



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

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION
RELATED TO AMENDMENT NO. 90 TO FACILITY OPERATING LICENSE NO. NPF-2
AND AMENDMENT NO. 83 TO FACILITY OPERATING LICENSE NO. NPF-8

ALABAMA POWER COMPANY

JOSEPH M. FARLEY NUCLEAR PLANT, UNITS 1 AND 2

DOCKET NOS. 50-348 AND 50-364

1.0 INTRODUCTION

By letter dated May 6, 1991, as supplemented by letters dated June 18, June 20, September 27, October 14, and October 22, 1991, Alabama Power Company proposed amendments to Facility Operating License Nos. NPF-2 and NPF-8 for the Joseph M. Farley Nuclear Plant, Units 1 and 2 (FNP). The amendments would add Southern Nuclear Operating Company, Inc. (Southern Nuclear), as a licensee to the Facility Operating Licenses with the exclusive responsibility to act as the licensed operator of FNP. Southern Nuclear would manage, use, operate and maintain FNP, but would have no entitlement to power output from FNP and no authority to dispatch, broker, or market the energy generated. Alabama Power Company would continue to be the owner of FNP and would retain the authority to dispatch, broker or market the electricity generated by FNP.

The Notice of Consideration of Issuance of Amendment and Proposed No Significant Hazards Consideration Determination and Opportunity for Hearing in connection with this action was published in the Federal Register on September 19, 1991 (56 FR 47500). No request for hearing or petition for leave to intervene was filed following this notice. This proposed finding, based on the staff's review of the May 6, 1991, application, is not changed by Alabama Power Company's supplemental submittals dated June 18, June 20, September 27, October 14 and October 22, 1991. The supplemental submittals pertained to (1) FNP compliance with 10 CFR 73.56 regulations concerning unrestricted access authorization; (2) the naming of Joseph M. Farley as Chairman of the Board and Chief Executive Officer, and R. P. McDonald as President of Southern Nuclear; (3) a request that the amended license conditions be made effective within 90 days of the date of issuance and upon the official assumption of responsibilities by Southern Nuclear; (4) clarifying substitutions of "Southern Nuclear" for "the licensee" in the proposed amended licenses; and (5) deletion of unnecessary information requested in the proposed amended licenses.

2.0 DISCUSSION

Alabama Power Company and Southern Nuclear are wholly owned subsidiaries of The Southern Company. Southern Nuclear was formed in December 1990 to consolidate The Southern Company personnel engaged in nuclear operations into a single

integrated organization and is currently under contract with Alabama Power Company to provide offsite technical support for FNP. These support services include administrative, technical, and nuclear operations support. Under the proposed amendment, the present onsite organization responsible for the physical operation of FNP would be transferred intact to Southern Nuclear. These employees of Alabama Power Company would become employees of Southern Nuclear. Gains in operating efficiency are anticipated from the consolidation of onsite and offsite personnel engaged in nuclear operations in the Southern Nuclear organization.

3.0 EVALUATION

The Nuclear Regulatory Commission (NRC) staff's review of Alabama Power Company's proposed amendments included the following areas: management and technical qualifications, financial and antitrust considerations, plant security and handling of restricted data, offsite power availability, emergency planning, quality assurance and personnel training, and environmental protection. The effect of the proposed amendments on each of these areas is evaluated below.

Management and Technical Qualifications

The proposed amendments will cause no change in the onsite personnel operating FNP, nor in the offsite Southern Nuclear personnel now providing support services. The onsite Alabama Power Company employees would become employees of Southern Nuclear. Alabama Power Company stated that although some position titles may change to reflect Southern Nuclear as the operator, there would be no change in responsibilities. Southern Nuclear is committed to maintaining the level of technical qualifications by employing or contracting, as necessary, the technically qualified personnel needed to operate FNP.

The supplemental letter of June 20, 1991, reported some organizational changes. On May 21, 1991, the Board of Directors of Southern Nuclear named Joseph M. Farley, the President and Chief Executive Officer of Southern Nuclear, as Chairman of the Board and Chief Executive Officer of Southern Nuclear. The Board of Directors of Southern Nuclear further acted by naming R. P. McDonald, the Executive Vice President of Southern Nuclear, as President of Southern Nuclear. Mr. McDonald will continue to serve as Executive Vice President of Alabama Power Company and Executive Vice President of Georgia Power Company. The position of Executive Vice President within Southern Nuclear no longer appears as a result of this organizational structure modification. The personnel who previously reported to the Executive Vice President of Southern Nuclear now report to the President. No other management changes were made and all other reporting lines remain the same.

These organizational changes would have no adverse effect on the management of FNP; therefore, we find them acceptable.

On the basis of the above considerations, the NRC staff concludes that the proposed amendments would not result in significant changes to management or the technical qualifications of FNP onsite or offsite personnel. In these areas, therefore, the proposed amendments are acceptable.

Financial Considerations

Cost recovery for the operation of FNP will remain the same as before the license amendments. Alabama Power Company will continue to have entitlement to all electrical output from FNP. Alabama Power Company is regulated by the Alabama Public Service Commission and the Federal Energy Regulatory Commission. Rate regulation will continue as before the license amendments.

Alabama Power Company and Southern Nuclear will establish responsibility for plant costs. Southern Nuclear will be reimbursed for costs of direct operation of FNP by Alabama Power Company. Other expenses of Southern Nuclear which are not direct charges to FNP will be allocated to Alabama Power Company and others for whom the expenses are incurred.

With Southern Nuclear as the licensed operator, Alabama Power Company will commit to provide all funds necessary for expenses accrued by Southern Nuclear for the safe operation, construction, maintenance, repair, decontamination, and decommissioning of FNP. Because the owner and the sources of funds will remain unchanged, cost recovery of operating, maintenance or decommissioning costs will remain the same as at present with Alabama Power Company as the operator.

The NRC staff believes that there will be no safety consequences from the proposed arrangements for funding of operating, maintenance, and decommissioning costs of FNP. Thus, the staff concludes that the financial arrangements of the proposed action will not adversely affect protection of the public health and safety.

Antitrust Considerations

Several potential antitrust concerns were raised by the staff in response to Alabama Power Company's proposal to change the FNP operator from Alabama Power Company to Southern Nuclear. These concerns were resolved when Alabama Power Company and Southern Nuclear agreed to the addition of the following license condition to paragraph 2.F of the FNP licenses:

Southern Nuclear shall not market or broker power or energy from Joseph M. Farley Nuclear Plant, Units 1 and 2. Alabama Power Company shall continue to be responsible for compliance with the obligations imposed on it by the antitrust conditions contained in this paragraph 2.F. of the license. Alabama Power Company shall be responsible and accountable for the actions of its agent, Southern Nuclear, to the extent said agent's actions may, in any way, contravene the antitrust conditions of this paragraph 2.F.

This license condition is additive in that Alabama Power Company will continue to be subject to the existing antitrust license conditions. Moreover, Alabama Power Company will now be responsible and accountable for the actions of Southern Nuclear relative to the antitrust license conditions. The NRC staff believes the addition of this license condition to the FNP licenses will effectively preclude Southern Nuclear from adversely impacting the competitive process in the relevant bulk power services market served by FNP.

By letter dated October 15, 1991, the Alabama Municipal Electric Authority (AMEA), through its counsel, Goldberg, Fieldman and Letham, P.C., responded to the staff's Biweekly Notice Applications and Amendments to Operating Licenses involving No Significant Hazards Considerations which was published in the Federal Register on September 19, 1991 (56 FR 47500). In its letter, AMEA expressed support for the inclusion of the above antitrust license condition in the FNP operating licenses.

Plant Security and Restricted Data

The letter of June 18, 1991, provided information concerning unrestricted access authorization to the FNP site when the existing plant personnel cease being employees of Alabama Power Company and become employees of Southern Nuclear. Alabama Power Company indicated that, in accordance with 10 CFR Part 73.56, existing plant personnel whose unescorted access authorization for FNP has been uninterrupted for at least 180 days prior to April 25, 1991, will continue to have such authorization without further evaluation. The NRC staff agrees that this meets the requirements of 10 CFR 73.56. There would be no other changes in regulations or practices related to plant security and the handling of restricted data, since Southern Nuclear will accept responsibility for the implementation of the present programs in these areas and the same personnel would be involved.

Offsite Power

The amendment application involves no change in the ownership or design of the offsite power system for FNP, or in its operation, maintenance or testing. Alabama Power Company will continue to fulfill its current responsibilities with respect to compliance with General Design Criterion (GDC) 17. Agreements between Southern Nuclear and Alabama Power company will specify arrangements for controlling operation, maintenance, repair, and other activities with respect to the transmission lines and the switchyard, so adequate independent sources of offsite power will continue to be provided.

The NRC staff concludes that the proposed license amendments will have no adverse effect with regard to meeting the requirements of GDC 17.

Emergency Planning

Upon approval of the proposed license amendments, Southern Nuclear will become responsible and have the authority for all functions necessary to fulfill the emergency planning requirements specified in 10 CFR 50.47(b) and Part 50, Appendix E. Plans and service agreements will be established to ensure that all support described in the existing emergency plan will be maintained. Control over existing agreements for support from offsite organizations and agencies would be assigned or delegated by Alabama Power Company to Southern Nuclear prior to transfer of responsibility.

A significant amount of offsite emergency planning support will continue to be provided by Alabama Power Company. The required support will be assured by service agreements between Southern Nuclear and Alabama Power Company.

The NRC staff concludes that these provisions for meeting the emergency planning requirements are acceptable.

Quality Assurance and Training

Upon approval of the proposed amendments, Southern Nuclear will become responsible for the FNP quality assurance program and the existing personnel training programs. The function and structure of the quality assurance program will not be affected by the proposed amendments; and it will continue to meet the requirements of 10 CFR Part 50, Appendix B. The training programs will continue to meet the operator requalification program requirements of 10 CFR 50.54 and related sections, and to meet the requirements for maintenance of the Institute of Nuclear Power Operations accreditation for licensed and non-licensed training.

The NRC staff concludes that approval of the proposed amendments will not adversely affect the FNP quality assurance and training programs.

Environmental Protection Plan

The proposed amendments provide for changes in organizational responsibility for some aspects of the Environmental Protection Plan (EPP), Appendix B, to Operating License Nos. NPF-2 and NPF-8. The proposed amendments do not amend the obligations and responsibility for compliance with the elements of the approved EPP. Therefore, the staff concludes that the proposed changes are acceptable.

3.0 STATE CONSULTATION

In accordance with the Commission's regulations, the State of Alabama official was notified of the proposed issuance of the amendment. The State official had no comments.

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 November 15, 1991 (56 FR 58096). 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 Commission 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, (2) such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendment will not be inimical to the common defense and security or to the health and safety of the public.

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