

C 8/29/78

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50-269/270/287

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DOC DATE: 08/25/78  
DATE RCVD: 08/28/78

DOCTYPE: LETTER NOTARIZED: NO  
SUBJECT:

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LTR 1 ENCL 1

FORWARDING SIGNED COPY OF AMEND NO 12 TO INDEMNITY AGREEMENT NO B-44,  
INDICATING APPLICANT'S ACCEPTANCE OF THIS AGREEMENT.

PLANT NAME: OCONEE -- UNIT 1  
OCONEE -- UNIT 2  
OCONEE -- UNIT 3

REVIEWER INITIAL: XJM  
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\*\*\*\*\* DISTRIBUTION OF THIS MATERIAL IS AS FOLLOWS \*\*\*\*\*

NOTES:

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INSURANCE: INDEMNITY/ENDORSEMENT AGREEMENTS  
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INTERNAL: REG FILE\*\*W/ENCL  
DINITZ FOR ACTION\*\*W/ENCL

NRC PDR\*\*W/ENCL  
H JORDAN\*\*W/ENCL

EXTERNAL: LPDR'S  
WALHALLA, SC\*\*W/ENCL  
TERA\*\*W/ENCL  
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ACRS CAT B\*\*W/O ENCL

FI 2

DISTRIBUTION: LTR 7 ENCL 7  
SIZE: 1P+2P

CONTROL NBR: 782370247

\*\*\*\*\* THE END \*\*\*\*\*

Handwritten signature

REGULATORY DOCKET FILE COPY

DUKE POWER COMPANY

POWER BUILDING

422 SOUTH CHURCH STREET, CHARLOTTE, N. C. 28242

WILLIAM O. PARKER, JR.  
VICE PRESIDENT  
STEAM PRODUCTION

August 25, 1978

TELEPHONE: AREA 704  
373-4083

Mr. Jerome Saltzman, Chief  
Antitrust and Indemnity Group  
Office of Nuclear Reactor Regulation  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

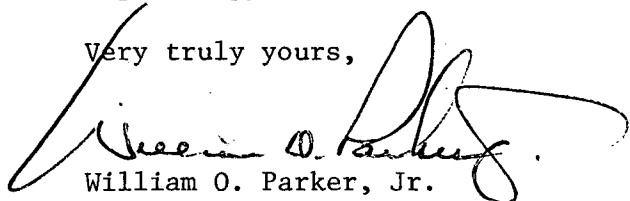
REGISTRATION  
SERVICES UNIT  
AUG 28 1978  
REGISTRATION  
SERVICES UNIT

Re: Oconee Nuclear Station  
Docket Nos. 50-269, -270, -287

Dear Sir:

Your letter to Mr. A. C. Thies dated August 14, 1978 transmitted Amendment 12 to Indemnity Agreement B-44 which reflected changes to 10CFR Part 140 "Financial Protection Requirements and Indemnity Agreements," which became effective on August 1, 1977. This article, Article VIII, establishes procedures for the Commission to utilize to recover premiums paid by the Government on behalf of licensees which default on deferred premium payments. Please find attached a signed copy of Amendment 12 which indicates our acceptance.

Very truly yours,



William O. Parker, Jr.

KRW:scs  
Attachment

782370247

Moo  
5/21



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

Docket Nos. 50-269  
50-270  
50-287

AMENDMENT TO INDEMNITY AGREEMENT NO. B-44

AMENDMENT NO. 12

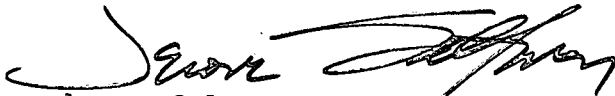
Effective August 1, 1977, Indemnity Agreement No. B-44, between Duke Power Company, and the Atomic Energy Commission, dated March 24, 1970, as amended, is hereby further amended by adding a new Article VIII to read as follows:

"ARTICLE VIII

- "1. If the licensee fails to pay assessed deferred premiums, the Commission reserves the right to pay those premiums on behalf of the licensee and to recover the amount of such premiums from the licensee.
- "2. The Commission shall require the immediate submission of financial statements by those licensees who indicate, after an assessment of the retrospective premium by the insurance pools, that they will not pay the assessment. Such financial statements shall include, as a minimum, exhibits indicating internally generated funds from operations and accumulated retained earnings. Subsequent submission of financial statements by such licensees may be requested by the Commission, as required.
- "3. If premiums are paid by the Commission as provided in paragraph 1, payment by the Commission shall create a lien in the amount paid in favor of the United States upon all property and rights to property, whether real or personal, belonging to such licensee. The lien shall arise at the time payment is made by the Commission and shall continue until the liability for the amount (or a judgment against the licensee arising out of such liability) is satisfied or becomes unenforceable. The Commission will issue a certificate of release of any such lien if it finds that the liability for the amount has been fully satisfied or has become legally unenforceable.

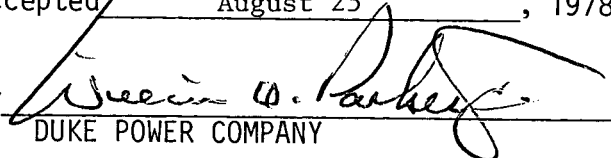
"4. If the Commission determines that the licensee is financially able to reimburse the Commission for a deferred premium payment made in its behalf, and the licensee, after notice of such determination by the Commission fails to make such reimbursement within 120 days, the Commission will take appropriate steps to suspend the license for 30 days. The Commission may take any further action as necessary if reimbursement is not made within the 30-day suspension period including, but not limited to, termination of the operating license."

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION



Jerome Saltzman, Chief  
Antitrust and Indemnity Group  
Office of Nuclear Reactor Regulation

Accepted August 25, 1978

By   
DUKE POWER COMPANY



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

AUG 14 1978

Docket Nos. 50-269  
50-270  
50-287

Duke Power Company  
ATTN: A. C. Theis  
Senior Vice President  
422 South Church Street  
Charlotte, North Carolina 28242

Gentlemen:

We are enclosing herewith an amendment to your indemnity agreement reflecting a change in 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements." The amendment to Part 140, which was effective on August 1, 1977, adds a new "Article VIII" to § 140.92. This article establishes procedures that the Commission would utilize to recover retrospective premiums paid by the Government on behalf of defaulting licensees.

We would appreciate your indicating your acceptance of the amendment to your indemnity agreement in the space provided and returning one signed copy to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerome Saltzman".

Jerome Saltzman, Chief  
Antitrust & Indemnity Group  
Nuclear Reactor Regulation

Enclosure:  
Amendment to Indemnity Agreement

Handwritten initials "JH" and a signature, possibly "A. C. Theis", with a checkmark.

CCP

Docket Nos. 50-269  
50-270  
50-287

AMENDMENT TO INDEMNITY AGREEMENT NO. B-44

AMENDMENT NO. 12

Effective August 1, 1977, Indemnity Agreement No. B-44, between Duke Power Company, and the Atomic Energy Commission, dated March 24, 1970, as amended, is hereby further amended by adding a new Article VIII to read as follows:

"ARTICLE VIII

- "1. If the licensee fails to pay assessed deferred premiums, the Commission reserves the right to pay those premiums on behalf of the licensee and to recover the amount of such premiums from the licensee.
- "2. The Commission shall require the immediate submission of financial statements by those licensees who indicate, after an assessment of the retrospective premium by the insurance pools, that they will not pay the assessment. Such financial statements shall include, as a minimum, exhibits indicating internally generated funds from operations and accumulated retained earnings. Subsequent submission of financial statements by such licensees may be requested by the Commission, as required.
- "3. If premiums are paid by the Commission as provided in paragraph 1, payment by the Commission shall create a lien in the amount paid in favor of the United States upon all property and rights to property, whether real or personal, belonging to such licensee. The lien shall arise at the time payment is made by the Commission and shall continue until the liability for the amount (or a judgment against the licensee arising out of such liability) is satisfied or becomes unenforceable. The Commission will issue a certificate of release of any such lien if it finds that the liability for the amount has been fully satisfied or has become legally unenforceable.

OFFICE >						
SURNAME >						
DATE >						

"4. If the Commission determines that the licensee is financially able to reimburse the Commission for a deferred premium payment made in its behalf, and the licensee, after notice of such determination by the Commission fails to make such reimbursement within 120 days, the Commission will take appropriate steps to suspend the license for 30 days. The Commission may take any further action as necessary if reimbursement is not made within the 30-day suspension period including, but not limited to, termination of the operating license."

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

/s/ JEROME SALTZMAN

Jerome Saltzman, Chief  
Antitrust and Indemnity Group  
Office of Nuclear Reactor Regulation

Accepted \_\_\_\_\_, 1978

By \_\_\_\_\_  
DUKE POWER COMPANY

Distribution:  
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PDR  
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SURNAME →	IDinitz:na	JSaltzman			
DATE →	7/ /78	7/ /78			

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OCT 5 1977

Bocket Nos.  
Agreement No. 50-269, 50-270, 50-287  
B-44

Duke Power Co.  
ATTN: A. C. Theis  
Senior Vice President  
422 South Church Street  
Charlotte, North Carolina 28242

Gentlemen:

We are presently reviewing our files and note that the following endorsements to your nuclear liability insurance policies have not been received:

Advance Premium Endorsement and Standard Premium  
and Reserve Premium Endorsement Calendar Year 1977.

{ } NEL-PIA  
MAELU

In addition, we have not received the following endorsements and signed copies of the following indemnity agreements or amendments thereto:

#47 & 48 to NF-182

We would appreciate your providing us with this information as soon as possible. If you have any questions, please do not hesitate to contact us.

Sincerely,

SIGNED, IRA DINITZ

Ira Dinitz, Indemnity Specialist  
Antitrust & Indemnity Group  
Nuclear Reactor Regulation

NRR:AIG  
IDinitz:na  
9/ /76



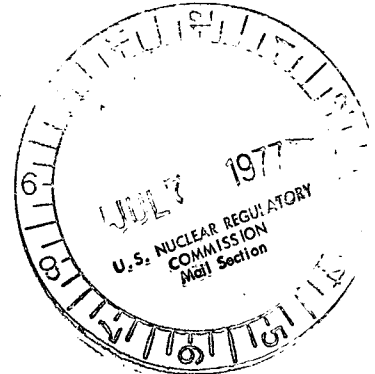
DUKE POWER COMPANY  
P. O. Box 2178  
CHARLOTTE, N. C. 28242

A. C. THIES  
SENIOR VICE PRESIDENT  
PRODUCTION AND TRANSMISSION

June 28, 1977

(704) 373-4249

50-269



Mr. Jerome Saltzman, Chief  
Antitrust & Indemnity Group  
Nuclear Reactor Regulation  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

RE: Guarantee of Retrospective Premium According  
to Provisions of the Price-Anderson Act

Dear Mr. Saltzman:

In your letter of June 15, 1977, you requested Duke Power Company to designate by July 1, 1977, the type of guarantee that Duke would provide to the NRC on August 1, 1977, and, further, indicate the anniversary date for future submittals. The alternatives were set out by the NRC in the Federal Register on January 3, 1977 (42 F.R. 46).

Duke Power Company has examined the alternatives and elects the annual certified financial statements and cash flow projections. Duke will provide the information requested in your June 15 letter for this type of guarantee by August 1, 1977. It is our understanding that our annual report and financial statement will be for the 1976 calendar year and the cash flow information will be for the 1977 calendar year. Subsequently, Duke elects to have March 15 as its anniversary date.

Very truly yours,

A handwritten signature in cursive script, appearing to read "A. C. Thies".

act/ck

RECEIVED DOCUMENT  
PROCESSING UNIT

1977 JUL 6 PM 3 11

TO: DIRECTOR, FBI  
FROM: SAC, NEW YORK  
SUBJECT: [Illegible]

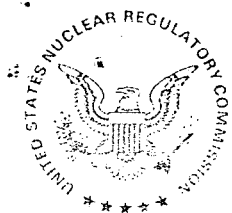
RE: [Illegible]  
[Illegible]  
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[Illegible]  
[Illegible]

DATE: [Illegible]  
TIME: [Illegible]  
BY: [Illegible]

FOR THE DIRECTOR, FBI  
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[Illegible]

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

June 15, 1977

Docket Nos. 50-269 ✓  
50-270  
50-387

Duke Power Company  
ATTN: Mr. A. C. Theis  
Senior Vice President  
422 South Church Street  
Charlotte, North Carolina 28201

Gentlemen:

The Commission is completing the implementation of certain provisions of the 1975 amendments to the Price-Anderson Act (Public Law 94-197), so that the new retrospective premium system can become effective on August 1, 1977.

The Commission published in the Federal Register on January 3, 1977 (42 F.R. 46) its intention to establish certain requirements relating to guaranteeing retrospective premiums to assure that following a nuclear incident deferred retrospective premiums will be paid by licensees and that government funds will not have to be used to cover defaults in such payments. These guarantee requirements may be met by providing any one or a combination of alternative methods in the amount of \$10 million for each large power reactor a licensee operates. These alternatives would be:

1. Surety bonds;
2. Letters of credit;
3. Revolving credit/term loan arrangements;
4. Maintenance of escrow deposits of government securities;
5. Annual certified financial statements and cash flow projections showing either that a cash flow (i.e., cash available to a company after all operating expenses, taxes, interest charges and dividends have been paid) can be generated and would be available for payment of retrospective premiums within three (3) months after submission of the statement, or a cash reserve or a combination of cash flow and cash reserve, and
6. Such other type of guarantee approved by the Commission.

The purpose of this letter is to learn from you the type of guarantee that you intend to provide as well as to provide some guidance concerning Alternative 5 of the guarantees (a showing of adequate cash flow). In

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order to allow us to analyze the adequacy of the showing of cash flow, we should be provided with the following:

- (1) An annual certified financial statement for the most recent reported year preceding the submission date;
- (2) a quarterly financial statement for the last quarter preceding the submission date;
- (3) a one year internal cash flow projection accompanied by underlying assumptions showing that cash flow (i.e., cash available to a company after all operating expenses, taxes, interest charges, and dividends have been paid) for \$10 million can be generated and would be available for payment of retrospective premiums within three months after submission of the statement;
- (4) a narrative statement indicating which capital expenditures (if any) would be curtailed to ensure that retrospective premiums up to \$10 million would be available for payment.

The cash flow projection should be for a one year period preferably beginning either at the anniversary date or if unduly burdensome at the calendar year starting closest to the anniversary date. This projection should include a detailed breakdown of expected cash sources, e.g., retained earnings, depreciation, deferred taxes, etc., and should be certified by an official of the company.

All utilities will be required to provide their first submission of guarantees by August 1, 1977. Annual submissions thereafter should be on the anniversary date of any of the utility's indemnity agreements. Utilities may request another date for their annual submittals. If more than one statement is provided in those cases where there are multiple licensees, all such statements should utilize the same submittal date.

As provided for in the regulations, the Commission will impose a single \$1,000 minimum indemnity fee per year upon any licensee submitting in that year a certified financial statement as the guarantee of payment of deferred premiums for its operating reactors. If more than one statement is provided in those cases where there are multiple licensees, then a \$1,000 minimum annual indemnity fee will be imposed on each licensee submitting a statement. We would expect, however, that in cases where there are numerous licensees, some with small percentages of ownership, that only the principal owner(s) will submit this information for the entire \$10 million guarantee.

June 15, 1977

We would appreciate your indicating to us by July 1, 1977 the type of guarantee that you intend to provide us with on August 1, 1977 and what your preferred anniversary date for future submittals would be. Please provide the contents of this letter to your co-licensees (if any). If you have any questions concerning this letter or any other matter, you may contact Ira Dinitz, Indemnity Specialist on 301-443-6961.

Sincerely,

Signed, Jerome D. Saltzman

Jerome Saltzman, Chief  
Antitrust & Indemnty Group  
Nuclear Reactor Regulation