



MISSISSIPPI POWER & LIGHT COMPANY

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September 2, 1986

O. D. KINGSLEY, JR.

VICE PRESIDENT - NUCLEAR OPERATIONS

U. S. Nuclear Regulatory Commission
Office of Nuclear Reactor Regulation
Washington, D. C. 20555

Attention: Mr. Harold R. Denton, Director

Dear Mr. Denton:

SUBJECT: Grand Gulf Nuclear Station
Unit 1
Docket No. 50-416
License No. NPF-29
Proposed Amendment to the Operating
License (PCOL-86/19)
AECM-86/0269

Mississippi Power & Light Company ("MP&L"), System Energy Resources, Inc. (formerly Middle South Energy, Inc.), and South Mississippi Electric Power Association (collectively "Joint Licensees") hereby submit this application for an amendment to Facility Operating License No. NPF-29 for Grand Gulf Nuclear Station ("GGNS"), Unit 1. The application requests that the GGNS Unit 1 License be amended to reflect transfer of control and performance of licensed activities from MP&L to a new nuclear generating company -- System Energy Resources, Inc. (SERI) -- which is the new name of Middle South Energy, Inc. ("MSE"). The MP&L nuclear organization will be transferred, virtually intact, to SERI, and the same MP&L organization and staff which is currently responsible for operating GGNS Unit 1 will continue those responsibilities as part of SERI.

The Enclosure is the application to amend the Operating License, containing the information specified as necessary by 10 C.F.R. 50.80 and 10 C.F.R. 50.90 to effect the requested transfer and amendment. Also enclosed are the proposed changes to the Operating License and Technical Specifications necessary to show transfer of MP&L's responsibilities to SERI. Essentially, the enclosed application requests that the NRC amend License No. NPF-29 to change the name of MSE in the license to SERI as a licensee authorized to possess GGNS Unit 1 and to substitute SERI for MP&L as the licensee authorized to possess, use, and operate GGNS Unit 1.

Information in the Grand Gulf Nuclear Station Final Safety Analysis Report ("FSAR") describes the management structure of the Grand Gulf Nuclear Station Project. Updated FSAR material conforming to this application will be provided in the appropriate annual FSAR update as required by 10 C.F.R. 50.71(e).

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The change in name and function of Middle South Energy, Inc. was informally discussed with you, members of your staff, Mr. Stello, the Region II Inspection and Enforcement Staff, and the NRC Commissioners by Mr. William Cavanaugh, III, President and Chief Operating Officer of MP&L. These changes are being made to provide a stronger and more consolidated focus on operation of the Grand Gulf Nuclear Station. For example, Mr. Cavanaugh, as the President and Chief Executive Officer of SERI, will not be diverted to matters associated with non-nuclear activities such as transmission, distribution, and fossil production. The changes also offer human resource benefits through the separation of the personnel policies for the nuclear employees of SERI from those of the non-nuclear employees of MP&L. The establishment of SERI as the owner and operator of Grand Gulf is also entirely consistent with the Commission's views expressed in recent years calling for strong and focused management of power reactor operations. A more detailed discussion of the purposes and benefits of the organizational change is provided in the Enclosure.

As discussed in the Enclosure, the proposed Amendment involves two aspects: (1) a technical amendment involving basically designation of SERI as the owner and operator of GGNS Unit 1 and (2) an amendment to the antitrust conditions presently attached to the license. Joint Licensees propose a bifurcated review of the application allowing issuance and effectiveness of the technical license amendment at the earliest possible date. This will likely be in advance of completion of the review of proposed changes to the antitrust license conditions. Under this approach, MP&L would remain on the amended license and subject to the existing antitrust conditions until such time as the antitrust review is complete. The bifurcated review is consistent with the public interest in establishing SERI as the nuclear generating company for GGNS Unit 1 without undue delay. The change is intended to enhance overall management and operation of the facility.

Also as discussed in the Enclosure, the assumption of responsibilities for Grand Gulf Nuclear Station by SERI requires the consent of SERI's creditors under the terms of various bank loan agreements and may require approval of other agencies in addition to the Nuclear Regulatory Commission. However, the Joint Licensees anticipate that these consents and possible necessary approvals will be obtained in a timely fashion. Joint Licensees therefore request that the NRC process and approve the enclosed application without delay. Joint Licensees will keep the NRC's Project Manager for the Grand Gulf Nuclear Station informed of the progress of obtaining other approvals and inform the NRC in writing should it appear that these approvals cannot be attained in a reasonable time frame.

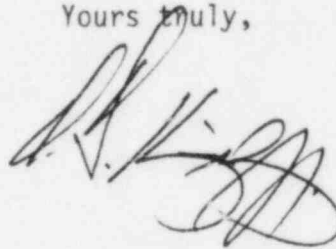
Finally, with respect to scheduling, Joint Licensees have filed under separate cover an application to the NRC to amend the GGNS Unit 2 construction permit (CPPR-119) to conform that permit to the changes in responsibilities described in this operating license amendment application. Review of the construction permit application will be substantially the same as the review of the enclosed application. In order to maintain consistency with respect to the licensing status of GGNS Units 1 and 2, and to accurately reflect the revised responsibilities, the operating license and construction permit amendments should be issued by the NRC simultaneously.

This application and the proposed amendments have been reviewed and approved by the Plant Safety Review Committee and the Safety Review Committee. In accordance with 10 C.F.R. 50.30, three (3) signed originals and forty (40) copies of the application are enclosed.

Based on the guidelines presented in 10 C.F.R. 50.92, and as discussed in the application, it is the opinion of the Joint Licensees that the proposed amendment to the operating license involves no significant hazards consideration.

In accordance with the requirements of 10 CFR 170.21, we have determined that the application fee is \$150. A remittance of \$150 is attached to this letter.

Yours truly,



ODK:vog
Enclosures: GGNS PCOL-86/19

cc: Mr. T. H. Cloninger (w/a)
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