

JUN 23 1977

Files

OPERATING LICENSE FEE - DAVIS BESSE 1

On April 7, 1977, Nuclear Reactor Regulation (NRR) informed the License Fee Management Branch (LFMB) that they planned to issue an operating license approximately April 15, 1977 for fuel loading only (0% power level) to Toledo Edison Company (TEC) for the subject unit. TEC was billed \$250,000 for the fuel loading license on April 13, 1977 (Invoice 167-77). Subsequent correspondence from NRR dated April 15, 1977 to LFMB stated that NRR expected to issue a full power operating license to TEC around April 18, 1977 and that LFMB should take the appropriate steps to collect the higher operating license fee. On April 19, 1977, Invoice 167-77 was amended to provide for operation at 100% power and TEC paid the full fee of \$762,820 on the same day.

On April 22, 1977, NRR issued Operating License No. NPF-3 for the subject unit. The license, however, was conditioned to provide a sequential approach to power operation. The sequence to power operation would begin with Operational Mode 6 (initial fuel loading) and proceed in succession to Operational Mode 1 (power operation); however, certain items would have to be completed by the utility and would require the written approval of the Commission prior to proceeding from one operational mode to another. Essentially then, License NPF-3, as issued on April 22, 1977, was a "0" power license since TEC could not proceed to power operation without written authorization of the Commission.

I spoke to Mr. Leon Engle, Project Manager, Light Water Reactors Branch No. 1, NRR, on June 19, 1977 concerning the current status of the reactor and the matter of a partial refund since the licensee was not authorized to operate at full power. He informed me that Davis Besse 1 is currently authorized to proceed to Operational Mode 5 (cold shutdown) (See letter Roger Boyd TEC dated May 10, 1977 enclosed). I inquired as to when the licensee would reach Mode 1 (power operation) and he indicated that the licensee could possibly reach Mode 4 (hot shutdown) by June 24, 1977, proceed to Mode 3 (hot standby) by July 3 and reach Mode 2 (initial criticality) and Mode 1 (power operation) by July 13. I, also, inquired as to whether the licensee could proceed to full (100%) power operation upon reaching Mode 1 or whether the license would be further conditioned to permit power ascension in various stages, e.g., 20%, 80%. Mr. Engle indicated that it was his understanding that upon reaching Mode 1, the licensee could proceed to 100% power operation without further approval from the Commission.

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On June 21, 1977, I spoke to Mr. Lowell Rowe, Vice President, Facilities Development, Toledo Edison Company (419-259-5435 site), concerning the status of the reactor and the matter of a partial refund, since TEC is not authorized to operate at full power. He informed me that it is their intent to proceed to power operation as quickly as possible and they hope to reach criticality by July 7, 1977. Mr. Rowe stated that we should not proceed with a partial refund unless we hear from him.

Based on my conversation with Mr. Rowe, LFMB should not proceed at this time to initiate a refund. We should, however, closely monitor the situation and if the power operation is delayed, a partial refund of the operating license fee should be further considered.

Signed, S. James Holloway, Jr.

C. James Holloway, Jr., Asst. Chief
License Fee Management Branch
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