

April 18, 2018

Michael R. Crosby, Senior Vice President
Nuclear Energy
Santee Cooper
One Riverwood Drive
Moncks Corner, SC 29461-2901

Dear Mr. Crosby:

On July 31, 2017, South Carolina Electric & Gas (SCE&G) announced its decision to abandon construction at the Virgil C. Summer Nuclear Station (VCSNS) Units 2 and 3. The stoppage of construction activities at VCSNS Units 2 and 3 on July 31, 2017, coincided with the departure of most construction workers, support personnel, and managers. By letter dated August 17, 2017¹, the U.S. Nuclear Regulatory Commission (NRC) received formal notification from SCE&G that VCSNS Units 2 and 3 had been placed in terminated status, consistent with the Commission's policy statement on deferred and terminated plants². In that letter, SCE&G indicated that it would follow-up with a disposition for its Combined Licenses (COLs).

In light of the abandonment decision at VCSNS 2 and 3, NRC documented open integrated inspection results, as of July 31, 2017, and notified SCE&G that it had suspended all inspection activities at VCSNS 2 and 3³. Since the abandonment and termination of inspection activities for the project have ended, NRC has maintained no regular or periodic review or inspection of the project site.

In a letter dated December 27, 2017⁴, SCE&G requested NRC approval to withdraw the COLs for VCSNS 2 and 3. This letter confirmed that construction had stopped, that the former construction site did not constitute a utilization facility, as defined in NRC regulations, and that all preservation activities had ceased. The letter was clear that "[n]o further NRC-regulated activities are being performed or planned at VCSNS 2 and 3." The NRC has accepted this representation of conditions, and has not received any indication that there are current on-site activities that would require an NRC license or that affect an NRC licensed activity at another site. In its letter of December 27, SCE&G also noted that it would support a license transfer request to grant Santee Cooper full ownership of the COLs, if Santee Cooper elected to pursue SCE&G's offer prior to NRC approval of the withdrawal request.

¹ NND-17-0464, Letter from Jeffrey B. Archie to NRC, SCE&G, VCSNS Units 2 and 3 Notification of Termination of Project Construction, dated August 17, 2017 (ADAMS Accession No. ML17229B487).

² 52 FR 38077, Commission Policy Statement on Deferred Plants, published October 14, 1987.

³ Letter from Michael Ernestes to Ronald A. Jones (Vice President, New Nuclear Operations, SCE&G), VCSNS Units 2 and 3 – NRC Integrated Inspection Reports 05200027/2017003, 05200028/2017003, dated August 10, 2017 (ADAMS Accession No. ML17226A074).

⁴ NND-17-0503, Letter from Jeffrey B. Archie to U.S. Nuclear Regulatory Commission, SCE&G's Request for Withdrawal of VCSNS Unit 2 and 3 COLs, dated December 27, 2017 (ADAMS Accession No. ML17361A088).

Santee Cooper responded to SCE&G's request for withdrawal of the VCSNS COLs in its January 8, 2018 letter⁵. Santee Cooper requested that NRC not take action on SCE&G's COL withdrawal request for 180 days, or such time as might be necessary for Santee Cooper to evaluate whether to seek transfer of the VCSNS COLs. Santee Cooper also raised questions regarding the appropriate regulation for COL withdrawal and the rights of co-licensees in a withdrawal action.

By this letter, the NRC acknowledges SCE&G's official request for NRC's approval to withdraw the COLs for VCSNS 2 and 3, as well as Santee Cooper's request that NRC delay action on the withdrawal request. Consistent with the NRC's Principles of Good Regulation, we intend to complete our review of the withdrawal request in an efficient and timely manner. Given the current staff workload and priorities, I expect that my staff will have completed this action by August 31, 2018. As it happens, this schedule provides Santee Cooper more than six months to evaluate its options prior to completion of the NRC action. The NRC staff evaluation of the withdrawal request will include the resolution of the questions concerning the appropriate regulation under which COL withdrawal is considered as well as the rights of co-owners or co-licensees in a withdrawal action. The staff's current views on applying the Commission's 1987 policy statement on deferred and terminated plants to COLs are available at (Agecywide Documents Access and Management System (ADAMS)) Accession No. ML18065B257.

Both SCE&G and Santee Cooper should be aware that the VCSNS 2 and 3 COLs, and the provisions of the quality assurance program, remain in effect until such time as the NRC approves withdrawal of the COLs. Quality assurance activities would be unnecessary for a terminated plant where the licensee does not ever intend to restart construction or sell the plant or its parts. However, as discussed in Section III.B.2 of the Commission's 1987 policy statement, a licensee for a terminated plant who plans to maintain the option of plant reactivation or to transfer ownership of the whole plant (or parts of the plant), should consider actions associated with maintaining documentation attesting to the quality of structures, systems, or components (SSCs) important to safety and developing and implementing a program to preserve and maintain SSCs important to safety. If such actions are not taken but the licensee later decides to reactivate the plant or to transfer ownership of the plant or parts of the plant for uses subject to NRC regulation, the approved quality assurance program would need to be implemented immediately. Additionally, an NRC-approved assessment of the impact of having dropped quality assurance controls during the period of abandonment, and the associated corrective actions for impacted SSCs, would be necessary.

Sincerely,

/RA/

Frederick D. Brown, Acting Director
Office of New Reactors

⁵ Letter from Michael R. Crosby to U.S. Nuclear Regulatory Commission, Response to South Carolina Electric & Gas Company (SCE&G) Request for Withdrawal of VCSNS Unit 2 and 3 COLs, dated January 8, 2018 (ADAMS Accession No. ML18010A068).

SUBJECT: SOUTH CAROLINA ELECTRIC & GAS AND SANTEE COOPER
ACKNOWLEDGMENT OF VC SUMMER TERMINATION LETTER DATED APRIL 18, 2018

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IDENTICAL LETTER SENT TO:

Mr. Jeffrey B. Archie, Chief
Nuclear Officer
South Carolina Electric and Gas
P.O. Box 88
Jenkinsville, SC 29065-0088

ADAMS Accession No.: ML18108A252 *via email NRO-002

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