



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

April 28, 1987

Docket Nos. 50-416
and 50-417

MEMORANDUM FOR: Docket File

FROM: Lester Kintner, Project Manager
Project Directorate II-2
Division of Reactor Projects I/II

SUBJECT: GRAND GULF NUCLEAR STATION (GGNS) - FSAR
ERRORS REGARDING PROPERTY AND MINERAL RIGHTS
OWNERSHIP

By letter dated September 2, 1986, the licensees for GGNS submitted applications to amend the GGNS Unit 1 Operating License (OL) and the Unit 2 Construction Permit (CP) to transfer control of licensed activities from Mississippi Power & Light Company (MP&L) to Middle South Energy Inc. (MSE), and to rename MSE as System Energy Resources, Inc. (SERI). MP&L, MSE and South Mississippi Electric Power Association (SMEPA) were the joint licensees at the time. The applications stated that GGNS was 90% owned by MSE and 10% owned by SMEPA.

During its review of the applications, the staff noted that the updated FSAR submitted in December 1985 stated that MP&L owned the 2300 acre site and that MSE owned the mineral rights within the exclusion area, which conflicted with the statements in the September 2, 1986 applications. Ownership of the surface and mineral rights of property within the exclusion area is safety significant in that 10 CFR Part 100 requires the licensees to have the authority to determine all activities within the exclusion area. In a submittal dated January 29, 1987, the licensees provided the correct ownership of surface rights and mineral rights for property within the exclusion area. By letters dated January 30, 1987, and March 31, 1987, SERI provided a summary and conclusions of its investigation into the nature and source of the errors in the GGNS updated FSAR. Unit 1 OL Amendment 27 and Unit 2 CP Amendment 8 were issued December 20, 1986, authorizing the transfer of control of license activities from MP&L to SERI (formerly MSE).

As stated in the March 31, 1987 submittal, the erroneous FSAR statements are:

- (1) FSAR Section 2.1.1.2: "The plant property line...encompasses the approximately 2300 acres of property owned by Mississippi Power & Light Company."
- (2) FSAR Section 2.1.2.1: "MSE has ownership of the mineral rights, and there are no easements within the exclusion area."

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FSAR Section 2.1.1.2 is incorrect because MP&L sold the property which it originally owned to MSE (a co-applicant) in 1974. In 1977, MSE conveyed back to MP&L 52 acres for the GGNS switchyard. In 1980, SMEPA (another co-applicant) acquired a 10% ownership interest in a portion of the site property. FSAR Section 2.1.2.1 is incorrect because neither MP&L nor MSE has ever owned all the mineral rights within the exclusion area and SERI, MP&L, SMEPA and Claiborne County have certain easement rights within the exclusion area. At that time, approximately 50% of the mineral rights were owned by the licensees; now 89% of the mineral rights are owned by the licensees.

During December 1986 and January 1987, SERI investigated the origin of these two errors. SERI reviewed documents relevant to the preparation of these two sections of the FSAR and conducted interviews with employees who were involved in preparing these FSAR sections. These documents and interviews form the basis for SERI's conclusions. In addition, SERI reviewed transcripts of ASLB hearings, ACRS meetings and FSAR amendments to find any discussion or questions of property ownership, exclusion area control, and mineral rights ownership. These additional reviews yielded no significant information relevant to the conclusions of the investigation. SERI concluded that:

- (1) The error in FSAR Section 2.1.1.2 regarding ownership of surface area property originated in a corresponding section of the Environmental Report (ER) prepared by a consultant. The person responsible for this section believed MP&L was the owner of GGNS. FSAR Section 2.1.1.2 in this area was identical to ER Section 2.1.1.2. As the licensee controlling licensing activities at that time, MP&L was responsible for reviewing the FSAR for accuracy, but failed to find this error. SERI believes that the cause of the error was the practice of personnel within MP&L and of its contractors to use the names of the co-applicants interchangeably, without fully appreciating the legal distinction between the two entities. For the performance of their normal technical and administrative functions, the distinction had no substantial significance to MP&L personnel because MP&L was MSE's agent for design, construction, licensing and operation of GGNS.
- (2) The error in FSAR Section 2.1.2.1 regarding ownership of mineral rights originated in a draft of FSAR Section 2.1.2 which was sent to Bechtel by MP&L letter dated October 3, 1977. Review of the section by Bechtel and MP&L personnel failed to find the error. Based on interviews of licensing personnel who worked on this FSAR section, SERI believes the cause of the error was that the personnel responsible for drafting and reviewing this section thought that the applicants owned all the mineral rights as well as the surface rights of the GGNS property.

SERI is in the process of preparing a special update of the FSAR to correct and clarify FSAR statements regarding property and mineral rights ownership for the exclusion area. In its January 29, 1987 submittal, SERI identified the correct owners and provided its safety analysis of conformance to 10 CFR Part 100 requirements for control of activities within the exclusion area. The staff is currently reviewing the January 29, 1987 submittal and will complete its safety evaluation by April 30, 1987.

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I have reviewed the information provided by the licensees and by the staff regarding the FSAR errors concerning property ownership. Regarding the cause of the errors, I believe errors, were caused by inadequate preparation and review of these FSAR sections by persons not knowledgeable in property ownership. However, there is no basis for believing that there was a deliberate intent by the licensees to falsify the ownership of the exclusion area property or a careless disregard for the requirements in 10 CFR 100. Regarding the significance of the errors on licensing activities at the time they occurred, the first error is not significant because both MP&L and MSE were applicants.

Regarding the significance of the second error, the staff granted a temporary exemption to 10 CFR Part 100 and issued the requested amendments to the OL and CP after discovery of the correct ownership and it is likely that the staff's licensing action would have been similar, if the correct ownership of mineral rights had been known prior to issuing the Unit 1 OL; therefore, it would not have had a significant impact on licensing. The staff is evaluating conformance of GGNS to the requirements of 10 CFR Part 100 in light of the present ownership of mineral rights. There is no immediate safety significance in SERI's lack of complete ownership of the mineral rights in the exclusion area because mineral rights not owned by the licensees have never been exercised and according to the licensees' Geologist, there is little potential for production of minerals within the exclusion area. Furthermore, prior consent of SERI would be required for the exercising of mineral rights.

Based on SERI's responses in investigating and correcting these errors in the FSAR and in providing information regarding the ownership of mineral rights at GGNS for staff review, I conclude that this matter has received appropriate management attention. I also conclude that no special NRC action is warranted regarding this matter.

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