

December 6, 1971



Mr. Joseph J. Saunders  
Chief, Public Counsel and  
Legislative Section  
United States Department of Justice  
Washington, D. C. 20530

Re: Florida Power Corporation  
Crystal River Nuclear Generating Plant No. 3  
AEC Docket No. 50-302A  
Department of Justice File 60-415-38

Dear Mr. Saunders:

With regard to the antitrust review of the above nuclear licensing application being conducted by the Antitrust Division of the Department of Justice, we are most appreciative of the opportunity afforded us Wednesday, December 1, 1971 to meet with you and Messrs. Wallace B. Prand and Milton J. Grossman of the Antitrust Division. Florida Power Corporation (Applicant) was represented at the meeting by Bernhard G. Bachhoefer, Esq. of Washington, D. C., Mr. Harry A. Evertz, III, an Assistant Counsel of Florida Power Corporation and myself.

Your staff has suggested that our installation and operation of the Crystal River Unit No. 3 nuclear generating unit has the potential of creating a situation inconsistent with the antitrust laws. The areas of potential inconsistency would arise out of Florida Power Corporation's ownership and operation of the Crystal River Unit No. 3, coupled with restrictive policies regarding: (1) emergency bulk power exchanges and coordination of reserves; (2) coordinating with other entities planning for generation, transmission and associated facilities; (3) exchange of power between two or more entities; and (4) bulk power sales for resale. To alleviate your staff's concern that any of Florida Power Corporation's bulk power policies may have the potential of creating a situation inconsistent with the antitrust laws, and solely for the purpose of obviating the need for any antitrust hearing in the above-captioned proceeding, Applicant sets forth below its policies, regarding the above four expressed concerns, which it will maintain during the license period of the Crystal River No. 3 nuclear generating unit.

1. Applicant will interconnect with and coordinate reserves by means of the sale and exchange of emergency bulk power with any entity or entities in its service area engaging in or proposing to

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engage in electric bulk power supply on terms that will provide for Applicant's costs (including a reasonable return) in connection therewith and allow the other participant(s) full access to the benefits of reserve coordination.

2. Applicant will purchase from or sell "bulk power" to any other entity or entities in the aforesaid area engaging in or proposing to engage in the generation of electric power in bulk, at its costs (including a reasonable return) when such transactions would serve to reduce the over-all costs of new bulk power supply for itself or the other participant or participants to the transaction. This refers specifically to the opportunity to coordinate in the planning of new generation, transmission and associated facilities.
3. Applicant will facilitate the exchange of bulk power by transmission over its system between or among two or more entities with which it is interconnected on terms which will fully compensate it for the use of its system to the extent that subject arrangements reasonably can be accommodated from a functional and technical standpoint.
4. Applicant will sell power in bulk to any entity in the aforesaid area now engaging in or proposing to engage in the retail distribution of electric power.

The implementation of the foregoing policies and transactions shall be consistent with the provisions of the Federal Power Act. Further, all rates, charges or practices in connection therewith will be subject to the approval of those regulatory agencies having jurisdiction over them. Nothing in this letter shall be construed to be a waiver by the Applicant of its right to contest whether or not a future factual situation is inconsistent with any of the foregoing policies.

As a further showing of its intent to continue the above policies, the Applicant would not object to the inclusion of this letter and its statements of policy being made a part of any licensing action forthcoming from the United States Atomic Energy Commission specifically directed toward its Crystal River Unit No. 3 nuclear generating plant for which the subject application is pending.

Sincerely yours,

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J. T. Rodgers  
Assistant Vice President and  
Nuclear Project Manager

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