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September 22, 1981

OF COUNSEL
SUSAN T. SHEPHERD

Mr. Harold R. Denton
Director
Office of Nuclear Reactor
Regulation
U.S. Nuclear Regulatory
Commission
Washington, D.C. 20555



Re: Mississippi Power & Light Company,
Grand Gulf Nuclear Station, Units
1 and 2, NRC Docket Nos. 50-416A
and 50-417A.

Dear Mr. Denton:

The Municipal Energy Agency of Mississippi ("MEAM") has been requested by Mississippi Power & Light Company ("MP&L") to respond in writing to your recent inquiry to Donald Lutken, President of MP&L, as to the compliance status of MP&L. Your notice of May 29, 1980, concluded that MP&L had violated certain of its antitrust license conditions in its dealings with MEAM and its Members. Since the Summer of 1980, MEAM and MP&L have been involved in negotiation toward a settlement of their differences which would resolve the violation of the antitrust license conditions which you had determined. As we have orally advised your staff, MEAM has been negotiating with MP&L on the terms of a partial requirements contractual arrangement which would permit MEAM to finance and own a portion of the Grand Gulf plant. While our perceptions may be in error, of course, we are of the view that the personnel assigned to these negotiations by MP&L have been making an honest effort to work to seek to resolve the differences between the parties and we are hopeful that these partial requirement contracts will shortly be completed. This is not to say that the remaining differences among the parties have no connection with the notice of violation, but we are advised by counsel for MP&L that there appear to be ways in which these differences can be resolved, and if this is so, it would be expected that the partial requirements arrangements could be put in final form in the very near future. This would leave only the modifications to

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the Grand Gulf ownership arrangements previously entered into by MP&L with the South Mississippi Electric Power Association ("SMEPA") to be dealt with. These modifications are necessary because of different statutory powers, different authorities and the somewhat different situation of the parties. We are presently proceeding, in this regard, on the basis of representations of MP&L as to the status of the units and the arrangements. We have been advised by MP&L that it is not anticipated that the modifications we presently believe necessary, based upon those representations, would be a substantial problem. Some of these modifications, of course, depend upon the final wording of the partial requirements arrangement presently under negotiation.

Assuming all of these arrangements can be worked out, there may be a further question which your staff has raised, as to MP&L's cooperation in dealing with the present statutory limitation on the interest rate which can be paid by municipalities in Mississippi on long-term debt. If interest rates remain as they presently are, a modification to the statutory limitations may be necessary in the upcoming session of the Legislature. We are advised that, if this is necessary, we can count on the support of MP&L to this end.

Given all these factors, we urge that nothing be done now that might slow down the licensing process for Grand Gulf. We would hope that we would be able to take advantage of an interest in unit (up to 2.48%) on or before the date of first operation.

Yours very truly,


Robert C. McDiarmid

Attorney for the Municipal Energy
Agency of Mississippi.

cc: Robert McGehee, Esq.
Attorney for MP&L

Mayor Richard Webster
Chairman, MEAM

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