

BEFORE THE
NUCLEAR REGULATORY COMMISSION

IN THE MATTER OF
THE DETROIT EDISON COMPANY
ENRICO FERMI UNIT 2

Docket No. 50-341

INFORMATION FOR ANTITRUST REVIEW
OF THE OPERATING LICENSE APPLICATION

8106020 494

INTRODUCTION

On September 26, 1972, the Commission issued Applicant in this Docket a construction permit containing language which satisfied Applicant's commitment to the Justice Department. The condition in the construction permit is as follows:

"Applicant agrees to abide by the agreements and interpretations between it and the Department of Justice relating to Article I, paragraph 8 of the Electric Power Pool Agreement between the Applicant and Consumers Power Company as specified in a letter from Applicant to the Director of Regulation dated August 13, 1971, and the letter from Richard W. McLaren, Assistant Attorney General, Antitrust Division, U.S. Department of Justice, to Bertram H. Schur, Associated General Counsel, Atomic Energy Commission, dated August 16, 1971. (Copies of the Letters are attached)

On May 1, 1973, a new agreement was executed between Consumers Power Company and The Detroit Edison Company called the "Electric Coordination Agreement between Consumers Power Company and The Detroit Edison Company". This agreement per Article XIV cancels and supersedes the "Electric Power Pooling Agreement" dated December 22, 1962. This agreement further states under Article 1, paragraph 6 "Connections with Others" as follows:

"This Agreement shall be revised, amended, modified or replaced in order to admit third parties, having public utility functions and responsibilities, to this or an amended, revised, modified or new agreement. To be eligible, the applicant third party must have the:

- (a) Ability to meet the installed reserve capability responsibility criteria then applicable to the parties hereto (without prejudice to the right of the parties hereto, upon the entry of an applicant, to propose such changes, if any, in the terms and conditions of said participation as may be necessary to allocate equitably all costs and benefits of said participation between the applicant and the parties hereto);
- (b) Ability to participate in interconnection and grid line responsibilities;
- (c) Ability to have its system be dispatched by the central control center of the parties hereto;

- (d) Ability to provide representation on the five standing committees of this Agreement;
- (e) Ability to comply with the other terms and conditions of this Agreement; and
- (f) Ability to have sufficient financial standing so as to reasonably assure that it can perform fully the various provisions of this Agreement."

The new co-ordination agreement was reviewed by the U.S. Department of Justice in Dockets 50-452A and 50-453A (Greenwood Units 2 and 3) and found to be in compliance with Enrico Fermi Unit 2 construction permit condition.

ANSWERS TO REGULATORY GUIDE 9.3

1 (a). In the initial filing, Enrico Fermi Unit 2 was scheduled for operation in 1974. Four units, two fossil-fired at 800 MW each and two nuclear at 1150 MW each, were scheduled to follow Enrico Fermi Unit 2 starting in 1977 and running through 1980. Slippage of these units has resulted in an expectation of lower generating capacity resources than originally reported. However, lack of projected load growth resulting from the fossil fuel shortage and the recessionary economy has caused the company to lower the anticipated load growth. The combination of the reduced generation and lower projected loads has resulted in a lesser generating reserve than originally anticipated. Capacity and energy purchases from other parties are anticipated to supplement the company's reserves in those years when needed. (See attached revised Load Forecast Tables 1 and 2)

1 (b). The Detroit Edison Company has amended or replaced in whole the following agreements with other electric utilities, since the initial filing of Fermi 2:

A new Inter-Utility Power Interchange Agreement between The City of Detroit and The Detroit Edison Company went into effect October 1, 1971. (1)

A new Electric Coordination Agreement between Consumers Power Company and The Detroit Edison Company became effective May 1, 1973. (1)

A new Interconnection Agreement between Consumers Power Company, The Detroit Edison Company and Ontario Hydro went into effect January 1, 1975. (2)

(1) On file with the Federal Power Commission.

(2) In process for filing with the Federal Power Commission.

(3) In process for filing with the Michigan Public Service Commission.

1 (b).
(Cont'd)

The Inter-Utility Power Interchange Agreement between the City of Wyandotte and The Detroit Edison Company was amended effective January 1, 1975. (2)

A new Power Interchange Agreement between the Ford Motor Company and The Detroit Edison Company went into effect January 1, 1975. (3)

The Operating Agreement among Consumers Power Company, The Detroit Edison Company and Indiana and Michigan Electric Company now has eight amendments, the latest of which went into effect January 13, 1975. (1)

As a result of conferences held with representatives of the Anti-trust Division of the U. S. Department of Justice in the filing of construction permits for the Enrico Fermi and Greenwood nuclear units, The Detroit Edison Company agreed to accept certain conditions proposed by the Justice Department. In conformance to those conditions, the Consumers Power Electric Coordination Agreement, the Ford Motor Company Interchange Agreement, and the amendment to the City of Wyandotte Inter-utility Power Interchange Agreement were consummated.

The new agreement with the City of Detroit was primarily a format change to be more uniform with the other interchange agreements.

The new agreement with Ontario Hydro, as well as the amendments to the Operating Agreement with Consumers Power Company and Indiana and Michigan Electric Company, were basically price changes.

1 (c).

The following changes to transmission in respect to: (1) the nuclear unit, (2) interconnections, or (3) connections to wholesale customers, have been made since the initial filing for Enrico Fermi Unit 2.

(1) The original Enrico Fermi Unit 2 transmission included four 345 KV circuits. These circuits were part of the planned transmission for two units (Enrico Fermi Unit 2 and Enrico Fermi Unit 3). Due to the indefinite deferment of Enrico Fermi Unit 3, two of the transmission circuits have been deferred.

(2) Original plans called for four 345 KV circuits interconnecting Detroit Edison with Toledo Edison. These included two circuits from Detroit Edison's Lulu Station. That station is now deferred and present plans call for a single tap to Toledo Edison from a double circuit Detroit Edison line. This will result in a total of only three interconnections between Detroit Edison and Toledo Edison.

(3) Transmission to the City of Pontiac, City of Croswell, and the Thumb Electric Co-op has been strengthened. The City of Sebawaing now has a 40 kV interconnection with Detroit Edison. Automatic throw-over of the circuit to the Southeastern Michigan Rural Electric Co-op has been added to improve power supply reliability.

- 1 (d). There are no contractual allocations of the ownership or output of the Enrico Fermi 2 unit nor have there ever been any.
- 1 (e). Rate design for sales under Federal Power Commission jurisdiction has not changed since the filing of the original information.
- 1 (f). The Village of Sebawaing and the Michigan Municipal Co-operative Power Pool have been added as new wholesale customers. There have been no changes concerning parts (2), (3) and (4) of the question.
- 1 (g). The following units are presently scheduled for operation after the Enrico Fermi 2 unit. No power output allocations have been made for any of these units. As the company agreed in the Greenwood Units 2 and 3 Dockets (50-452A and 50-453A) the right of participation was offered to entities in southeastern Michigan. No entity agreed to participate with Detroit Edison in the units as either owners or purchasers of power output from these units. However, as a result of the offer the Michigan Municipal Co-operative Power Pool commenced negotiation with the company and was taken on as a new wholesale for resale customer.

<u>Unit</u>	<u>Size (MW)</u>	<u>Type</u>	<u>Year</u>
Belle River 1	676	Fossil	1981
Belle River 2	676	Fossil	1982
Greenwood 2	1208	Nuclear	1984
Greenwood 3	1208	Nuclear	1986

- 1 (h). As was mentioned in the initial Enrico Fermi Unit 2 filing, negotiations were underway between the Public Lighting Commission of the City of Detroit and The Detroit Edison Company regarding a proposed revised interconnection agreement. The new agreement became effective October 1, 1971. It provides for mutual emergency and standby assistance, economy energy interchange and the sale or purchase of capacity and energy between the parties.

The Village of Sebawaing has been generating all of its own requirements, utilizing low-cost interruptible-rate gas as its primary fuel and oil as its backup fuel.

1 (h).
(Cont'd)

Due to the shortage of these fossil fuels, it approached The Detroit Edison Company and a contract for the sale by The Detroit Edison Company to the Village of Sebawaing for 2,500 kW was negotiated. On November 15, 1973, a 40 kV Interconnection was placed in service between the parties.

In the Summer of 1974, The Detroit Edison Company was approached by the Michigan Municipal Co-operative Power Pool concerning a capacity and energy purchase. An agreement was negotiated wherein Detroit Edison sold 20 megawatts of capacity at a 100 percent load factor to the Michigan Municipal Co-operative Power Pool, beginning September 1, 1974, and running for at least two years. Charges for this capacity and energy are at Detroit Edison's wholesale for resale rate.

In the Fall of 1974, representatives from the Rural Electric Association, Northern Michigan Electric Cooperative, Inc., and Wolverine Electric Cooperative, Inc. met with Detroit Edison to discuss the possibility of their purchasing Detroit Edison existing generation as well as generation still under construction. Their proposal would provide a source of funds to aid Detroit Edison to resume its construction on new generation. The proposal is still under study.

Also in the Fall of 1974, the City of Wyandotte - Department of Municipal Service informed the company that it was requesting its engineering consultants to make a thorough study of the various alternate methods that were open to it to meet its future energy requirements. The company has promised to provide these consultants with whatever assistance it can to complete their study, which is currently in progress.

IN WITNESS WHEREOF, The Detroit Edison Company has caused its name to be hereunto signed by John R. Hamann, its Senior Executive Vice President - Operations, this 17 day of March, 1975

THE DETROIT EDISON COMPANY

BY: _____

John R. Hamann
John R. Hamann
Senior Executive Vice President -
Operations

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

John R. Hamann, being first duly sworn, deposes and says: That he is Senior Executive Vice President - Operation - of The Detroit Edison Company, the Applicant for licenses hereunder; that he has read the foregoing Application for Licenses and knows the contents thereof; and that the same are true to the best of his knowledge and belief.

John R. Hamann

Subscribed and sworn to before me this 17 day of March,
1975.

Margaret A. Rooney

MARGARET M. TRONNEY
Notary Public, Wayne County, Mich.
My Commission Expires 8-18-77

TABLE 1

Detroit Edison Annual Peak Demand and Energy Projections

<u>YEAR</u>	<u>ANNUAL PEAK LOAD (MW)</u>	<u>ANNUAL ENERGY REQUIREMENTS kWh x 10⁶</u>
1963	3,281	18,632
1964	3,616	20,375
1965	3,975	22,375
1966	4,273	24,704
1967	4,422	25,611
1968	4,835	28,171
1969	5,201	30,303
1970	5,465	31,158
1971	5,986	33,062
1972	6,049	35,616
1973	6,935	37,835
1974	6,614	37,880
1975	7,360	37,750
1976	8,140	42,800
1977	8,620	45,250
1978	9,080	47,800
1979	9,550	50,400
1980	10,050	53,150
1981	10,570	55,960
1982	11,290	58,500
1983	11,610	61,065
1984	12,140	63,725
1985	12,690	66,415

November 1974

TABLE 2

Combined Systems of Detroit Edison and Consumers Power
Annual Peak Demand and Energy Projections

<u>YEAR</u>	<u>COMBINED SYSTEMS COINCIDENT PEAK LOAD (MW)</u>	<u>COMBINED SYSTEMS ANNUAL ENERGY REQUIREMENTS (kWh x 10⁶)</u>
1963	5,476	30,899
1964	5,966	33,535
1965	6,526	36,913
1966	7,099	40,595
1967	7,280	42,276
1968	7,846	46,286
1969	8,435	49,738
1970	8,751	51,253
1971	9,573	54,571
1972	9,743	58,946
1973	11,265	63,045
1974	10,711	63,515
1975	11,880	67,232
1976	12,880	71,758
1977	13,590	76,176
1978	14,300	80,571
1979	15,020	84,781
1980	15,830	90,450
1981	16,680	95,853
1982	17,500	100,943
1983	18,330	106,177
1984	19,180	111,617
1985	20,080	117,213