



ARKANSAS POWER & LIGHT COMPANY
 CAPITOL TOWER BUILDING/P. O. BOX 551/LITTLE ROCK, ARKANSAS 72203/(501) 377-3525
 July 1, 1988

T. GENE CAMPBELL
 Vice President - Nuclear

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U. S. Nuclear Regulatory Commission
 Document Control Desk
 Mail Stop P1-137
 Washington, DC 20555

ATTN: Mr. Dennis M. Crutchfield, Director
 Division of Reactor Projects III, IV, V
 and Special Projects

SUBJECT: Arkansas Nuclear One - Units 1 & 2
 Docket Nos. 50-313 and 50-368
 License Nos. DPR-51 and NPF-6
SERI License Amendment Application

Dear Mr. Crutchfield:

Arkansas Power & Light Company (AP&L), as the licensee for Arkansas Nuclear One, Units 1 and 2 (ANO-1 and ANO-2), hereby submits the enclosed application to amend facility operating licenses Nos. DPR-51 and NPF-6. This application requests NRC approval for System Energy Resources, Inc. (SERI) to assume responsibility for operation of the ANO units. In order to effect this change, the existing AP&L nuclear organization will be transferred, virtually intact, to SERI. Thus, essentially the same organization and staff currently responsible for operating these two units will continue those responsibilities as a part of SERI.

The application to amend the ANO-1 and ANO-2 operating licenses contains the information required to effect the requested transfer of licensed activities and to amend the operating licenses. In addition, the application contains the significant hazards consideration evaluation required by 10 C.F.R. 50.92 and 50.91. A more detailed description of the application is set forth below.

As the NRC is aware, this license amendment application is associated with the consolidation of nuclear operations of AP&L, Louisiana Power and Light Company (LP&L), and SERI. To ensure that complete and accurate information is submitted to the NRC, and to provide what can be called the "total picture" of the associated licensing activities germane to AP&L's application, this letter provides certain factual information and describes the similar licensing

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actions planned by LP&L. A similar license amendment application is being forwarded under separate cover by LP&L addressing SERI's assumption of operating responsibility for Waterford 3. The NRC should rely on LP&L's license amendment application for information specifically pertaining to LP&L and Waterford 3. Similarly, the NRC should rely on any submittals forwarded by SERI for information on SERI operations at the Grand Gulf Nuclear Station (GGNS).

A. INTRODUCTION

By way of background, AP&L, SERI, and LP&L are wholly-owned subsidiaries of Middle South Utilities, Inc. (MSU). AP&L is presently licensed to own and operate the ANO units. LP&L is licensed to own and operate Waterford 3. SERI is presently licensed to own and operate the GGNC, Unit 1, and to own and construct GGNS, Unit 2. For reasons discussed in the application, MSU has decided that SERI will become its system-wide nuclear operating company. Under the MSU plan, SERI will assume (in addition to its existing responsibilities for GGNS) all responsibilities for the management and operation -- but not ownership -- of ANO-1 and ANO-2. Similarly, as discussed in LP&L's amendment application, SERI will assume operating responsibilities of Waterford 3. The enclosed amendment application specifically addresses SERI's assumption of responsibilities for the two ANO units.

B. OPERATING RESPONSIBILITIES

As described in greater detail in the attached application, the transfer of operating responsibilities will be accomplished for ANO by an operating agreement between the owner (AP&L) and the new operator (SERI). This agreement will give SERI exclusive authority to make operational safety decisions and to conduct licensing activities with the NRC. Under the agreement, SERI's costs of operating ANO-1 and ANO-2 will be paid by AP&L, as the owner of the units, and AP&L will be entitled to all power generated at ANO. Although the operating agreement has not been completed as of this filing, we will make it available to the NRC as soon as practicable and, in any event, prior to issuance of the proposed amendment.

C. OPERATIONAL/ORGANIZATIONAL CHANGES

AP&L, LP&L and SERI have taken a system-wide approach, with strong management oversight, to direct the task of consolidating management of the MSU plants. A special consolidation organization, drawing on resources and expertise from all three companies, has been specifically set up to ensure that licensing and other relevant substantive issues are addressed. One clear objective of consolidation activities has been to minimize disruption due to the changes, and to ensure that there is no degradation to organizational performance or public safety.

The above philosophy has been particularly manifest in the planning of the new SERI integrated operating organization. As discussed in the enclosure, the present application does not contemplate any major organizational changes in AP&L's nuclear organization, other than the transfer of personnel to SERI. The present nuclear organization will remain essentially in place, with a change to the lines of authority such that the Vice President, Nuclear for ANO will

report directly to the President and Chief Executive Officer of SERI. The ANO Nuclear Quality organization will also have direct access to the President and Chief Executive Officer of SERI on matters related to quality.

It is anticipated that SERI will in the future, after issuance of this amendment, be considering organization changes to achieve further integration and efficiencies. However, those changes have not yet been identified and are not part of, or necessary for, the present application. Any such future changes will be governed by an internal policy that will provide appropriate management controls and ensure the continued integration of critical support functions. In addition, SERI will inform the NRC in advance of planned organizational changes which involve major restructuring of line or nuclear support functions at its nuclear facilities and that are important to plant safety. This commitment shall remain in effect until the NRC and SERI mutually agree that it is no longer required.

A guiding principle of the consolidation task force has been to recognize that MSU currently has three strong, successful organizations operating its plants. The reorganization plan therefore specifically acknowledges and maintains the special needs of each existing nuclear organization. Individual plant priorities and ongoing plant improvement initiatives will not be adversely impacted by the consolidation.

Additionally, and in response to an NRC staff concern regarding future operational activities, it is recognized that the operating licenses for ANO-1 and ANO-2 would not permit the transfer of spent fuel between ANO and any other facility operated by SERI without specific regulatory approval.

D. NOTIFICATIONS AND APPROVALS

While the assumption of responsibilities for ANO by SERI requires the consent of certain creditors and the review and/or approval of federal and state agencies other than the NRC, it is anticipated that these consents, reviews and approvals will be completed prior to the end of this year. The NRC will be kept informed of the progress of these parallel efforts and will, of course, be informed in writing should it appear that any of these actions will not be completed in a reasonable time.

The consolidation task force has also been committed to keeping other relevant state and local officials, and the public, informed with respect to the MSU nuclear plan. The NRC will be kept informed of these informational activities.

E. SCHEDULE

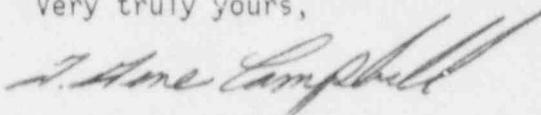
Finally, with respect to scheduling, it is our intent to submit this application concurrently with the LP&L amendment application for Waterford 3. In order that administrative matters associated with the change (including the transfers of personnel from AP&L to SERI) can be completed in a timely and orderly fashion, it is requested that the two amendments be issued simultaneously. We are, however, seeking to implement the proposed changes as soon as practicable, consistent with obtaining other necessary regulatory approvals. Therefore, we request your expeditious review and approval.

July 1, 1988

This application and the proposed amendments have been reviewed and approved by the ANO Plant Safety Committee and Safety Review Committee. As discussed in the application, AP&L has concluded that the proposed amendments to the ANO operating licenses do not involve a significant hazards consideration.

In accordance with the requirements of 10 C.F.R. § 170.21, the appropriate application fee of \$150.00 is provided with this letter. A copy of this application has been forwarded to the appropriate designated state official as required by 10 C.F.R. 50.91(b).

Very truly yours,



T. Gene Campbell

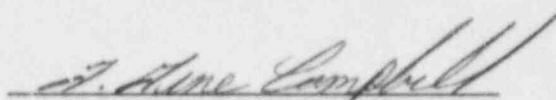
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Attachments

cc: Ms. Gretz Dicus, Director
Division of Radiation Control
and Emergency Management
Arkansas Department of Health
4815 West Markham Street
Little Rock, Arkansas 72201

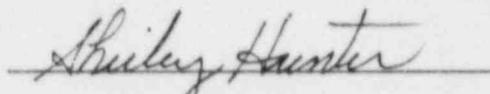
STATE OF ARKANSAS)
)
) SS
COUNTY OF PULASKI)

I, T. Gene Campbell, being duly sworn, subscribe to and say that I am Vice President, Nuclear for Arkansas Power & Light Company; that I have full authority to execute this oath; that I have read the document numbered ØCANØ788Ø1 and know the contents thereof; and that to the best of my knowledge, information and belief the statements in it are true.



T. Gene Campbell

SUBSCRIBED AND SWORN TO before me, a Notary Public in and for the County and State above named, this 30th day of June, 1988.



Notary Public

My Commission Expires:

3-1-91