

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

DUKE POWER COMPANY

(William B. McGuire Nuclear Power Station, Unit No. 1)

DOCKET NO. 50-369

CONSTRUCTION PERMIT

Construction Permit No. CPPR-83
Amendment No. 1

Pursuant to an Order by the Atomic Safety and Licensing Board, dated April 23, 1975, the Nuclear Regulatory Commission has issued Amendment No. 1 to Construction Permit No. CPPR-83 by deleting paragraph 2.d and substituting the following therefor:

- d. Applicant makes the commitments contained herein, recognizing that bulk power supply arrangements between neighboring entities normally tend to serve the public interest. In addition, where there are net benefits to all participants such arrangements also serve the best interests of each of the participants. Among the benefits of such transactions are increased electric system reliability, a reduction in the cost of electric power, and minimization of the environmental effects of the production and sale of electricity.

Any particular bulk power supply transaction may afford greater benefits to one participant than to another. The benefits realized by a small system may be proportionately greater than those realized by a larger system. The relative benefits to be derived by the parties from a proposed transaction, however, should not be controlling upon a decision with respect to the desirability of participating in the transaction. Accordingly, Applicant will enter into proposed bulk power transactions of the types hereinafter described which, on balance, provide net

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benefits to Applicant. There are net benefits in a transaction if Applicant recovers the cost of the transaction (as defined in subparagraph (1)(d) hereof) and there is no demonstrable net detriment to Applicant arising from that transaction.

(1) As used herein:

- (a) "Bulk Power" means electric power and any attendant energy, supplied or made available at transmission or sub-transmission voltage by one electric system to another.
- (b) "Neighboring Entity" means a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or a lawful association of any of the foregoing owning or operating, or proposing to own or operate, facilities for the generation and transmission of electricity which meets each of the following criteria: (1) its existing or proposed facilities are economically and technically feasible of interconnection with those of the Applicant and (2) with the exception of municipalities, cooperatives, governmental agencies or authorities, and associations, it is, or upon commencement of operations will be, a public utility and subject to regulation with respect to rates and service under the laws of North Carolina or South Carolina or under the the Federal Power Act; provided, however, that as to associations, each member of such association is either a public utility as discussed in this clause (2) or a municipality, a cooperative or a governmental agency or authority.
- (c) Where the phrase "neighboring entity" is intended to include entities engaging or proposing to engage only in the distribution of electricity, this is indicated by adding the phrase "including distribution systems."
- (d) "Cost" means any appropriate operating and maintenance expenses, together with other costs, including a reasonable return on Applicant's investment, which are reasonably allocable to a transaction. However, no value shall be included for loss of revenues due to the loss of any wholesale or retail customer as a result of any transaction hereafter described.

- (2) (a) Applicant will interconnect and coordinate reserves by means of the sale and exchange of emergency and scheduled maintenance bulk power with any neighboring entity(ies), when there are net benefits to each party, on terms that will provide for all of Applicant's properly assignable costs as may be determined by the Federal Power Commission and consistent with such cost assignment will allow the other party the fullest possible benefits of such coordination.
- (b) Emergency service and/or scheduled maintenance service to be provided by each party will be furnished to the fullest extent available from the supplying party and desired by the party in need. Applicant and each party will provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and, in accordance with recognized industry practice, from generation of others to the extent it can do so without impairing service to the customers, including other electric systems to whom it has firm commitments.
- (c) Each party to a reserve coordination arrangement will establish its own reserve criteria, but in no event shall the minimum installed reserve on each system be less than 15%, calculated as a percentage of estimated peak load responsibility. Either party, if it has, or has firmly planned, installed reserves in excess of the amount called for by its own reserve criterion, will offer any such excess as may in fact be available at the time for which it is sought and for such period as the selling party shall determine for purchase in accordance with reasonable industry practice by the other party to meet such other party's own reserve requirement. The parties will provide such amounts of spinning reserve as may be adequate to avoid the imposition of unreasonable demands on the other party(ies) in meeting the normal contingencies of operating its (their) system(s). However, in no circumstances shall such spinning reserve requirement exceed the installed reserve requirement.

- (d) Interconnections will not be limited to low voltages when higher voltages are available from Applicant's installed facilities in the area where interconnection is desired and when the proposed arrangement is found to be technically and economically feasible.
 - (e) Interconnection and reserve coordination agreements will not embody provisions which impose limitations upon the use or resale of power and energy sold or exchanged pursuant to the agreement. Further, such arrangements will not prohibit the participants from entering into other interconnection and coordination arrangements, but may include appropriate provisions to assure that (i) Applicant receives adequate notice of such additional interconnection or coordination, (ii) the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) Applicant will be fully compensated for its costs. Reasonable industry practice as developed in the area from time to time will satisfy this provision.
- (3) Applicant currently has on file, and may hereafter file, with the Federal Power Commission contracts with neighboring entity(ies) providing for the sale and exchange of short-term power and energy, limited term power and energy, economy energy, non-displacement energy, and emergency capacity and energy. Applicant will enter into contracts providing for the same or for like transactions with any neighboring entity on terms which enable Applicant to recover the full costs allocable to such transaction.
- (4) Applicant currently sells capacity and energy in bulk on a full requirements basis to several entities engaging in the distribution of electric power at retail. In addition, Applicant supplies electricity directly to ultimate users in a number of municipalities. Should any such entity(ies) or municipality(ies) desire to become a neighboring entity as defined in subparagraph (1)(b) hereof (either alone or through combination with others), Applicant will assist in facilitating the necessary transition through the sale of partial requirements

firm power and energy to the extent that, except for such transition, Applicant would otherwise be supplying firm power and energy. The provision of such firm partial requirements service shall be under such rates, terms and conditions as shall be found by the Federal Power Commission to provide for the recovery of Applicant's cost. Applicant will sell capacity and energy in bulk on a full requirements basis to any municipality currently served by Applicant when such municipality lawfully engages in the distribution of electric power at retail.

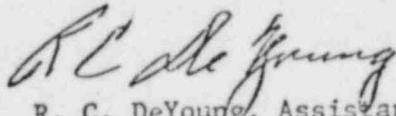
- (5) (a) Applicant will facilitate the exchange of electric power in bulk in wholesale transactions over its transmission facilities (1) between or among two or more neighboring entities including distribution systems with which it is interconnected or may be interconnected in the future, and (2) between any such entity(ies) and any other electric system engaging in bulk power supply between whose facilities Applicant's transmission lines and other transmission lines would form a continuous electric path, provided that permission to utilize such other transmission lines has been obtained. Such transaction shall be undertaken provided that the particular transaction reasonably can be accommodated by Applicant's transmission system from a functional and technical standpoint and does not constitute the wheeling of power to a retail customer. Such transmission shall be on terms that fully compensate Applicant for its cost. Any entity(ies) requesting such transmission arrangements shall give reasonable notice of its (their) schedule and requirements.
- (b) Applicant will include in its planning and construction program sufficient transmission capacity as required for the transactions referred to in subparagraph (a) of this paragraph, provided that (1) the neighboring entity(ies) gives Applicant sufficient advance notice as may be necessary reasonably to accommodate its (their) requirements from a functional and technical standpoint and (2) that such entity(ies) fully compensates Applicant for its cost. In carrying out this subparagraph (b), however, Applicant shall not be required to construct or add transmission facilities which (a) will be of no demonstrable present or future benefit to Applicant, or (b) which could be constructed by the requesting entity(ies)

without duplicating any portion of Applicant's existing transmission lines, or (c) which would jeopardize Applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements. Where regulatory or environmental approvals are required for the construction or addition of transmission facilities, needed for the transactions referred to in subparagraph (a) of this paragraph, it shall be the responsibility of the entity(ies) seeking the transaction to participate in obtaining such approvals, including sharing in the cost thereof.

- (6) To increase the possibility of achieving greater reliability and economy of electric generation and transmission facilities, Applicant will discuss load projections and system development plans with any neighboring entity(ies).
- (7) When Applicant's plans for future nuclear generating units (for which application will hereafter be made to the Nuclear Regulatory Commission) have reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear units, Applicant will notify all neighboring entities including distribution systems with peak loads smaller than Applicant's that Applicant plans to construct such nuclear units. Neither the timing nor the information provided need be such as to jeopardize obtaining the required site at the lowest possible cost.
- (8) The foregoing commitments shall be implemented in a manner consistent with the provisions of the Federal Power Act and all other lawful local, state and Federal regulation and authority. Nothing in these commitments is intended to determine in advance the resolution of issues which are properly raised at the Federal Power Commission concerning such commitments, including allocation of costs or the rates to be charged. Applicant will negotiate (including the execution of a contingent statement of intent) with respect to the foregoing commitments with any neighboring entity including distribution systems where applicable engaging in or proposing to engage in bulk power supply transactions, but Applicant shall not be required to enter into any final arrangement prior to resolution of any substantial questions as to the lawful authority of an entity to engage in the transactions.

In addition, Applicant shall not be obligated to enter into a given bulk power supply transaction if: (1) to do so would violate, or incapacitate it from performing, any existing lawful contracts it has with a third party; (2) there is contemporaneously available to it a competing or alternative arrangement which affords it greater benefits which would be mutually exclusive of such arrangement; (3) to do so would adversely affect its system operations or the reliability of power supply to its customers, or (4) if to do so would jeopardize Applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements.

FOR THE NUCLEAR REGULATORY COMMISSION



R. C. DeYoung, Assistant Director
for Light Water Reactors Group I
Division of Reactor Licensing

Date of Issuance: August 25, 1975