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U.S. NEWS:

--A BILL THAT WOULD FEDERALIZE NUCLEAR PLANT SECURITY MAY BE TAKEN UP by the Senate Environment & Public Works Committee on July 25. NRC and the nuclear industry oppose the bill (S. 1746), introduced last November by Sen. Harry Reid (D-Nev.) and cosponsored by Sens. Hillary Rodham Clinton (D-N.Y.), Joseph Lieberman (D-Conn.), and Jim Jeffords (I-Vt.). Sen. Robert Torricelli (D-N.J.) signed on as a cosponsor in June.

--NEI DOES NOT EXPECT NEW REACTOR DESIGNS BEYOND THOSE ALREADY ANNOUNCED to surface in the next year or two. The Nuclear Energy Institute (NEI) gave the NRC staff yesterday its latest plan for new plant activities, which included pre-application and design certification reviews for six designs--the AP100, gas turbine-modular helium reactor, ESBWR, ACR-700, the International Reactor Innovative & Secure (IRIS), and SWR-1000. Among the latest activities, announced this spring, are early site permit (ESP) applications from Dominion, Entergy, and Exelon. Representatives from Entergy and Exelon repeated at yesterday's meeting that despite plans for ESP reviews, they are making no commitments to actually build new reactors.

--AMERENUE SETTLED ITS RATE CASE, THE COMPANY ANNOUNCED TODAY. The terms of the agreement, which was submitted to the Missouri Public Service Commission, include a new alternative rate regulation plan incorporating a rate moratorium through June 30, 2006, the phase-in of \$110-million in electric rate reductions, and \$2-billion in energy infrastructure improvements. Those improvements include replacement of the steam generators at Callaway. (However, that is not a new commitment; AmerenUE had already announced its plan to replace the steam generators and awarded a contract to Framatome for the work.) In its statement, AmerenUE said the settlement, if approved, would reduce the company's 2002 earnings per share by about 22 cents. "This is consistent with management's expectations of the range of possible outcomes in this case, already incorporated in Ameren's 2002 earnings guidance," the company said.

--NRC ISSUED A FINAL RED FINDING AGAINST POINT BEACH, BUT LEFT OPEN the exact nature of the enforcement action the agency will take, pending an additional inspection. The finding involved the common mode failure of the auxiliary feedwater pumps with a loss of instrument air. While not disputing the red finding--the highest level in NRC's four-level color-coded system, indicating a high importance for safety--operator Nuclear Management Co. (NMC) had argued it should not be subject to the enforcement action associated with the red level. NRC agreed with NMC that there are several mitigating factors, including the age of this issue and NMC's prompt action to correct it when the company discovered it last November. But the agency said it must conduct an additional inspection to determine if the problem constituted an "old design issue." If that turns out to be the case, the enforcement regime will be less stringent. An NRC spokeswoman said NRC would carry out the inspection "in the next month or two," with a decision about a month after that.

--CP&L'S LICENSE RENEWAL APPLICATION FOR ROBINSON-2 IS ON NRC'S WEB SITE (<http://www.nrc.gov/reactors/operating/licensing/renewal/applications.html>). The entire document, including the application, environmental report and appendices, is about 1,000 pages. Carolina Power & Light (CP&L) submitted the application on June 17. The NRC staff is conducting an initial review of

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the application to determine whether it contains enough information for the required formal review. The license for Robinson-2 expires July 31, 2010. The NRC expects to receive license applications for Rochester Gas & Electric's Ginna this month and for South Carolina Electric & Gas' Summer in August.

--EXELON TOOK DRESDEN-3 OFFLINE YESTERDAY EVENING AT 6:52 P.M. local time because the unit was experiencing trouble with the back-up power supply to its turbine, Exelon spokeswoman Ann Mary Carley said. After crews made some modifications to the power supply, Dresden-3 was reconnected to the power grid at 3:05 a.m. local time, Carley added.

--PRESIDENT BUSH UNVEILED TODAY HIS NATIONAL STRATEGY FOR HOMELAND SECURITY, a 90-page document that calls for, among other things, the prevention of a terrorist's use of nuclear weapons through better sensors and procedures. This would include additional inspection procedures and detection systems throughout the U.S. to detect the movement of nuclear materials. The strategy also calls for the U.S. to work with other countries on assessing the need for enhanced radiation detection capabilities at borders, seaports, and airports. The homeland security strategy is available at <http://www.whitehouse.gov/homeland/book/index.html>

--NRC CHAIRMAN RICHARD MESERVE SAID THE CURRENT CHALLENGE for the nuclear industry is to maintain performance levels and, if possible, to improve them. In opening remarks this morning to an NRC/American Society of Mechanical Engineers conference on valve and pump testing, Meserve also emphasized that new regulatory enhancements and not just burden reduction will come out of NRC's move to risk-inform regulation. He acknowledged that the agency is moving slower in this area than industry stakeholders would like, but said NRC has to think through the consequences of making changes in its intertwined regulatory regime. For that reason, he said, "it's hard to set a schedule" for making those risk-informed changes.

--THE NPPD BOARD WILL DISCUSS COOPER-RELATED ISSUES JULY 31 at a special meeting. At its July meeting last week, the Nebraska Public Power District's (NPPD) board authorized management to seek proposals for service water pump parts at Cooper, and to amend current contracts for technical and management assistance at Cooper with Polestar Applied Technology Inc. for \$205,000; for consulting services with Emyrean Services LLC for \$200,000; and with ERIN Engineering & Research for engineering support for \$305,378. The board also approved a three-year contract extension for Hartford Steam Boiler Inspection & Insurance Co. for nuclear inspection services for \$241,870.

INTERNATIONAL NEWS:

--EDF'S LEGAL STATUS WILL BE CHANGED NEXT YEAR, new French industry undersecretary Nicole Fontaine said. She said after a meeting with Loyola de Palacio, European Union (EU) commissioner for energy, Monday evening that her first decision would be to incorporate the EU directive on gas market liberalization into legislation by the end of this year, and the second would be to work on changing the status of Electricite de France (EDF) and Gaz de France. The sister firms currently have a government-organization status that masks their finances but also hampers their international development. French President Jacques Chirac said the state must sell a minority stake in EDF to allow the utility to invest, but that the change must be done in concert with trade unions and must protect EDF employees' retirement funds as well as their special legal status.

--BNFL ANNOUNCED A PRE-TAX LOSS OF 2.33-BILLION POUNDS (U.S.\$3.6-BILLION) because of one-time "exceptional charges" made against profits. These included charges covering the early closure of its two oldest magnox reactor stations (375-million pounds) and its recalculation of the costs of dealing with its historic radioactive wastes at Sellafield (1.93-billion pounds). British Nuclear Fuels plc (BNFL) today published its annual accounts for fiscal 2001/02, ending March 31. BNFL Chairman Hugh Collum pointed out that improved operational performance had enabled the company to make a pre-tax

profit of 22-million pounds before the exceptional items were factored in. This compared with the previous year's loss of 210-million pounds before tax and exceptional items, he said. BNFL sources said BNFL now looked to the U.K. government to enact legislation to allow establishment of the Liabilities Management Authority as soon as possible. This new nuclear cleanup body would take over ownership of about 20-billion pounds of BNFL's 27.2-billion pounds (undiscounted) historic civil nuclear liabilities once it was established in two to three years.

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