



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

SAFETY EVALUATION

SUPPORTING AMENDMENT NO. 1 TO CPPR-145

DOCKET NO. 50-458

A. INTRODUCTION

On March 25, 1977, Construction Permit Nos. CPPR-145 and CPPR-146 were issued to Gulf States Utilities Company for the River Bend Station, Units 1 and 2, two boiling water reactors to be constructed at a common site in West Feliciana Parish, Louisiana.

By letter dated October 26, 1979, Gulf States Utilities Company submitted an "Amendment to Application and Request for Amendment of Construction Permit No. CPPR-145". The letter requested that Construction Permit No. CPPR-145 be amended pursuant to Section 50.90 of 10 CFR Part 50 to provide for the partial transfer of undivided ownership interest in River Bend Station, Unit No. 1 to Cajun Electric Power Cooperative, Inc. ("Cajun Electric" or transferee) and Sam Rayburn G&T, Inc. ("Sam Rayburn"). The request for amendment noted that Cajun Electric and Sam Rayburn have entered into agreements with Gulf States Utilities Company, conditional upon NRC approval, whereby each would own as tenants in common, the following undivided interests in River Bend Station, Unit No. 1: 63 percent by Gulf States Utilities Company, 30 percent by Cajun Electric and 7 percent by Sam Rayburn. The agreement provides for the participants to share the electrical output and to share costs according to these respective percentages. However, under the terms of the agreement, Gulf States Utilities Company will retain exclusive responsibility for the licensing, design, procurement, construction, operation, maintenance and all related functions with respect to River Bend Station, Unit No. 1 and will act as agent for all owners in connection with all aspects of NRC licensing and regulation.

As a result of telephone discussions during our review of the application, Gulf States Utilities Company submitted by letter of August 28, 1980, further clarification regarding the financing plans of Cajun Electric as a part owner of River Bend Station, Unit No. 1.

At this time the NRC staff has completed its review of all safety-significant matters related to the issuance of construction permit amendments relative to one of the two transferees, Cajun Electric. This Safety Evaluation is therefore issued in support of Amendment No. 1 to Construction Permit No. CPPR-145, admitting Cajun Electric as co-owner of River Bend Station, Unit No. 1. As a condition of this amendment, Gulf States Utilities Company is required to submit eight copies of the loan commitment guarantee notice indicating favorable action by the Rural Electrification Administration to insure the loan to Cajun Electric, once it is issued.

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Our review of the financial qualifications of the other proposed transferee, Sam Rayburn, has not been concluded at this time. This matter will be the subject of a separate amendment to Construction Permit No. CPPR-145 once our review has been successfully completed.

The purpose of this Safety Evaluation is to examine the impact of the proposed change in ownership shares as described above on the conclusions presented in Safety Evaluation of the River Bend Station, Units 1 and 2, issued September 1974; including Supplements 1 and 2 thereto, issued December 1974 and December 1975, respectively and staff testimony at radiological safety hearings. Specifically, the evaluation will address the resultant changes or lack of changes:

1. In the design of the facility or requirements for safety-related information. (Safety Evaluation, Section 21.0, paragraphs (a) through (d); Supplements 1 and 2 of the Safety Evaluation; and staff testimony at the radiological safety hearings.)
2. In the technical qualifications of the transferee to design and construct the proposed facility. (Safety Evaluation, Section 21.0, paragraph (e).)
3. In the financial qualifications of the transferee; i.e., the qualifications of Cajun Electric to share in the design and construction of River Bend Station, Unit 1. (Safety Evaluation, Section 20.0; Supplement 2 to the Safety Evaluation, Section 20.0.)
4. In the conclusions concerning the common defense and security. (Safety Evaluation, Section 21.0, paragraph f.)
5. In the conclusions concerning the health and safety of the public. (Safety Evaluation, Section 21.0, paragraph f.)

In accordance with ALAB-459 (Marble Hill), issued by the Appeal Board on February 16, 1978, which held that co-owners will be deemed to be co-applicants, this application for amendments is construed to include Cajun Electric as a co-applicant as well as a co-owner with respect to River Bend Station, Unit 1.

B. EVALUATION

We have reviewed the application for amendment submitted on October 26, 1979, and supplemented by letter of August 28, 1980. Our review of safety-related matters and our conclusions concerning each item are described in the following subsections of this evaluation report.

Design Of The Facility

We have reviewed the application for amendment submitted by the letter of October 26, 1979, and find no information which leads us to conclude that the requested amendment to the construction permit will result in design changes to the facility. We note the application states "The requested amendment will have no effect on safety related matters heretofore reviewed [by NRC]...". We interpret that quote to be a statement of Gulf States Utilities Company's intent regarding the requested action. We have also reviewed the various agreements between Gulf States Utilities Company and the transferees and find no information which leads us to conclude that the requested amendments to the construction permit will result in design changes to River Bend Station, Unit 1.

On the basis of our review of the application for amendment including the above statement of intent by Gulf States Utilities Company, we conclude that the participation of Cajun Electric in the manner described will not result in safety-significant design changes to the facility. We also find that our previous safety conclusions related to the design of the River Bend Station will not be adversely altered by the issuance of the requested amendment to the construction permit for participation by Cajun Electric. These previous safety conclusions are given in paragraphs (a) through (d) of Section 21.0 of the Safety Evaluation of the River Bend Station, Units 1 and 2; through-out Supplements 1 and 2 thereto; and in hearings for which Partial Initial Decisions were issued September 2, 1975, September 2, 1976 and February 3, 1977 and for which a Memorandum and Order was issued by the Atomic Safety and Licensing Appeal Board on March 22, 1977.

Technical Qualifications

In paragraph (e) to Section 21.0 of the Safety Evaluation of the River Bend Station, Units 1 and 2, we stated our conclusion that Gulf States Utilities Company is technically qualified to design and construct the proposed facility. The application for amendment submitted on October 26, 1979 notes agreement among the participants that Gulf States Utilities Company will retain exclusive responsibility for the licensing, design, procurement, construction, operation, maintenance and all related functions with respect to River Bend Station, Unit No. 1 and will act as agent for all owners in connection with all aspects of NRC licensing and regulation. On the basis of this, we conclude that the responsible Utility company with its organizational structure and staff previously found acceptable remain unchanged upon the addition of Cajun Electric as a co-owner. We also find that our conclusion of acceptable technical qualifications in paragraph (e) to Section 21.0 of the Safety Evaluation of the River Bend Station, Units 1 and 2 will not be altered by the issuance of the amendment to a construction permit to permit Cajun Electric's participation in River Bend Station, Unit 1.

Financial Qualifications Of The Transferees, Scope Of Review

The NRC regulations relating to the determination of an applicant's financial qualifications appear in Section 50.33(f) and Appendix C to 10 CFR Part 50. These regulations state that there must be reasonable assurance that an applicant can obtain the necessary funds to cover the estimated construction cost of a proposed nuclear power plant and its related fuel cycle costs. This standard of reasonable assurance, however, must be viewed in light of the period of time from the purchase of ownership interest to the date of commercial operation. The latest date for completion of the proposed River Bend Station, Unit No. 1 is stated in Construction Permit No. CPPR-145 to be March 31, 1983. The NRC staff presently believes this date may be optimistic by more than one year. Consequently, we must make certain basic assumptions in our financial analysis about future conditions. Our analysis of a proposed transferee's financial qualifications typically assumes, as is the case here for Cajun Electric, that there will be rational regulatory policies with respect to the setting of rates and that viable capital markets will exist. The former assumption implies that rates will be set by the appropriate regulatory agencies to at least cover the cost of service, including the cost of capital. The latter assumption implies that capital will be available at some price. Given these fundamental assumptions, our evaluation is then focused on the reasonableness of a proposed transferee's financial planning.

The following analysis summarizes our review of the information submitted by Gulf States Utilities Company and gives the financial qualifications of Cajun Electric to finance its respective share of the cost associated with the design and construction of the proposed River Bend Station, Unit No. 1.

Estimated Capital Cost

The most recent cost estimates for River Bend Station, Unit No. 1 are given by Gulf States Utilities Company in its letter of application dated October 26, 1979. These estimates are:

Total Generating Plant Cost	\$ 1,333,000,000
Transmission, Distribution and General Plant Costs	\$ 81,037,000
Nuclear Fuel Inventory Cost for first Core	\$ <u>73,500,00</u>
Total	\$1,487,537,000

The agreements to transfer ownership interest in River Bend Station, Unit No. 1 are conditioned upon prior receipt of the necessary approval from NRC. The proposed participants will share in the electrical output of the facility when it is completed as they will share in the cost of construction according to their respective percentage shares in the facility. The percent allocation is based on the Joint Ownership Participation and Operating Agreement (the Agreement) which will be executed in final at the time the requested amendment to the construction permit is approved by the NRC. Under the terms of the Agreement, at closing Cajun Electric and Sam Rayburn will assume responsibility for all costs of construction until the amount of the costs of construction borne by the transferees equals their respective percentage shares of the total costs of construction of River Bend Station, Unit No. 1, including the construction costs of the transferees.

Financial Analysis Of Cajun Electric

Cajun Electric is organized and operated as a non-profit power supply cooperative owned by a federation of thirteen electrical distribution cooperatives serving rural Louisiana. The member cooperatives of Cajun Electric are as follows:

- Beaurigard Electric Cooperative, Inc.
- Bossier Rural Electric Membership Corporation
- Clairborne Electric Cooperative, Inc.
- Concordia Electric Cooperative, Inc.
- Dixie Electric Cooperative, Inc.
- Jefferson Davis Electric Cooperative, Inc.
- Northeast Louisiana Power Cooperative, Inc.
- Pointee Coupee Electric Membership Corporation
- South Louisiana Electric Cooperative Association
- Southwest Louisiana Electric Membership Corporation
- Teche Electric Cooperative, Inc.
- Valley Electric Membership Corporation
- Washington Street Tammany Electric Cooperative, Inc.

Cajun Electric is principally engaged in the business of generating electrical energy and providing wholesale energy to its member cooperatives throughout Louisiana. Cajun Electric will finance all of its respective share of the costs (30 percent) in the construction of the River Bend Station, Unit No. 1 through loans guaranteed through the Rural Electrification Administration (REA) of the U. S. Department of Agriculture, pursuant to the Rural Electrification Act of 1936, as amended. The major part of other facilities constructed by Cajun Electric have been previously financed by loans guaranteed through the REA pursuant to these provisions. In this respect, Cajun Electric has obtained loan guarantees from the REA as follows:

Big Cajun No. 1	\$ 46.9 million
Big Cajun No. 2	<u>\$629.9 million</u>
Total	\$676.9 million

To meet interest costs and make repayment of principal associated with the \$535 million REA loan required for financing of Cajun Electric's interest in River Bend, the member cooperatives have entered a long-term contract for the purchase of power from Cajun Electric. This contract provides that the member cooperatives shall purchase all of their power requirements from Cajun Electric to the extent that Cajun Electric has surplus power and energy facilities available. It further requires that rates be charged by Cajun Electric for all power purchased by the member cooperatives to produce revenues to meet the cost of operation and maintenance, make payments on amount of principal and interest on all indebtedness of the seller, and among other things, be sufficient to enable Cajun Electric to comply with all mortgage requirements as they may exist from time to time.

Regarding the status of the REA's approval of guaranteed financing for Cajun Electric's proposed ownership interest in River Bend Station, on August 1, 1980, the REA published a notice (45 F.R. 51258) indicating that it was considering Cajun Electric's application for a loan guarantee supported by the full faith and credit of the United States of America in the amount of \$475.5 million. These loan funds will be used to partially finance Cajun Electric's proposed 30 percent undivided ownership interest in River Bend Station, Unit 1, approximately 34 miles of 500 kv transmission line and related terminal facilities.

On August 8, 1980 the REA published a notice (45 F.R. 52854) that it had issued its Final Supplemental Environmental Impact Statement in accordance with Section 102(2)(c) of the National Environmental Policy Act of 1969, in connection with the proposed financing assistance to Cajun Electric relative to River Bend. Additionally, the REA reallocated \$221 million of federally guaranteed funds to Cajun Electric in connection with the River Bend Station which were previously appropriated for Cajun Electric's Cajun No. 2, Unit 3 project. This occurred as a result of a partial ownership transfer of the latter facility. Accordingly, this will allow for a total of \$696 million of guaranteed funds for Cajun Electric's purchase of its 30 percent proposed interest in River Bend Station, Unit No. 1. This amount is well in excess of the \$535 million required for the purchase.

Status Of Financial Qualifications Of Sam Rayburn

Sam Rayburn is a rural electric cooperative corporation recently organized under the Electric Cooperative Corporation Act of the State of Texas. Under the laws of Texas, electric cooperative corporations are empowered to borrow

money and mortgage property. Since Sam Rayburn is a new entity, there presently exists no executed wholesale power agreements with its members. Wholesale power agreements, however, are expected to be executed soon with Sam Rayburn's two members, Sam Houston Electric Cooperative and Jasper-Newton Electric Cooperative. Additionally, and because it is a recently established organization, there has been no previous financing through the REA. Its two member cooperatives, however, have had previous loans approved by the REA.

As stated earlier, the REA published a notice (45 F.R. 52845) that it had issued its Final Supplemental Environmental Impact Statement regarding the proposed financing of the River Bend Station for partial ownership by Cajun Electric. This notice also included Sam Rayburn's proposed ownership in River Bend Station, Unit No. 1 as well as Cajun Electric's. However, Sam Rayburn's application for REA financing has yet to receive formal acceptance. Formal acceptance of the loan application will be accompanied by public notice in the Federal Register that the REA is either considering Sam Rayburn's loan application or that the REA makes a finding of no significant impact in granting such a loan guarantee.

Because the loan application by Sam Rayburn awaits formal acceptance by the REA, and because Sam Rayburn has yet to execute a wholesale power contract with its member cooperatives, we must defer our conclusions regarding the financial qualifications of Sam Rayburn at this time.

If after receipt of (1) the REA notice of loan application consideration or finding of no significant impact and (2) the executed wholesale power contract between Sam Rayburn and its membership cooperatives we find that these documents provide reasonable assurance with respect to our financial requirements, and assuming that the application satisfies our regulations other than financial, we will further amend Construction Permit No. CPPR-145 to authorize seven percent undivided ownership by Sam Rayburn for River Bend Station, Unit No. 1.

Financial Qualifications Conclusions

Based upon our analysis, we conclude that Cajun Electric has financing plans that provide reasonable assurance that funds can be obtained to finance its proposed 30 percent undivided ownership interest in River Bend Station, Unit No. 1. Therefore, we find that Cajun Electric is financially qualified to participate in the design and construction of the River Bend Station to the extent of its percentage interest specified herein. This conclusion is based on the determination that Cajun Electric's financing plan of REA guaranteed loans is a reasonable financing plan and provides reasonable assurance of obtaining the required capital funding.

Furthermore, Cajun Electric has rate setting authority that permits it to set rates at such levels with its member cooperatives that will enable it to secure adequate financing.

As a condition subject to issuance of this amendment, Gulf States Utilities Company is required to submit eight copies of the loan commitment guarantee notice indicating the REA's favorable action to insure the loan to Cajun Electric, once it is issued.

In summary, our conclusion in Section 20.0 of the Safety Evaluation of the River Bend Station, Units 1 and 2 and including the same numbered section of Supplement No. 2 thereto, which finds that Gulf States Utilities Company is financially qualified to design and construct the proposed facility, will not be adversely altered by the issuance of the amendment to Construction Permit No. CPPR-145 as requested with regard to Cajun Electric.

Common Defense And Security

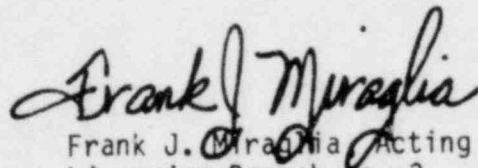
The application for amendment of Construction Permit No. CPPR-145 identifies the principal officers and directors of Cajun Electric, all of whom are citizens of the United States. The application further states that Cajun Electric is not owned, controlled or dominated by any alien or foreign government. In the application for amendment, Cajun Electric agrees that it will not permit any individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and report to the Nuclear Regulatory Commission on the character, associations and loyalty of such individual, and the Nuclear Regulatory Commission shall have determined that permitting such person to have access to restricted data will not endanger the common defense and security. We note that the prior responsibility of the Civil Service Commission as it relates to this matter now rests with the NRC and therefore interpret this agreement by Cajun Electric to be consistent with this transfer in responsibility. The application also states that Gulf States Utilities Company will retain authority and responsibility to procure and manage all nuclear fuel for River Bend Station, Unit No. 1. Gulf States Utilities Company will continue to rely upon obtaining fuel as it is needed from sources of supply available for civilian purposes, so that no diversion of special nuclear material for military purposes is involved. On the basis of these statements and agreement, we conclude that the issuance of the requested amendment to the construction permit relative to Cajun Electric's participation will not be inimical to the common defense and security. We further find that our conclusions in Section 19.0 and 21(f) of the Safety Evaluation of the River Bend Station, Units 1 and 2, which finds that the activities to be performed will not be inimical to the common defense and security, will not be adversely altered by this requested amendment to the construction permit relative to Cajun Electric's participation.

C. SUMMARY OF THE SAFETY EVALUATION

We have examined the impact on safety considerations of amending Construction Permit CPPR-145 to add Cajun Electric as co-applicant and co-owner of a 30 percent undivided share in the River Bend Station, Unit 1. We have concluded that, in accordance with Section 50.35 of 10 CFR Part 50 and Section 2.104 of 10 CFR Part 2:

1. The requested amendment will not result in design changes to the facility,
2. The technical qualifications of the responsible agent, Gulf States Utilities Company will not be diminished,
3. Cajun Electric is financially qualified to participate as described in the design and construction of the facility. However, as a condition of the amendment, Gulf States Utilities Company is required to submit copies of the loan commitment guarantee notice indicating REA's favorable action to issue the loan to Cajun Electric, once it is issued, and
4. The requested amendments will not endanger the common defense and security.

On the basis of the above conclusions, we find that the issuance of the requested amendment adding Cajun Electric as co-owner will not be inimical to the health and safety of the public, and that our conclusions in Sections 19.0 and 21(f) of the Safety Evaluation of the River Bend Station will remain unaltered. Further, we find that the requested amendment does not involve a significant hazards consideration because this action will not involve a significant increase in the probability or consequences of an accident, and this action will not involve a significant decrease in safety margin.



Frank J. Miraglia, Acting Chief
Licensing Branch No. 3
Division of Licensing

Dated: October 3, 1980