

VIRGINIA ELECTRIC AND POWER COMPANY  
RICHMOND, VIRGINIA 23261

January 17, 1979

Mr. Harold R. Denton, Director  
Office of Nuclear Reactor Regulation  
Attn: Mr. O. D. Parr, Chief  
Light Water Reactors Branch No. 3  
Division of Project Management  
U. S. Nuclear Regulatory Commission  
Washington, DC 20555

Serial No. 739/121578  
LQA/RMN:esh

Docket Nos. 50-404  
50-405

Dear Mr. Denton:

We have received a request for additional information from Mr. O. D. Parr dated December 15, 1978, concerning our application to extend the Construction Permits for North Anna Units 3 and 4. Specifically requested were details about the unquantifiable potential delays and design changes being made to conform with current regulatory requirements. According to the letter, the information is needed to justify any extension beyond 1983 and 1984, the currently scheduled fuel load dates. Construction is currently 7.0% and 3.7% complete.

It should be noted that although those fuel load dates were considered realistic when the schedule was last updated several years ago, they are not intended to be the "latest completion dates" referred to in 10 CFR 50.55(b). To arrive at the latest possible completion date, one must adjust the schedule to 1979 and allow for potential future delays which are by nature unquantifiable. We cannot update the schedule to 1979 without a decision on our application for a rate increase. The potential delays include, but are not necessarily limited to, cash flow restrictions and design changes to conform to current regulatory criteria.

Our annual construction budget is dependent on the availability of funds after operating expenses are met. Increasing operating and construction expenses have forced us to apply for rate relief. On February 15, 1978, we applied with the Virginia State Corporation Commission (SCC) for a \$117 million surcharge, \$82 million representing an annual revenue requirement for North Anna Unit 1 and \$35 million to cover a shortfall in 1977 earnings. The \$82 million surcharge was approved subject to possible refund after a hearing. The \$35 million surcharge was determined not to be urgent and therefore was delayed until a hearing could be held on a permanent rate increase.

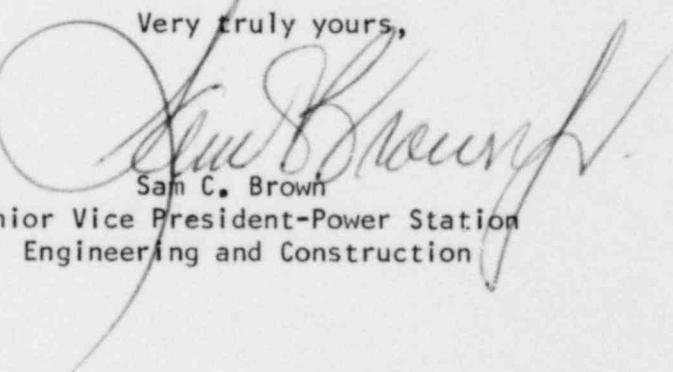
On April 24, 1978, we supplemented the application for a total permanent rate increase of \$246 million. The hearing did not commence until September 5, 1978 and was not complete until September 26, 1978. We are still waiting for a decision. When rate relief is delayed or denied, we cannot build as fast as was originally planned. We have not yet determined the full effect of the delay to date on the schedule, nor do we have any indication when a decision will be made or what it will be. This problem could be repeated if operating costs continue to rise.

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Design changes to conform with current regulatory requirements can also cause delays. Because the design is not final, it is unclear what the potential delays are. On November 21, 1978, Mr. R. S. Boyd sent us a letter on implementation of Staff review requirements for North Anna Units 3 and 4. Attached was a list of 17 "Category 2" guides that the Staff will consider for this project and 10 "Category 3 - clearly backfit" guides. Each guide is dated after the Construction Permit issuance. We have not yet determined how much delay compliance with the current Regulatory Guides and Branch Technical Positions will cause. We are still reviewing the November 21, 1978, letter from Mr. Boyd and plan to respond to that letter separately. We do think that current and future regulatory requirements are a potential cause of delay.

Based on the above reasons, we believe that an extension to November 1, 1986 and December 1, 1987 for Construction Permits CPPR-114 and CPPR-115, respectively, is reasonable. If, however, you do not think that an extension of that length has been justified, then please extend the permits to December 31, 1983 and December 31, 1984, which is indicated to be possibly a reasonable extension in Mr. Parr's December 15, 1978 letter. This would necessitate another request for an extension in 1983, however, we would have more specific and detailed information at that time.

Very truly yours,  
  
Sam C. Brown  
Senior Vice President-Power Station  
Engineering and Construction