

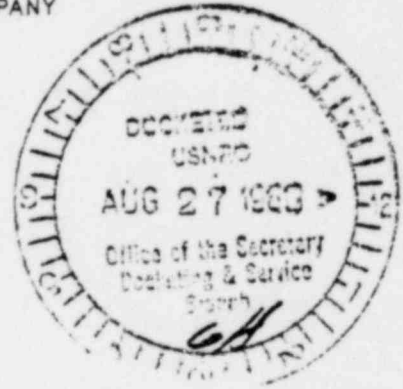
SOUTH CAROLINA ELECTRIC & GAS COMPANY

POST OFFICE BOX 764

COLUMBIA, SOUTH CAROLINA 29218

August 25, 1980

T.C. NICHOLS, JR.  
VICE PRESIDENT AND GROUP EXECUTIVE  
POWER PRODUCTION AND SYSTEM OPERATIONS



Samuel J. Chilk  
Secretary of the Commission  
U.S. Nuclear Regulatory Commission  
Washington, D. C. 29055

In the Matter of  
South Carolina Electric & Gas Company, et al.  
(Virgil C. Summer Nuclear Station)  
Docket No. 50-395A

Dear Mr. Chilk:

South Carolina Electric & Gas Company ("SCE&G") files this verified response to Commission's Memorandum and Order dated June 30, 1980 in the above described proceeding. This response follows the format of the NRC Staff letter of July 8, 1980 to George H. Fischer, Esq., South Carolina Electric & Gas Company ("Staff Letter"), requesting certain information in order to assist the Staff in making its response to the Commission. (SCE&G previously replied to the Staff Letter by letter dated July 28, 1980, from Mr. Troy B. Conner to Mr. Fredrick Chanania. That letter was not verified. This response, which contains additional information, is verified and is intended to supersede the July 28, 1980 letter.)

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The Staff Letter presents three specific questions to SCE&G. These questions are set forth herein with SCE&G's answer thereto immediately following. As requested by Staff, updated information concerning changes in SCE&G proposed operations and its competitive conditions is included herein.

1. Since January 1979, has SCE&G discussed joint ownership of (or other means of access to) generating and transmission facilities with Central Electric Power Cooperative (Central)? If so, provide the dates of such discussions, the results of those discussions, and future plans to continue and conclude such discussions.

Following the formal advice from the Attorney General to the NRC on March 31, 1972 and the issuance of the construction permit for the Summer facility, SCE&G did not have any discussions with Central Electric Power Cooperative, Inc. ("Central") regarding joint ownership of (or other means of access to) generation and transmission facilities with Central until 1977 when Central was granted leave to intervene in the Saluda hydroelectric proceeding before the Federal Power Commission [now the Federal Energy Regulatory Commission ("FERC")] involving Project 516, a case entirely unrelated to the Summer proceedings. Thereafter, SCE&G and Central discussed joint ownership and wheeling to some extent over the next three years. No offer resulted from

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these discussions as is indicated in letters between SCE&G and Central relating to these discussions which are attached and made Exhibits hereto as follows:

#1	T. C. Nichols to P. T. Allen	May 4, 1979
#2	P. T. Allen to T. C. Nichols	May 15, 1979
#3	T. C. Nichols to P. T. Allen	June 12, 1979
#4	P. T. Allen to T. C. Nichols	June 19, 1980

Since January 1979, Central and SCE&G have discussed these matters in person on May 1, 1979, on March 26, 1980, on May 22, 1980, and on August 6, 1980.

As indicated from the attached correspondence, Central states that joint ownership in a fossil-fuel plant, to be operational in the mid-1980's, is not a proper solution to the isolated load now served by SCE&G on its Berkely Electric Cooperative system. Instead, it has requested that SCE&G consider a wheeling arrangement for power Central would obtain from the Public Service Authority of South Carolina and furnish to Berkeley Electric Cooperative ("BECO") (a constituent member of Central). Wheeling for BECO has been the only specific transmission service discussed by Central. (Prior to 1977, Central had made no request to SCE&G that it wheel power to any of Central's constituents.)

The BECO wheeling matter was most recently discussed between SCE&G and Central, but only briefly, at meetings on

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March 26, 1980, May 22, 1980, and on August 6, 1980. The discussion on March 26, 1980, and on May 22, 1980, occurred during meetings principally concerned with installation of additional equipment at an existing substation on Johns Island, S. C., which presently serves BECO. Relevant correspondence is attached and made an Exhibit as follows:

#5	P. T. Allen to H. G. Boylston	April 16, 1979
#6	H. G. Boylston to P. T. Allen	April 3, 1980
#7	P. T. Allen to H. G. Boylston	May 12, 1980

On August 6, 1980, representatives of SCE&G met with representatives of Central for a general discussion of matters of common interest to SCE&G and Central. There was no agenda for the meeting. Central discussed its request to SCE&G for wheeling to BECO and stated that it wanted a written expression of good faith from SCE&G that it would give Central "consideration" in future planning of transmission and generating facilities. Central affirmed that it was not presently interested in joint ownership of generation facilities with SCE&G. SCE&G is presently considering the feasibility of Central's request for wheeling electric power to BECO and will again meet with Central to discuss this. SCE&G also expects to meet with Central, from time to time, to discuss matters of common interest, including the BECO matter.

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Also, Central did attend settlement negotiation sessions between North Carolina Electric Membership Corporation ("NCEMC") and SCE&G on November 27, 1979, and January 28, 1980, which pertained to an unrelated judicial proceeding entitled North Carolina Electric Membership Corporation, et al. v Carolina Power & Light Company, et al., No. C-77-396-G (M.D.N.C.). Counsel for plaintiffs is also counsel for Central in the present proceeding, but neither Central nor any of its constituents is a party to that action. SCE&G took the position that it was inappropriate to discuss Central's contentions in the NRC case at a meeting concerning issues in the NCEMC Federal court case. The matters discussed or presented at the meetings of November 27, 1979, and January 28, 1980, are subject to an Agreement of Confidentiality binding all participants.

2. What is the status of discussions with Central for access to the Virgil C. Summer Nuclear Station, Unit 1 facility? If discussions are continuing, please provide information as to which SCE&G personnel are involved, as to whether unit power or unit ownership is being discussed, and as to whether associated coordinate service provisions are being offered by SCE&G.

There has been no request by Central to SCE&G for access to the Virgil C. Summer Nuclear Station.

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3. Has SCE&G recently discussed the possibility of merger with Central? If so, what was the nature of these discussions?

There has been no discussion concerning the possibility of a merger between SCE&G and Central.

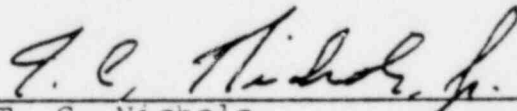
With regard to Staff's question as to any changes in SCE&G's 1980-1990 projections for annual peak loads, generation and transmission plans, and other power supply sources, there have been the following changes:

SCE&G has determined that it will retain rather than retire 131 MWe of oil fired internal combustion units previously scheduled for retirement in 1980 [see Table 7.3, Draft Environmental Statement (operating license stage), Virgil C. Summer Nuclear Station, NUREG-0534, June 1979]. These units will continue to be used for peak power. Further, SCE&G now plans to construct a 100 MWe and 200 MWe oil fired unit to be operational in 1985 and 1986, respectively, also for peak power use. Finally, the new 500 MWe coal unit scheduled for operation in 1985) see Table 7.3, DES) is now scheduled for operation in 1987. The above plan for installation of generating capacity is subject to change as may be determined from revised forecasts.

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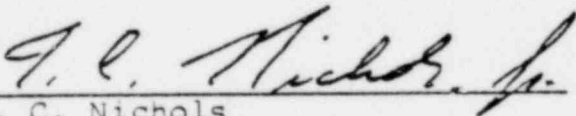
There have been no changes in SCE&G's competitive relationship with Central and Santee Cooper since December 1978. Only one development has occurred at all, but with no competitive significance. On February 6, 1979, SCE&G consented to an assignment of its wholesale electric power supply agreement dated September 4, 1973, with BECO to Central. The assignment was approved by the REA Administrator on July 12, 1979, and has been filed with FERC. Since SCE&G will supply Central with the bulk power for transmission to BECO, the assignment will only change the mode of billing to BECO and will not affect the competitive position of SCE&G and Central.

SOUTH CAROLINA ELECTRIC & GAS  
COMPANY

  
\_\_\_\_\_  
T. C. Nichols  
Vice President and Group  
Executive - Nuclear Operations

cc: Service List

I certify under the penalties of perjury that the foregoing is true and correct. Executed on August 25, 1980.

  
\_\_\_\_\_  
T. C. Nichols

SOUTH CAROLINA ELECTRIC & GAS COMPANY

POST OFFICE BOX 784

COLUMBIA, SOUTH CAROLINA 29219

T. C. NICHOLS, JR.  
VICE PRESIDENT AND GROUP EXECUTIVE  
POWER PRODUCTION AND SYSTEM OPERATIONS

May 4, 1979

T. C. NICHOLS - EX. #1

Central Electric Power Cooperative, Inc.  
Post Office Box 1455  
121 Greystone Boulevard  
Columbia, South Carolina 29202

Attention: Mr. P. T. Allen  
Executive Vice President  
and General Manager

Dear Pat:

George Fischer and I enjoyed meeting with you and Pinckney Roberts on May 1, 1979 to discuss CEPCO's response to the document presented to you on January 5, 1979.

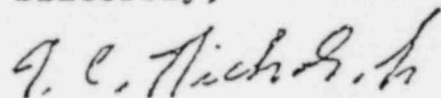
You stated that presently CEPCO did not consider joint ownership in an SCE&G fossil-fired plant in the mid 1980's to be economically advantageous.

This decision was based largely on the relatively small percentage of generation that would be required to serve CEPCO's load located on our system and other arrangements that CEPCO was pursuing at this time to provide a future power source for its customers. You indicated that CEPCO's action on this matter, at the present time, did not preclude the possibility of a renewed interest in such a relationship sometime in the future.

It was requested at the meeting that the Company consider a wheeling-type arrangement to supply Berkeley Electric Cooperative located on Johns Island commencing around September, 1983 when the contract with us expires.

Your request concerning this important matter is being reviewed.

Sincerely,



T. C. Nichols, Jr.

TCN:bwm

cc - Mr. George H. Fischer

bcc: Mr. G. C. Meetze



Copy: CHF

# Central Electric Power Cooperative, Inc.

P. O. Box 1455/121 Greystone Boulevard/Columbia, S. C. 29202/(803) 779-4975

SYS. OPER.  
MASTER FILE

PROJECT TO:
FILE #

May 15, 1979

Mr. Tom Nichols  
 S. C. Electric & Gas Company  
 Post Office Box 764  
 Columbia, South Carolina 29218

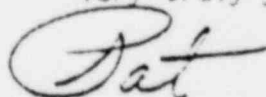
Dear Tom:

After reading your letter of May 4, 1979, I realize that there may be some misunderstanding.

You have correctly stated Central's position with regard to the isolated small load now served by SCE&G on the Berkeley Electric system. We feel that this isolated load must be eventually integrated into the Central total load for best economics and that to purchase capacity without future ability to integrate that capacity would be to perpetuate the problem. We are however very much interested in joint ownership, and other utility relationships with regard to the total Central system. Central is currently striving to provide for its electrical load requirements after the year 1987 and to this end wishes to continue requests for joint ownership, wheeling, reserve sharing, etc., whereby Central can provide for its member needs. As you know we must act now to provide for 1987 requirements.

We urge that you consider the Berkeley isolated load on a special or interim basis and that you give real consideration to the broader power supply problems.

Very truly yours,



P. T. Allen  
 Executive Vice President  
 and General Manager

sbd

SOUTH CAROLINA ELECTRIC & GAS COMPANY

POST OFFICE BOX 784

COLUMBIA, SOUTH CAROLINA 29218

T. C. NICHOLS, JR.  
VICE PRESIDENT AND GROUP EXECUTIVE  
POWER PRODUCTION AND SYSTEM OPERATIONS

June 12, 1979

Central Electric Power Cooperative, Inc.  
Post Office Box 1455  
121 Greystone Boulevard  
Columbia, South Carolina 29202

Attention: Mr. P. T. Allen  
Executive Vice President  
and General Manager

Dear Pat:

Your letter of May 15, 1979 indicated a possible misunderstanding concerning the discussions at our May 1 meeting.

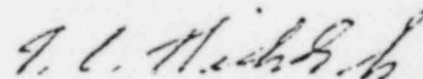
We discussed a specific proposal at this meeting relating to an SCE&G fossil-fired plant in the mid-1980's. You stated that CEPCO had no present interest in joint ownership of that plant.

A specific wheeling-type arrangement relating to Johns Island was also discussed and we informed you that this request would be considered. I am not aware of any other specific requests made at this meeting by CEPCO to SCE&G.

Pat, if you feel that you made some other special request that we should be considering other than that mentioned in my letter, please let me know.

Again, it was a pleasure for George and I to meet with you and Pinckney to discuss this important matter.

Sincerely,



T. C. Nichols, Jr.

TCN:bwm

cc - Mr. G. H. Fischer

# Central Electric Power Cooperative, Inc.

P. O. Box 1455/121 Greystone Boulevard/Columbia, S. C. 29202/(803) 779-4975

SYD. OPER.  
MASTER FILE

ROUTE TO:

June 19, 1979

Mr. T. C. Nichols, Jr.  
 Vice President and Group Executive  
 Power Production and System Operations  
 South Carolina Electric & Gas Company  
 Post Office Box 764  
 Columbia, South Carolina 29218

Dear Tom:

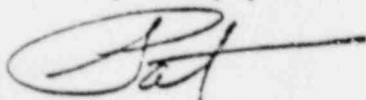
After reading your letter of June 12, 1979 I guess that rather than misunderstanding, the problem is probably communication on my part.

With regard to joint ownership in future plants, we said that we did not feel that joint ownership in a mid-1980 plant was a proper solution to the isolated load now served by SCE&G on the Berkeley Electric Cooperative system. We indicated a desire to intergrate this load into the larger Central load and asked that you consider accomplishing this through a wheeling arrangement.

We indicated that Central would be receptive to any proposal to joint ownership in a future plant of SCE&G and we suggested that you consider some capacity larger than proposed for the Berkeley Electric Cooperative isolated load. Central is currently reviewing its power supply options after 1987 and in this regard, we are currently working with Santee Cooper as well as talking to Carolina Power & Light and you.

I apologize if we have caused you any confusion and we will appreciate your consideration in these matters.

Very truly yours,



P. T. Allen  
 Executive Vice President  
 and General Manager

cc: Mr. G. H. Fischer  
 Mr. C. Pinckney Roberts

# Central Electric Power Cooperative, Inc.

P. O. Box 1455/121 Greystone Boulevard/Columbia, S. C. 29202/(803) 779-4975

April 16, 1979

Mr. Harry G. Boylston, Jr.  
Vice President  
Marketing and Area Development  
South Carolina Electric & Gas Company  
Post Office Box 764  
Columbia, South Carolina 29218

Dear Harry:

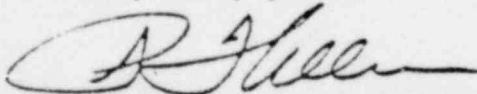
For some time we have been discussing with members of the S. C. Electric & Gas staff solutions to power supply problems with our member cooperative, Berkeley Electric Cooperative. We have discussed shared ownership arrangements, wheeling and purchase of power. Some number of weeks ago we received a basic outline indicating a method of sharing capacity ownership.

We have had time to review this basic outline proposal with the following results. We do not think it is to our advantage to isolate a small load in an arrangement like you described in your proposal of January 5. We feel it is much more practical to bring that load into the existing Central system through some arrangement with you to have Central's power and energy delivered over the S. C. Electric & Gas System for the account of Central in a normal "borderline" transaction.

The delivery point could be upgraded and remain in the same location or a new metering point could be mutually determined from your existing 230 Kv facilities on John's Island. If it is possible, we would prefer the latter as being a more practical and sound engineering solution to John's Island power delivery and transmission.

These matters have been discussed in a preliminary way with Santee Cooper and they are in agreement with the principles. We ask that you give consideration to these matters and let us hear from you.

Very truly yours,



P. T. Allen  
Executive Vice President  
and General Manager

sbd

SOUTH CAROLINA ELECTRIC & GAS COMPANY  
POST OFFICE BOX 764  
COLUMBIA, SOUTH CAROLINA 29218

H. G. BOYLSTON, JR.  
VICE PRESIDENT  
MARKETING & AREA DEVELOPMENT

April 3, 1980

Mr. P. T. Allen  
Executive Vice President  
and General Manager  
Central Electric Cooperative, Inc.  
Post Office Box 1455  
Columbia, SC 29202

Dear Pat:

This is to confirm the results of our meeting of March 26, 1980 concerning the capacity of Berkeley Electric Cooperative's Johns Island service point at Red Top.

It was agreed that the Company will purchase and install an additional 28 MVA, 115-46 KV L.T.C. transformer and parallel it with the existing 28 MVA bank at the Company's Bees Ferry Substation. It will also be necessary that we increase the capacity of our metering equipment at Red Top. We will make every effort to expedite this work and have the new bank in service by the summer of 1981; however, we do not guarantee this date.

Berkeley Electric Cooperative's contract for electric service from South Carolina Electric & Gas Company has been transferred to Central Electric Cooperative. Central Electric Cooperative agrees that the total cost of providing increased capacity for the Johns Island service point as outlined above, will be included in the calculation of the termination charge in the event Central Electric Cooperative terminates the existing agreement prior to the end of the initial term of 20 years.

It is presently forecasted that in 1987 or 1988 it will be necessary to replace the 46 KV service point (if the Company is to continue to serve this load) with a 115 KV service point. It is recommended that such a new service point be established on Johns Island approximately half way between the Company's Church Creek substation and Johns Island Substation by the installation of a 115 KV switching station.

Please let us know if this meets with your understanding.

Sincerely yours,

H. G. Boylston, Jr.

mb

bc: Mr. T. C. Nichols, Mr. T. K. Lee, Mr. G. C. Croft

C  
O  
P  
Y

# Central Electric Power Cooperative, Inc.

P. O. Box 1455/121 Greystone Boulevard/Columbia, S. C. 29202/(803) 779-4975

May 12, 1980

Mr. Harry G. Boylston, Jr.  
Vice President  
Marketing and Area Development  
P. O. Box 764  
Columbia, South Carolina 29218

Re: Johns Island Service Point

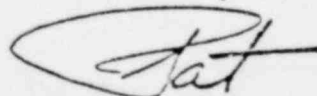
Dear Harry:

We are in agreement with your outline of the results of our meeting on March 26, 1980, as stated in your letter dated April 3, 1980.

Mr. Jerry Howard has arranged for a meeting with the appropriate S.C.E.&G. people on May 22, 1980, at which time the details of the proposed transformer addition and the metering equipment upgrade will be coordinated.

It is requested that planning for a new 115 KV service point on Johns Island be initiated immediately. Hopefully, this load will be served in the future through a wheeling agreement; at any rate, we do not want to be caught short in the planning process should load growth on the Island exceed projections.

Yours very truly,



PATRICK T. ALLEN  
Executive Vice President  
and General Manager

PTA:blh

copy: Mr. T. C. Nichols, Mr. T. K. Lee, Mr. G. C. Croft

HGB - 5-13-80