henry Peters
San Diego Gas & Electric Company
P. O. Box 1831
San Diego, California 92112

Ms. Lyn Harris Hicks
Advocate for GUARD
3908 Calle Ariana
San Clemente, California 92672

Richard J. Wharton, Esq.
Wharton & Pogalies
Suite 106
2667 Camino Del Rio South
San Diego, California 92108

Phyllis M. Gallagher, Esq.
Suite 222
1695 West Crescent Avenue
Anaheim, California 92701

Mr. A. S. Carstens
2071 Caminito Circulo Norte
Mt. La Jolla, California 92037

Resident Inspector, San Onofre/NPS
c/o U. S. Nuclear Regulatory Commission
P. O. Box AA
Oceanside, California 92054

The City of Riverside
3900 Main Street
Riverside, California 92522

The City of Anaheim
204 East Lincoln Avenue
Anaheim, California 92805

Mr. Robert Dietch
Mr. B. W. Gilman

- 3 -

AUG 5 1980

cc: California Department of Health
ATTN: Chief, Environmental Radiation
Control Unit
Radiological Health Section
714 P Street, Room 498
Sacramento, California 95814

Director
Energy Facilities Siting Division
Energy Resources Conservation &
Development Commission
1111 Howe Avenue
Sacramento, California 95825

Chairman, Board of Supervisors
San Diego County
San Diego, California 92412

Mayor, City of San Clemente
San Clemente, California 92672

U. S. Environmental Protection Agency
ATTN: EIS Coordinator
Region IX Office
215 Fremont Street
San Francisco, California 94111

Energy Resources Conservation &
Development Commission
ATTN: Librarian
111 Howe Avenue
Sacramento, California 95825

Federal Energy Regulatory Commission
825 North Capital Street, N.E.
Washington, D.C. 20426

President
California Public Utilities Commission
California State Building
350 McAllister Street
San Francisco, California 94102

Attorney General
555 Capitol Mall
Sacramento, California 95814

Paragraph 2 is amended by adding the following:
California Edison Company has the responsibility for
and construction of the facility.

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

DOCKET NO. 50-361

SAN ONOFRE NUCLEAR GENERATING STATION, UNIT NO. 2

CONSTRUCTION PERMIT

Amendment No. 2
Construction Permit No. CPPR-97

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for amendment to Construction Permit No. CPPR-97 transmitted by Southern California Edison Company's letter dated July 17, 1979 and supplemented by letter dated June 16, 1980, for the purpose of adding the City of Riverside and and the City of Anaheim-as co-owners of San Onofre Nuclear Generating Station, Unit No. 2 (the facility) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The City of Riverside and the City of Anaheim are qualified to finance their ownership interests in the facility;
 - C. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - D. Issuance of this amendment will result in no environmental impacts not previously considered.
2. Accordingly, Construction Permit No. CPPR-97 is amended to reflect a change in the ownership of the facility, as follows:
 - A. All references to Applicants shall include the City of Riverside and the City of Anaheim.
 - B. Paragraph 2 is amended by adding the following sentence: Southern California Edison Company has sole responsibility for the design and construction of the facility.

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DATE ▶						

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

FOR THE NUCLEAR REGULATORY COMMISSION

Original signed by

~~Barrell G. Eisenhut~~

R. Purple

R. A. Purple, Deputy Director
Division of Licensing

Date of Issuance: August 5, 1980

*OELD
JRutberg
7/18/80

*OELD
LChandler
7/28/80

*See previous yellow

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SURNAME ▶	JLee:mec	HRood	JSaltzman	ASchwencer	RLTedesco	RPurple
DATE ▶	7/11/80	7/14/80	7/14/80	8/14/80	8/4/80	8/5/80

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

FOR THE NUCLEAR REGULATORY COMMISSION

R. B. Purple, Deputy
B. G. Eisenhut, Director
Division of Licensing

Date of Issuance:

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SURNAME	J Lee/mec	HRood	JSaltzman	ASchwencer	RL Tedesco	DGEisenhut
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change on p 1*



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

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

DOCKET NO. 50-361

SAN ONOFRE NUCLEAR GENERATING STATION, UNIT NO. 2

CONSTRUCTION PERMIT

Amendment No. 2
Construction Permit No. CPPR-97

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for amendment to Construction Permit No. CPPR-97 transmitted by Southern California Edison Company's letter dated July 17, 1979 and supplemented by letter dated June 16, 1980, for the purpose of adding the City of Riverside and and the City of Anaheim-as co-owners of San Onofre Nuclear Generating Station, Unit No. 2 (the facility) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The City of Riverside and the City of Anaheim are qualified to finance their ownership interests in the facility;
 - C. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - D. Issuance of this amendment will result in no environmental impacts not previously considered.
2. Accordingly, Construction Permit No. CPPR-97 is amended to reflect a change in the ownership of the facility, as follows:
 - A. All references to Applicants shall include the City of Riverside and the City of Anaheim.
 - B. Paragraph 2 is amended by adding the following sentence: Southern California Edison Company has sole responsibility for the design and construction of the facility.

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

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in cursive script, appearing to read "R. A. Purple".

R. A. Purple, Deputy Director
Division of Licensing

Date of Issuance: August 5, 1980

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

DOCKET NO. 50-362

SAN ONOFRE NUCLEAR GENERATING STATION, UNIT NO. 3

CONSTRUCTION PERMIT

Amendment No. 2
Construction Permit No. CPPR-98

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for amendment to Construction Permit No. CPPR-98 transmitted by Southern California Edison Company's letter dated July 17, 1979 and supplemented by letter dated June 16, 1980, for the purpose of adding the City of Riverside and and the City of Anaheim-as co-owners of San Onofre Nuclear Generating Station, Unit No. 3 (the facility) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The City of Riverside and the City of Anaheim are qualified to finance their ownership interests in the facility;
 - C. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - D. Issuance of this amendment will result in no environmental impacts not previously considered.

2. Accordingly, Construction Permit No. CPPR-98 is amended to reflect a change in the ownership of the facility, as follows:
 - A. All references to Applicants shall include the City of Riverside and the City of Anaheim.
 - B. Paragraph 2 is amended by adding the following sentence: Southern California Edison Company has sole responsibility for the design, and construction of the facility.

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

FOR THE NUCLEAR REGULATORY COMMISSION

15/

R. A. Purple, Deputy Director
Division of Licensing

Date of Issuance: August 5, 1980

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7/18/80

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SURNAME ▶	JLee:mec	HRood	JSaltzman	ASchwencer	RLTedesco	RPurple
DATE ▶	7/11/80	7/14/80	7/14/80	8/14/80	8/4/80	8/ 5 /80

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

DOCKET NO. 50-362

SAN ONOFRE NUCLEAR GENERATING STATION, UNIT NO. 3

CONSTRUCTION PERMIT

Amendment No. 3
Construction Permit No. CPPR-98

1. The Nuclear Regulatory Commission (the Commission) having found that:
 - A. The application for amendment to Construction Permit No. CPPR-98 transmitted by Southern California Edison Company's letter dated July 17, 1979 and supplemented by letter dated June 16, 1980, for the purpose of adding the City of Riverside and the City of Anaheim as co-owners of San Onofre Nuclear Generating Station, Unit No. 3 (the facility) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The City of Riverside and the City of Anaheim are qualified to finance their ownership interests in the facility;
 - C. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
 - D. Issuance of this amendment will result in no environmental impacts not previously considered.
2. Accordingly, Construction Permit No. CPPR-98 is amended to reflect a change in the ownership of the facility, as follows:
 - A. All references to Applicants shall include the City of Riverside and the City of Anaheim.
 - B. Paragraph 2 is amended by adding the following sentence: Southern California Edison Company has sole responsibility for the design *and* construction, ~~operation and maintenance~~ of the facility.

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

FOR THE NUCLEAR REGULATORY COMMISSION

Purple
D. G. Eisenhut, Director
Division of Licensing

Date of Issuance:

*Subject to
clearance
L. SCHANDLER
7/28/80*

OELD
JRutberg
7/18/80

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SURNAME ▶	JLbesmec	HRood	JSlatzman	ASchwencer	RLTedasco	DGEisenhut
DATE ▶	7/11/80	7/14/80	7/14/80	8/4/80	8/4/80	7/ /80

SAFETY EVALUATION

SUPPORTING AMENDMENT NO. 2 TO CPPR-97 AND CPPR-98

A. INTRODUCTION

On October 18, 1973, Construction Permits CPPR-97 and CPPR-98 were issued to Southern California Edison Company and San Diego Gas and Electric Company (the permittees) for the San Onofre Nuclear Generating Station, Units 2 and 3 (the facility). Amendment 1 to these construction permits was issued on August 15, 1974 to add antitrust conditions to the permits.

By letter dated July 17, 1979, the permittees and the City of Anaheim, California and the City of Riverside, California (the cities) submitted an "Application for Permission to Transfer an Ownership Interest to the Cities of Anaheim and Riverside, California, and for Amendment to Construction Permits Nos. CPPR-97 and CPPR-98".

The application requested the following:

1. That Southern California Edison Company (Edison) be granted permission to transfer to the City of Anaheim an undivided 1.66 percent co-tenancy ownership interest in San Onofre Nuclear Generating Station, Units 2 and 3 including the easement appurtenant thereto and an undivided 1.39 percent co-tenancy ownership interest in San Onofre Nuclear Generating Station Common Facilities including the easement appurtenant thereto.
2. That Southern California Edison Company be granted permission to transfer to the City of Riverside an undivided 1.79 percent co-tenancy ownership interest in San Onofre Nuclear Generating Station, Units 2 and 3, including the easement appurtenant thereto and an undivided 1.49 percent co-tenancy ownership interest in the San Onofre Nuclear Generating Station Common Facilities including the easement appurtenant thereto.
3. That upon transfer of said ownership interest in San Onofre Nuclear Generating Station to the City of Anaheim and/or the City of Riverside and upon written notification to the Director of the Office of Nuclear Reactor Regulation by Southern California Edison Company that such a transfer of ownership interests to the City of Anaheim and/or the City of Riverside has been consummated, Paragraph 1.B

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of Construction Permit No. CPPR-97 and Paragraph 1.B of Construction Permit No. CPPR-98 shall be amended to provide that the City of Anaheim and/or the City of Riverside be named as "Applicants" therein, in addition to Southern California Edison Company and San Diego Gas and Electric Company.

After reviewing the application for permission to transfer ownership and amend the construction permits, the NRC staff requested, by letter dated December 21, 1979, that additional information be submitted relating to the financial status of the cities. By letter dated June 16, 1980, the requested information was provided.

At this time the NRC staff has completed its review of all safety-significant matters related to the issuance of construction permit amendments as requested in the July 1979 application. This Safety Evaluation is therefore issued in support of Amendment No. 2 to Construction Permits CPPR-97 and CPPR-98, admitting the City of Anaheim, California and the City of Riverside, California as co-owners of the San Onofre Nuclear Generating Station, Units 2 and 3.

The purpose of this Safety Evaluation is to examine the impact of the proposed change in ownership shares as described above on the conclusions presented in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3, issued October 20, 1972. Specifically, the evaluation will address the resultant changes or lack of changes:

1. In the design of the facility or requirements for safety-related information (Items 1 through 4).
2. In the technical qualifications of the permittees to design and construct the proposed facility (Item 5).
3. In the financial qualifications of the permittees; i.e., the qualifications of the proposed new co-owners to share in the design and construction of the facility (Item 6).
4. In the conclusions concerning the common defense and security (Item 7).
5. In the conclusions concerning the health and safety of the public (Item 7).

In accordance with ALAB-459 (Marble Hill), February 16, 1978 which held that co-owners will be deemed to be co-applicants, this

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application for amendments is construed to include the City of Anaheim, California and the City of Riverside, California, each as a co-applicant as well as a co-owner.

E. EVALUATION

We have reviewed the application for amendment submitted on July 17, 1979, and supplemented by letter of June 16, 1980. Our review of safety-related matters and our conclusions concerning each item are described in the following subsections of this evaluation report.

Design of the Facility

We have reviewed the application for amendments submitted by the letter of July 17, 1979, and find no information which leads us to conclude that the requested amendments to the construction permits will result in design changes to the facility. We note the application states "... such transfer [of partial ownership interest] does not involve any design or other physical changes to Units 2 and 3..." We interpret that quote to be a statement of the permittees' intent regarding the requested action. We have also reviewed the various agreements between the permittees and the cities that are included in the application, and find no information which leads us to conclude that the requested amendments to the construction permits will result in design changes to the facility.

On the basis of our review of the application for amendments including the above statement of the permittees intent, we conclude that the participation of either or both of the two proposed new co-owners in the manner described will not result in safety-significant design changes to the facility. Further, we find that our conclusions (1) through (4) in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3, will not be altered by the issuance of the requested amendments to the construction permits.

Technical Qualifications of the Applicants

In Section 5.1 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3, we noted "SCE [the Southern California Edison Company] will act in the capacity of project manager and will have responsibility for the technical adequacy of the design and construction of both units". In Section 5.2 of the Safety Evaluation Report we stated "We have concluded that the program being developed for the selection and training of station personnel is adequate to ensure that a qualified capable staff will be trained for the SO-2/3 station". The application for amendments states "the contemplated transfer of partial ownership to the cities does not involve any change whatsoever in the exclusive responsibility and control to be exercised by Edison over the physical construction, operation,

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and maintenance of Units 2 and 3". On the basis of this, we conclude that the responsible corporate body with its organizational structure and staff previously found acceptable remain unchanged upon the addition of either or both the two proposed new co-owners. Further, we find that the technical qualifications of the applicants as a collective body remain undiminished and that our conclusion (5) in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generation Station, Units 2 and 3, will not be altered by the issuance of the requested amendments to the construction permits.

Financial Qualifications of the Applicants, Introduction

The financial qualifications of Southern California Edison Company and San Diego Gas and Electric Company were evaluated as described in Section 7.0 of the Safety Evaluation Report of the San Onofre Nuclear Generating Station, Units 2 and 3. Based on our review of the application for transfer of ownership and amendments, we find that conclusion (6) of Section 9.0 of the above report is still valid for the above companies. The analysis below presents an evaluation of the financial qualification of the cities of Anaheim and Riverside to be co-owners of the facility.

The NRC regulations relating to the determination of an applicant's financial qualifications are Section 50.33(f) and Appendix C to 10 CFR Part 50. These regulations state that there must be reasonable assurance that an applicant can obtain the necessary funds to cover the estimated construction cost of a proposed nuclear power plant and its related fuel cycle costs. This standard of reasonable assurance, however, must be viewed in light of the extended period of time from the start of construction to the date of commercial operation. The dates for commercial operation of the Facility are estimated to be October 1981 for Unit 2 and January 1983 for Unit 3. Consequently, we must make certain basic assumptions in our financial analysis about future conditions. Our analysis of the cities' financial qualifications assumes that there will be rational regulatory policies with respect to the setting of rates and that viable capital markets will exist. The former assumption implies that rates will be set by the appropriate regulatory agencies to at least cover the cost of service, including the cost of capital. The latter assumption implies that capital will be available at some price. Given these fundamental assumptions, our evaluation is then focused on the reasonableness of the cities' financial plans.

Estimated Capital Cost

The estimated capital cost of the Project is \$48,140,000 for Anaheim and \$51,910,000 for Riverside, excluding any nuclear fuel costs.

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The nuclear fuel inventory costs are tabulated below for the first cores of Units 2 and 3. Future inventory costs were calculated using an annual interest rate of 8 percent.

	<u>Anaheim</u>	<u>Riverside</u>
Inventory Cost of January 1, 1980	\$177,387	\$191,279
Estimated Inventory Cost to Sale	68,904	74,299
Total Estimated Inventory Cost	<u>\$246,291</u>	<u>\$265,578</u>

Assuming a closing of the sale of June 30, 1980, the following estimated amounts will be paid:

	<u>Anaheim</u>	<u>Riverside</u>
	(\$000)	(\$000)
Plant Construction Costs	\$31,261	\$33,706
Nuclear Fuel Under Lease	2,971	3,203
Interest	4,979	5,368
Total (\$000)	<u>\$39,211</u>	<u>\$42,277</u>

The remaining construction and nuclear fuel costs to be paid by the cities, excluding any associated interest, are \$9,929,000 by Anaheim and \$10,706,000 by Riverside.

Financial Analysis

Founded in 1857, the City of Anaheim is a Municipal Corporation, incorporated pursuant to the Constitution and laws of the State of California. It renders general municipal services, including, among others, the furnishing of electricity to all customers in the area within its geographical limits. At the present time, except for economy energy purchases from the Nevada Power Company, the City of Anaheim purchases its entire bulk power supply from the Southern California Edison Company. Accordingly, the electric system operated by Anaheim is fundamentally a subtransmission and distribution system.

Anaheim intends to finance its proposed 1.66 percent undivided ownership interest in the San Onofre Nuclear Generating Station, Units 2 and 3, through proceeds derived from the issuance of its Electric Revenue Bonds. Payment for interest charges and principal associated with these bonds will be reserved through the Electric Revenue Fund of the city. In 1975, the voters in Anaheim authorized the issuance of \$150 million of Electric Revenue Bonds. At present, \$18.5 million of such bonds have issued, thereby allowing \$131.5 million of Electric Revenue Bonds to be presently issuable.

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These bonds are presently rated AA by Standard and Poor's Corporation and Aa by Moody's Investors Services, Inc. These signify high quality obligations by all standards.

The city's debt restrictions based upon its coverage covenant do not restrict the issuability of the \$131.5 million of authorized but unissued Electric Revenue Bonds. This amount is well in excess of the previously stated costs required for Anaheim's purchase of its proposed 1.66 percent undivided ownership interest in the facility.

Section 1221 of the Charter of the City of Anaheim provides that the City Council shall establish rates, rules and regulations for the water and electric utilities. This Section further provides that the rates shall be based upon cost of service and shall be sufficient to pay: (a) for operations and maintenance of the system; (b) for payment of principal and interest on debt; (c) for creation and maintenance of financial reserves adequate to assure debt service on bonds outstanding; (d) for capital construction for new facilities and improvement of existing facilities, or maintenance of a reserve fund for that purpose. The Charter of the City of Anaheim requires rates to be established in amounts adequate to pay for both capital and operating costs of any facilities which are part of Anaheim's electric utility. Anaheim's ownership share in the facility would be a part of the Anaheim electrical utility. This allows for payment of the capital costs of the facility and provides a reasonable assurance that those financial obligations will be met. These provisions are consistent with our assumption of a rational regulatory environment. Most important, however, is that no restrictions exist on Anaheim's rate-setting authority which might interfere with its ability to satisfy these obligations to pay its costs associated with San Onofre Nuclear Generating Station, Units 2 and 3.

The City of Riverside was founded in 1870 and incorporated in 1883 pursuant to the Constitution and laws of the State of California. It also renders general municipal services, including, among others, the furnishing of electricity to all customers in the area within its geographical limits. At the present time, the City of Riverside purchases its entire bulk power supply from the Southern California Edison Company. Accordingly, the electric system operated by Riverside is also fundamentally a subtransmission and distribution system.

Riverside intends to finance its 1.79 percent proposed undivided ownership interest in the Facility with its Electric Revenue Bonds. The source of payment for interest charges and principal will be the Electric Revenue Fund of the city. There are three restrictions to its total financing ability. Section 1306 of the Charter of Riverside provides that after the City Council has adopted a Resolution authorizing the issuance of bonds, such Resolution is subject to a referendum by the qualified electors of the

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city, if a petition requesting submission of the Resolution to a vote is filed within 30 days after adoption of the Resolution. Section 1306 also provides that no bonds may be issued unless the amount of the equity of the electric utility as of the end of the fiscal year, derived from operation of the electric utility, equals at least 12 percent of the aggregate of the bonds to be issued and the amount of bonds outstanding. The third restriction to Riverside's total financing ability is contained in its Bond Covenants on Electric Revenue Bonds heretofore issued by Riverside. In order for Riverside to issue parity bonds (i.e., those additional bonds which are on a parity with respect to revenues as outstanding bonds), the net operating revenues of the electric utility for the last 12 months prior to the issuance of such additional bonds shall amount to at least 1.50 times the maximum annual debt service in any fiscal year thereafter on all indebtedness to be outstanding, immediately subsequent to the incurring of such additional indebtedness. For the purpose of calculating the net revenues of the electric utility, the net revenues of the electric utility may be increased for earnings arising from any increase in charges made for service which have become effective prior to the incurring of the additional indebtedness in an amount equal to 90 percent of the amount by which the gross revenues would have been increased if such increase in charges had been in effect during all of the 12-month period. The net operating revenues may also be increased from revenue-producing additions and improvements to the electric system equal to 90 percent of the amount estimated to be produced by such additions and improvements for the first 36-month period in which such addition or improvement was in service. The effect of this coverage covenant upon the ability of Riverside to issue additional Electric Revenue Bonds is to prohibit Riverside from issuing Electric Revenue Bonds in excess of the sum of \$130,000,000, if such Electric Revenue Bonds were to be issued as of February 1, 1980. This amount is well in excess of the previously stated costs required for Riverside's purchase of its proposed 1.79 percent undivided ownership interest in the facility.

The outstanding Electric Revenue Bonds of the City of Riverside are presently rated AA by Standard and Poor's Corporation and Aa by Moody's Investors Services, Inc. These signify high quality obligations by all standards.

Section 1302(e) of the Charter of the City of Riverside provides that the Public Utilities Board of the City of Riverside has the power to establish rates for the electric utility owned and operated by the city subject to approval of the City Council. Section 1304 of the Charter of the City of Riverside provides that the revenues of the electrical utility shall be kept separate and apart from all other monies of the city in the appropriate revenue fund and shall be used for the purposes of paying operating and maintenance expenses of the utility, for the payment of principal and interest on revenue bonds issued by the City of Riverside to finance

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additions to its electric utility and for capital expenditures of the electric utility. The Public Utilities Board thus is empowered to set electric rates to recover capital and operating costs in its electric rates sufficient to pay for its obligations incurred in acquisition of its ownership interest in the facility. These provisions are consistent with our assumption of a rational regulatory environment. Most important, however, is that no restriction exists on Riverside's ability to obtain sufficient funds to acquire its proposed 1.79 percent ownership interest in the facility.

Financial Conclusion

Based upon the above analysis, we conclude that the Cities of the Anaheim and Riverside, California, have demonstrated a reasonable assurance that the necessary funds can be obtained to finance their respective 1.66 and 1.79 percent proposed ownership interests in the San Onofre Nuclear Generating Station, Units 2 and 3. In making this conclusion, we have determined that Anaheim and Riverside are financially qualified to participate in the design, construction, and ownership of the facility to the extent of their percentage of participation, as set forth above. This conclusion is based upon our finding that the two cities' proposed issuance of Electric Revenue Bonds represent a reasonable method of financing their proposed partial ownership of the facility. Furthermore, Anaheim and Riverside have the authority to charge rates for electricity to fulfill the terms of the agreement for the proposed transfer of ownership interest.

As a condition to this amendment, the permittees are required to submit copies of the purchase and ownership agreement for the San Onofre Nuclear Generating Station, Units 2 and 3, when it is executed.

In summary, our conclusion (6) in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3 will not be altered by the issuance of the requested amendments to Construction Permits CPPR-97 and CPPR-98.

Common Defense and Security

The application for amendments states that neither the City of Anaheim, California nor the City of Riverside, California, is owned, controlled or dominated by an alien, a foreign corporation or a foreign government. In the application for amendments the cities each agree that it will not permit any individual to have access to Restricted Data until the NRC has determined that such access will not endanger the common defense and security. On the basis of the above statement and agreement, we conclude that the issuance of the requested amendments to the construction permits adding either or both of the above utilities as co-applicants will not be inimical to the common defense and security. Further, we find that our

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conclusion (7) regarding common defense and security in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3 will not be altered by the issuance of the requested amendments to the construction permits.

C. SUMMARY OF THE SAFETY EVALUATION

We have examined the impact on safety considerations of amending Construction Permits CPPR-97 and CPPR-98 to add the City of Anaheim, California and the City of Riverside, California as co-applicants and co-owners of undivided shares in the San Onofre Nuclear Generating Station, Units 2 and 3. We have concluded that, in accordance with Section 50.35 of 10 CFR Part 50 and Section 2.104 of 10 CFR Part 2:

1. The requested amendments will not result in safety significant design changes to the facility,
2. The technical qualifications of the permittees will not be diminished,
3. The two new proposed co-permittees are financially qualified to participate as described in the design and construction of the facility; and
4. The requested amendments will not endanger the common defense and security.

On the basis of the above conclusions, we find that the issuance of the requested amendments adding the City of Anaheim, California and the City of Riverside, California as co-permittees will not be inimical to the health and safety of the public, and that our conclusion (7) regarding this matter in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3 will remain unaltered. Further, we find that the requested amendments do not involve a significant hazards consideration because this action will not involve a significant increase in the probability or consequences of an accident, and this action will not involve a significant decrease in safety margin.

A. Schwencer, Acting Chief
Licensing Branch No. 3
Division of Licensing

Dated: August 5, 1980

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conclusion (7) regarding common defense and security in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3 will not be altered by the issuance of the requested amendments to the construction permits.

C. SUMMARY OF THE SAFETY EVALUATION

We have examined the impact on safety considerations of amending Construction Permits CPPR-97 and CPPR-98 to add the City of Anaheim, California and the City of Riverside, California as co-applicants and co-owners of undivided shares in the San Onofre Nuclear Generating Station, Units 2 and 3. We have concluded that:

1. The requested amendments will not result in safety significant design changes to the facility,
2. The technical qualifications of the permittees will not be diminished,
3. The two new proposed co-permittees are financially qualified to participate as described in the design and construction of the facility; and
4. The requested amendments will not endanger the common defense and security.

On the basis of the above conclusions, we find that the issuance of the requested amendments adding the City of Anaheim, California and the City of Riverside, California as co-permittees will not be inimical to the health and safety of the public, and that our conclusion (7) regarding this matter in Section 9.0 of the Safety Evaluation of the San Onofre Nuclear Generating Station, Units 2 and 3 will remain unaltered. Further, we find that the requested amendments do not involve a significant hazards consideration because this action will not involve a significant increase in the probability or consequences of an accident, and this action will not involve a significant decrease in safety margin.

A. Schwencer, Acting Chief
Licensing Branch No. 3
Division of Licensing

Dated:

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NEGATIVE DECLARATION

SUPPORTING AMENDMENTS NO. 2 TO CPPR-97 AND CPPR-98

RELATING TO CHANGE IN OWNERSHIP INTERESTS

SAN ONOFRE NUCLEAR GENERATING STATION, UNITS 2 AND 3

SOUTHERN CALIFORNIA EDISON COMPANY, ET AL.

DOCKET NOS. 50-361 AND 50-362

The U. S. Nuclear Regulatory Commission (the Commission) has reviewed the request for amendments to Construction Permits CPPR-97 and CPPR-98 relating to changes in ownership interests in the San Onofre Nuclear Generating Station, Units 2 and 3, located in San Diego County, California. The construction permits are issued to the Southern California Edison Company and San Diego Gas and Electric Company. The amendments would include the City of Riverside and the City of Anaheim as co-owners of the facility with the present owners.

In accordance with 10 CFR Part 51, the Commission's Division of Licensing has prepared an environmental impact appraisal (EIA) for the amendment. The Commission has concluded that an environmental impact statement for this action is not warranted, because there will be no adverse environmental impacts affecting the quality of the human environment attributable to the proposed action that would be in addition to those impacts evaluated in the Commission's Final Environmental Statement-Construction Permit Stage for San Onofre Generating Station, Units 2 and 3, issued in March 1973. A negative declaration is, therefore, appropriate.

The environmental impact appraisal is available for public inspection at the Commission's Public Document Room, 1717 H Street, N. W., Washington, D. C.,

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and at the local public document room located at the Mission Viejo Branch Library, 24851 Chrisanta Drive, Mission Viejo, California. A copy of the EIA may be obtained upon request, addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention: Director, Division of Licensing.

Dated at Bethesda, Maryland, this 5th day of August, 1980.

A. Schwencer, Acting Chief
Licensing Branch No. 3
Division of Licensing

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ENVIRONMENTAL IMPACT APPRAISAL
BY THE DIVISION OF LICENSING
SUPPORTING AMENDMENTS NO. 2 TO CPPR-97 AND CPPR-98
RELATING TO CHANGE IN OWNERSHIP INTEREST IN
SAN ONOFRE NUCLEAR GENERATING STATION, UNIT NOS. 2 AND 3
DOCKET NOS. 50-361 AND 50-362

Description of the Proposed Action

By letter dated July 17, 1979, and as updated by letter dated June 16, 1980, the Southern California Edison Company (Edison) and the San Diego Gas and Electric Company (SDGE) filed a request with the Nuclear Regulatory Commission to reflect additional ownership interest in the San Onofre Nuclear Generating Station, Units 2 and 3 (the Facility). The action proposed by the permittees is the issuance of amendments to Construction Permits CPPR-97 and CPPR-98 that would specify the City of Anaheim, California (Anaheim) and the City of Riverside, California (Riverside) as additional co-owners of the Station. At this time, Edison holds an 80 percent undivided ownership interest in the Facility and SDGE holds a 20 percent undivided ownership interest. The amendments would transfer a 1.66 percent undivided ownership interest in the Facility from Edison to Anaheim and a 1.79 percent undivided ownership interest to Riverside, leaving Edison with a 76.55 percent undivided ownership interest. Edison will retain exclusive responsibility and control over the physical construction, operation, and maintenance of the Facility.

The NRC staff's Final Environmental Statement-CP Stage relating to construction of the Facility was issued in March 1973.

Environmental Impact of the Proposed Action

The application for transfer of ownership and amendment of Construction Permits states that "No unreviewed environmental impact requiring an environmental impact statement pursuant to 10 CFR, Part 51 is presented by the contemplated transfer of a partial ownership interest in Units 2 and 3 by Edison to each of the Cities because such transfer does not involve any design or other physical changes to Units 2 and 3, any changes in the transmission or other facilities associated with Units 2 and 3, any increase in effluents created by Units 2 and 3, or any increase in the authorized power levels for Units 2 and 3". The applicant also states that Edison will remain the organization responsible for Facility design, construction, operation, and maintenance.

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Conclusion and Basis for Negative Declaration

On the basis of the foregoing information, the NRC staff concludes that there will be no environmental impacts resulting from the proposed action in addition to those impacts predicted and evaluated in the NRC staff's Final Environmental Statement-CP Stage issued in March 1973 or the Atomic Safety and Licensing Board's Initial Decision of October 15, 1973. Having reached this conclusion, the NRC staff has further concluded that no environmental impact statement for the proposed action need be prepared, and that a negative declaration to this effect is appropriate.

Dated: August 5, 1980

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Conclusion and Basis for Negative Declaration

On the basis of the foregoing information, the NRC staff concludes that there will be no environmental impacts resulting from the proposed action in addition to those impacts predicted and evaluated in the NRC staff's Final Environmental Statement-CP Stage issued in March 1973, the Atomic Safety and Licensing Board's Initial Decision of October 15, 1973. Having reached this conclusion, the NRC staff has further concluded that no environmental impact statement for the proposed action need be prepared, and that a negative declaration to this effect is appropriate.

~~A. Schwencer, Acting Chief
Licensing Branch No. 3
Division of Licensing~~

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UNITED STATES NUCLEAR REGULATORY COMMISSION
DOCKET NOS. 50-361 AND 50-362

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

NOTICE OF ISSUANCE OF AMENDMENTS TO CONSTRUCTION PERMITS

Notice is hereby given that the U. S. Nuclear Regulatory Commission (the Commission) has issued Amendment No. 2 to Construction Permit No. CPPR-97 and Amendment No. 2 to Construction Permit No. CPPR-98. The amendment reflects the addition of two new co-owners of the San Onofre Nuclear Generating Station, Units 2 and 3 (the facility). Initially, the construction permits were issued to Southern California Edison Company and San Diego Gas and Electric Company. Amendment No. 2 adds as co-owners the City of Riverside and the City of Anaheim. Southern California Edison Company has sole responsibility for the design and construction of the facility, which is located in San Diego County, California.

The application for the amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR Chapter I, which are set forth in the amendments.

Prior public notice of the amendments was not required since the amendments do not involve a significant hazards consideration.

For further details with respect to this action, see (1) the application for amendment dated July 17, 1979, and supplemental information dated June 16,

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1980, (2) Amendment No. 2 to Construction Permit No. CPPR-97, (3) Amendment No. 2 to Construction Permit No. CPPR-98, (4) the Commission's related Safety Evaluation, (5) the Environmental Impact Appraisal and (6) the Negative Declaration supporting the amendments to the construction permits. All of these items are available for public inspection at the Commission's Public Document Room, 1717 H Street, N. W., Washington, D. C., and at the Mission Viejo Branch Library, 24851 Chrisanta Drive, Mission Viejo, California. In addition, a copy of the above items (2), (3), (4), (5) and (6) may be obtained upon request, addressed to the U. S. Nuclear Regulatory Commission, Washington, D. C. 20555, Attention: Director, Division of Licensing, Office of Nuclear Reactor Regulation.

Dated at Bethesda, Maryland this 5th day of August, 1980.

FOR THE NUCLEAR REGULATORY COMMISSION

A. Schwencer, Acting Chief
Licensing Branch No. 3
Division of Licensing

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UNITED STATES NUCLEAR REGULATORY COMMISSION
DOCKET NOS. 50-361 AND 50-362

SOUTHERN CALIFORNIA EDISON COMPANY
SAN DIEGO GAS AND ELECTRIC COMPANY
THE CITY OF RIVERSIDE
THE CITY OF ANAHEIM

NOTICE OF ISSUANCE OF AMENDMENTS TO CONSTRUCTION PERMITS

Notice is hereby given that the U. S. Nuclear Regulatory Commission (the Commission) has issued Amendment No. 3 to Construction Permit No. CPPR-97 and Amendment No. 3 to Construction Permit No. CPPR-98. The amendment reflects the addition of two new co-owners of the San Onofre Nuclear Generating Station, Units 2 and 3 (the facility). Initially, the construction permits were issued to Southern California Edison Company and San Diego Gas and Electric Company. Amendment No. 3 adds as co-owners the City of Riverside and the City of Anaheim. Southern California Edison Company has sole responsibility for the design, ^{and} construction, ~~and operation~~ of the facility, which is located in San Diego County, California.

The application for the amendments complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations. The Commission has made appropriate findings as required by the Act and the Commission's rules and regulations in 10 CFR Chapter I, which are set forth in the amendments.

Prior public notice of the amendments was not required since the amendments do not involve a significant hazards consideration.

For further details with respect to this action, see (1) the application for amendment dated July 17, 1979, and supplemental information dated June 16,

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