



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 152 TO FACILITY OPERATING LICENSE NO. NPF-3

TOLEDO EDISON COMPANY

AND

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

DAVIS-BESSE NUCLEAR POWER STATION, UNIT NO. 1

DOCKET NO. 50-346

1.0 INTRODUCTION

By letter dated July 17, 1990 (Serial Number 1811), as supplemented by letter dated November 29, 1990 (Serial Number 1877), the Toledo Edison Company (TE) proposed an amendment to Facility Operating License No. NPF-3 for the Davis-Besse Nuclear Power Station, Unit No. 1 (DBNPS). The proposed amendment would add Centerior Service Company as a licensee in the Facility Operating License. It authorizes the Toledo Edison Company and Centerior Service Company to act as agent for the Cleveland Electric Illuminating Company, and have exclusive responsibility and control over the construction, operation and maintenance of the facility. Under this new organization, the Toledo Edison Company's nuclear organization reports to the existing Centerior Service Company.

On September 19, 1990, the Commission published a proposed finding that the amendment involved no significant hazard consideration. The supplemental letter dated November 29, 1990 added the requirements that Centerior Service Company (CSC) shall comply with the antitrust conditions in the license and that Toledo Edison Company will be responsible and accountable for the actions of CSC to the extent that CSC's actions contravene those antitrust conditions. The proposed finding of no significant hazard consideration adequately and completely bounds this supplement. No revision to the proposed finding of no significant hazards consideration of the original application is warranted.

2.0 DISCUSSION

On April 24, 1990, the Board of Directors of Centerior Energy Corporation adopted a reorganization plan for the Corporation, its operating company subsidiaries -- The Cleveland Electric Illuminating Company and The Toledo Edison Company, and its existing service company subsidiary -- Centerior Service Company (CSC). The reorganization resulted in a title change for the Vice President in charge of the nuclear organization, from the Toledo Edison Vice President, Nuclear to CSC Vice President, Nuclear - Davis-Besse.

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Under the reorganization, CSC assumes senior management responsibility for nuclear activities at the DBNPS. The DBNPS organization reports through the CSC Vice President, Nuclear - Davis-Besse to the CSC Executive Vice President - Power Generation, who in turn reports to CSC's President and Chief Operating Officer, and ultimately to CSC's Chairman and Chief Executive Officer. All other DBNPS personnel remain employees of Toledo Edison. The reorganization makes no changes in the technical or financial qualifications for the DBNPS. The sources of funding for the DBNPS remain as they were prior to the reorganization.

The proposed change is an effort to consolidate Centerior's nuclear plants under a common management. It is envisioned that consolidated management will eventually allow a greater sharing of experience and expertise, to the mutual benefit of both the DBNPS and the Perry Nuclear Power Plant.

The proposed amendment would modify paragraphs 1.A and 2, 2.A. and 2.B.(1) and add a new paragraph 2.C.(6) to License NPF-3. A footnote to paragraph 1.A would be added as follows:

The Toledo Edison Company and Centerior Service Company (both of which are wholly-owned subsidiaries of Centerior Energy Corporation) are authorized to act as agent for the Cleveland Electric Illuminating Company, and have exclusive responsibility and control over the physical construction, operation, and maintenance of the facility. Centerior Service Company was added as a licensee by Amendment No. 152.

Paragraph 2.A would be revised to delete the phrase, "and operated by the Toledo Edison Company," because responsibility for operation of the facility is discussed in paragraph 2.B.(1). Paragraph 2.B.(1) would be revised by adding a footnote to clarify that the Toledo Edison nuclear organization reports to CSC. This footnote also serves to make clear that, for those additional references to Toledo Edison throughout the Facility Operating License, the Toledo Edison nuclear organization reports to CSC.

To ensure that Centerior Service Company will be in compliance with the antitrust conditions of the license and to alleviate concerns regarding Toledo Edison Company's responsibility in the actions of Centerior Service Company which may contravene the antitrust license conditions, a new license condition would be added to specifically address the antitrust considerations.

3.0 EVALUATION

The technical qualifications necessary to operate the DBNPS will continue to be provided by the Toledo Edison nuclear organization. While there is a change in the internal reporting chain, there continues to be established and well-defined lines of authority, responsibility, and communication from the highest management levels through intermediate levels to all onsite operating organizational positions involved with activities affecting the safety of the plant.

The Nuclear Regulatory Commission's (NRC) financial qualifications requirements remain satisfied by virtue of the ownership of the plant by the electric utilities, which ownership remains unchanged.

The reorganization of the nuclear organizations of the Centerior Energy Corporation's electric utilities under the same company, Centerior Service Company, will provide benefits inherent to an integrated nuclear company. These benefits include sharing of nuclear operating experience and expertise, and more effective communication.

To address the staff's antitrust concerns when Centerior Service Company is added as a licensee to DBNPS Operating License Number NPF-3, a new license condition 2.C.(6) is added to the license that explicitly requires Centerior Service Company to comply with the existing antitrust conditions that the current plant owners, Toledo Edison Company and Cleveland Electric Illuminating Company, are to abide by. Condition 2.C.(6) states "Centerior Service Company shall comply with the antitrust conditions delineated in Condition 2.E of this license as if named therein." The staff finds that the addition of this antitrust condition will be sufficient to bound Centerior Service Company's role in marketing or brokering of power or energy from each entity in the Combined CAPCO Company Territories (CCCT).

The new license condition also states "Toledo Edison Company is responsible and accountable for the actions of Centerior Service Company to the extent that Centerior Service Company's actions contravene the antitrust license conditions of Condition 2.E. of this license." We conclude that this new license condition maintains the integrity of the antitrust license conditions. Our basis for this finding is that the Toledo Edison Company will have a substantial vested interest in prohibiting violations of the antitrust license conditions by Centerior Service Company.

The staff, in making its evaluations concerning antitrust, has applied the criteria and review areas required by 10 CFR 50.90, 10 CFR 50.91 and NUREG-0970, as appropriate. The staff concludes that the enhanced antitrust license conditions are sufficient to prohibit Centerior Service Company from actions that will cause antitrust concerns. The plant owners are still subject to compliance with antitrust conditions as before.

On this basis, the staff finds the proposed changes acceptable.

4.0 ENVIRONMENTAL CONSIDERATION

Pursuant to 10 CFR 51.21, 51.32, and 51.35, an environmental assessment and finding of no significant impact has been prepared and published in the Federal Register on October 29, 1990 (55 FR 43422). Accordingly, based upon the environmental assessment, the Commission has determined that the issuance of this amendment will not have a significant effect on the quality of the human environment.

5.0 CONCLUSION

The staff has concluded, based on the considerations discussed above, that: (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, and (2) such activities will be conducted in compliance with the Commission's regulations, and the issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public.

Principal Contributor: A H. Hsia

Dated: December 31, 1990