



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

SAFETY EVALUATION BY THE OFFICE OF SPECIAL PROJECTS
RELATING TO AMENDMENT NO. 9 TO CONSTRUCTION PERMIT CPPR-126
AND AMENDMENT NO. 8 TO CONSTRUCTION PERMIT CPPR-127
TEXAS UTILITIES ELECTRIC COMPANY, ET AL*
COMANCHE PEAK STEAM ELECTRIC STATION, UNITS 1 AND 2
DOCKET NOS. 50-445 AND 50-446

INTRODUCTION

By a letter dated March 4, 1988, as supplemented on March 31, 1988, Texas Utilities Electric Company (TU Electric) requested an amendment to Construction Permit Nos. CPPR-126 and CPPR-127 to permit a reallocation of ownership interest in the Comanche Peak Steam Electric Station (CPSES), Units 1 and 2.

EVALUATION

Amendment No. 9 to Construction No. CPPR-126 and Amendment No. 8 to Construction Permit No. CPPR-127 permit the transfer of a 6.2% ownership interest in the Comanche Peak Steam Electric Station, Units 1 and 2, from Texas Municipal Power Agency (TMPA) to TU Electric. Issuance of Amendment No. 9 and Amendment No. 8 would delete TMPA as an owner on the construction permits and increase TU Electric's aggregate ownership to 94-1/30%.

Antitrust Matters

All existing CPSES owners (licensees) have been subjected to antitrust review. In addition, extensive antitrust license conditions that apply to TU Electric have been attached to the CPSES construction permits. The proposed reallocation

*The current Construction Permit holders for the Comanche Peak Steam Electric Station are: Texas Utilities Electric Company, Brazos Electric Power Cooperative, Inc., Texas Municipal Power Agency and Tex-La Electric Cooperative of Texas, Inc. Transfer of ownership interest from Texas Municipal Power Agency to Texas Utilities Electric Company authorized herein takes place in 10 installments as set forth in the Agreement attached to the application for amendment dated March 4, 1988. At the completion thereof Texas Municipal Power Agency is no longer an applicant or construction permit holder.

of ownership interest does not provide for a new owner or licensee, only a re-purchase of interest by the lead applicant, TU Electric.

The license conditions attached to the CPSES construction permit required TU Electric to offer ownership access to entities in a specified area of the state of Texas. As a result of the conditions, several smaller power systems purchased shares in the plant, including the TMPA. For a number of reasons, TMPA now wishes to sell its 6.2% interest in the CPSES back to TU Electric. On February 12, 1988, TU Electric and TMPA entered into a settlement agreement that provides for the purchase by TU Electric of all of TMPA's ownership interest in the CPSES and also terminates all pending litigation between the two parties in various District Court proceedings in Texas originating from TMPA's participation in the CPSES.

Staff review of the request for amendment concluded that the amendment would not impact on any existing antitrust license conditions in the construction permits or change conditions or activities under the construction permits that would create or maintain inconsistencies with the antitrust laws. In light of the fact that there will be no new owners as a result of the proposed amendment, and TU Electric, the recipient of TMPA's share, is obligated to extensive license conditions, staff concluded that the increase in TU Electric's ownership interest in the CPSES from 87-5/6% to 94-1/30% will not significantly impact competition in the north Texas area.

Financial Matters

The staff performed a financial qualification review of TU Electric pursuant to the provisions of 10 CFR 50.33(f) and Appendix C to 10 CFR Part 50. These provisions require an applicant to demonstrate that it has reasonable assurance of obtaining the funds necessary to cover estimated construction costs and related fuel cycle costs. TU Electric is planning to finance the cost of purchasing the additional interest in CPSES in the same manner as it finances its overall construction program, including present and previous financing of the CPSES. TU Electric obtains its construction financing in the same general manner and from the same general sources as do most investor-owned electric utilities. Those sources include primarily funds from operations (internal sources), combined with funds obtained from external financing. TU Electric, being a wholly-owned subsidiary of Texas Utilities (TU), sells its common stock to TU, which in turn issues securities to the public. TU Electric sells its preferred stock and bonds directly to the public. To provide for immediate cash requirements during periods between long-term financings, TU Electric obtains short-term loans from TU, which had lines of credit with commercial banks aggregating \$1.0 billion at December 31, 1987.

The financing of the cost of the additional 6.2% interest in the CPSES is placed in perspective by reviewing TU Electric's successfully completed construction financing over the past several years and projected financing for the next several years. For calendar years 1985, 1986, and 1987, TU Electric financed total construction expenditures averaging \$1.1 billion per year. These expenditures were covered by internal sources of cash (from electric operations), averaging \$290 million per year, and external financing, averaging \$954 million per year. A portion of the funds was used to cover working capital requirements, but the majority was used for construction, including the CPSES.

