

POLICY ISSUE NOTATION VOTE

April 10, 2000

SECY-00-0081

FOR: The Commissioners

FROM: William D. Travers /RA/
Executive Director for Operations

SUBJECT: OCONEE NUCLEAR STATION, UNITS 1, 2, AND 3 - RENEWAL OF
FULL-POWER OPERATING LICENSE

PURPOSE:

To (1) inform the Commission of the results of the NRC staff's review of the Oconee Nuclear Station license renewal application submitted by Duke Energy Corporation and (2) request that the Commission authorize the Director of NRR to make the appropriate findings and renew the operating licenses for the Oconee Nuclear Station, Units 1, 2, and 3 for an additional 20 years.

BACKGROUND:

By letter dated July 6, 1998, Duke Energy Corporation (Duke) submitted its application to renew the operating licenses (Reference 1) for Oconee Nuclear Station, Units 1, 2, and 3 in accordance with 10 CFR Parts 51 and 54. In its submittal, Duke requested renewal of operating licenses DPR-38, DPR-47, and DPR-55, which were initially issued under Section 104b of the Atomic Energy Act, for a period of 20 years beyond the current license expiration dates of midnight, February 6, 2013 (for Unit 1); midnight, October 6, 2013 (for Unit 2); and midnight, July 19, 2014 (for Unit 3).

Contact:
Joseph Sebrosky, NRR
415-1132

DISCUSSION:

The staff performed its safety review of the Oconee Nuclear Station license renewal application in accordance with 10 CFR Part 54, using guidance in NRR Office Letter 805, "License Renewal Application Review Process," and the draft "Standard Review Plan for the Review of License Renewal Applications for Nuclear Power Plants," dated September 1997. NUREG-1723, "Safety Evaluation Report Related to the License Renewal of Oconee Nuclear Station, Units 1, 2, and 3" (Reference 2), describes the results of the staff's review of the scoping and screening, aging management programs, and time-limited aging analyses, in accordance with the requirements of 10 CFR Part 54.

The Oconee Nuclear Station renewal application included a supplement to the Updated Final Safety Analysis Report (UFSAR), as required by 10 CFR 54.21(d). Duke revised the UFSAR supplement in a letter dated March 27, 2000, which superseded the version that was contained in the application. The revised UFSAR supplement contains a summary description of the programs and activities for managing the effects of aging and the evaluation of the time-limited aging analysis for the period of extended operation. The staff has reviewed the UFSAR supplement dated March 27, 2000 and has found that it meets the requirements of 10 CFR 54.21(d). The attached proposed renewed licenses require that Duke include the UFSAR supplement in the update to the UFSAR scheduled for July 2001. Until the UFSAR update is complete, a condition in the proposed renewed licenses requires that any changes to the UFSAR supplement be made in accordance with 10 CFR 50.59. Since future changes to the UFSAR will be made in accordance with 10 CFR 50.59, the NRC is assured that these programs, maintenance activities, and inspection procedures will be adequately controlled.

The UFSAR supplement also identifies future actions. Throughout NUREG-1723, the staff has described various schedules for future actions. The staff has determined that the future actions are not required for operation during the existing license term; however, they are required to be completed before entering the period of extended operation to effectively manage aging. The proposed renewed licenses include license conditions for the completion of these future actions. Duke can change the schedules for these actions without prior NRC approval, so long as the actions are completed in accordance with the license condition.

On the basis of its safety evaluation, as described in NUREG-1723, the staff, as provided in 10 CFR 54.29, concludes that,

- (1) actions have been identified and have been or will be taken with respect to managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require an aging management review under 10 CFR 54.21(a)(1), and
- (2) actions have been identified and have been or will be taken with respect to time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c).

Accordingly, the staff finds that there is reasonable assurance that the activities authorized by the renewed license will continue to be conducted in accordance with the current licensing basis for Oconee Nuclear Station, Units 1, 2, and 3.

To support the review of Duke's license renewal application, Region II conducted three inspections at Oconee Nuclear Station with support from Region I and NRR. The inspections were conducted in accordance with Inspection Manual Chapter 2516, "Policy and Guidance for the License Renewal Inspection Programs"; and Inspection Procedure 71002, "License Renewal Inspection." As described in the memorandum from Luis A. Reyes, Regional Administrator NRC Region II, dated March 16, 2000 (Reference 3), the results of these three inspections verified that there is reasonable assurance that the contents of the application, aging management programs, implementation, and other activities related to license renewal for the Oconee Nuclear Station are in accordance with docketed commitments and regulatory requirements.

Following issuance of the safety evaluation report (SER) with open and confirmatory items on June 16, 1999 (Reference 4), the staff and representatives of Duke briefed the Advisory Committee on Reactor Safeguards (ACRS) Subcommittee on Plant License Renewal on June 30, and July 1, 1999, and the ACRS Full Committee on September 1, 1999, on the SER. On September 13, 1999, the ACRS issued its "Interim Letter Related to the License Renewal of Oconee Nuclear Station." In its interim letter, the ACRS noted the following:

Notwithstanding a number of open issues and confirmatory items yet to be resolved, Duke has developed and implemented adequate processes to identify structures, systems, and components (SSCs) at Oconee, Units 1, 2 and 3 that are subject to an aging management review and will be able to demonstrate that aging-induced degradation will be adequately managed during the period of extended operation.

Following resolution of the open and confirmatory items, the staff briefed the ACRS Subcommittee on Plant License Renewal on February 24, 2000, regarding resolution of these items. On March 2, 2000, the staff and representatives of Duke briefed the ACRS Full Committee. On March 13, 2000, the ACRS issued its recommendation, "Report on the Safety Aspects of the License Renewal Application for the Oconee Nuclear Station, Units 1, 2 and 3," on the basis of its review of the license renewal application and the SER. In its report (included in Chapter 5 of NUREG-1723, Reference 2), the ACRS concluded that Duke has properly identified the SSCs that are subject to aging management programs according to the requirements of 10 CFR Part 54; that possible aging mechanisms associated with passive, long-lived SSCs have been appropriately identified; and that the programs instituted to manage aging-related degradation of the identified SSCs are appropriate and provide reasonable assurance that Oconee Units 1, 2, and 3 can be operated in accordance with their current licensing basis for the period of the extended license without undue risk to the health and safety of the public.

The staff performed its environmental review of the Oconee Nuclear Station license renewal application in accordance with 10 CFR Part 51, using the guidelines described in a draft of the "Standard Review Plans for Environmental Reviews for Nuclear Power Plants, Supplement 1: Operating License Renewal," NUREG-1555, Supplement 1 (February 1999 prepublication copy). On September 14, 1998, the staff published a Notice of Intent (63 FR 50257-50258) to prepare an environmental impact statement (EIS) and conduct scoping, initiating a 60-day scoping period. The EIS, prepared by the staff for the plant-specific review, is a supplement to the Generic Environmental Impact Statement (GEIS), NUREG-1437, that was codified in 10 CFR Part 51 for license renewal; for the Oconee Nuclear Station, the EIS is Supplement 2 to

the GEIS (SEIS). Two public scoping meetings were held in October 1998 in Clemson, South Carolina. The staff also visited the Oconee Nuclear Station site in October 1998, reviewed the comments received during scoping, reviewed related documents, and consulted with Federal, State, and local agencies. On May 20, 1999, the staff issued a draft of the SEIS (Supplement 2 to NUREG-1437), which contained the preliminary results of the staff's evaluation and recommendation. With the publication of the Environmental Protection Agency Notice of Filing of the draft SEIS (64 FR 28843–28844, May 27, 1999), the NRC initiated a 75-day public comment period on the preliminary results of the staff's review. During this comment period, two public meetings were held in Clemson, South Carolina, in July 1999. In these meetings, the staff described the approach and results of the NRC environmental review and answered questions to give members of the public information to assist them in formulating their comments. The comment period for the draft SEIS ended on August 16, 1999.

The staff evaluated the comments received on the draft SEIS and completed its analysis, considering and weighing the environmental effects of the proposed action, the environmental impacts of alternatives to the proposed action, and the alternatives available for reducing or avoiding adverse effects. The final version of the SEIS regarding Oconee Nuclear Station was issued on December 9, 1999 (Reference 5). Disposition of the comments from members of the public are addressed in the SEIS. As discussed in Section 9.3 of the SEIS, the staff determined that, on the basis of (1) the analysis and findings in the "Generic Environmental Impact Statement for License Renewal of Nuclear Power Plants," NUREG-1437; (2) the Environmental Report submitted by Duke; (3) consultation with other Federal, State, and local agencies; (4) the staff's own independent review; and (5) the staff's consideration of public comments, the adverse environmental impacts of license renewal for Oconee Nuclear Station, Units 1, 2, and 3 are not so great that preserving the option of license renewal for energy planning decisionmakers would be unreasonable.

In accordance with 10 CFR 54.19(b), license renewal applications include "conforming changes to the standard indemnity agreement, 10 CFR 140.92, Appendix B, to account for the expiration term of the proposed renewed license." The staff intends to maintain the license numbers on issuance of the renewed license. Therefore, there is no need to make conforming changes to the indemnity agreement, and the requirements of 10 CFR 54.19(b) have been met.

The Chattooga River Watershed Coalition and Messrs. Norman "Buzz" Williams, William "Butch" Clay, and William Steven "W.S." Lesan (collectively referred to as the "Petitioners") requested a hearing and petitioned for leave to intervene in the proceeding on Duke's license renewal application for the Oconee Nuclear Station. On December 29, 1998, the Atomic Safety and Licensing Board (ASLB) affirmed the Petitioners' standing but denied the Petitioners intervention petition and dismissed the proceeding. The Petitioners appealed the ASLB's denial to the Commission, and the Commission upheld the ASLB's decision on April 15, 1999.

As a result of the staff's review of Duke's license renewal application, the staff recommends that the Commission authorize the Director of NRR to make the appropriate findings and, once he has made those findings, to issue renewed operating licenses for the Oconee Nuclear Station, Units 1, 2, and 3 for an additional 20 years of operation in accordance with the attached renewed licenses.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objections to its content. The Office of the Chief Financial Officer has reviewed this paper for resource implications and has no objections to its content.

RECOMMENDATION:

That the Commission:

1. Authorize the Director of NRR to renew the operating licenses for the Oconee Nuclear Station, Units 1, 2, and 3, upon making the appropriate findings on safety and environmental matters.
2. Note that the staff will make any necessary conforming changes to the renewed licenses as a result of any pending licensing actions while the Commission is considering the staff's recommendations.

/RA by Frank J. Miraglia Acting For/

William D. Travers
Executive Director
for Operations

Attachment: Renewed Licenses for Oconee Nuclear Station Units 1, 2, and 3

References:

1. "Oconee Nuclear Station, Units 1, 2, and 3 – Application for Renewed Operating Licenses," Accession Number 9807200136.
2. "NUREG-1723, Safety Evaluation Report Related to the License Renewal of Oconee Nuclear Station, Units 1, 2 and 3," dated March 2000, Accession Number ML003695154
3. Regional Administrator Letter on "Oconee Units 1, 2, and 3 License Renewal Application," Accession Number ML003692763.
4. "Safety Evaluation Report Related to the License Renewal of Oconee Nuclear Station, Units 1, 2 and 3," dated June 16, 1999, Accession Number 9906210071.
5. "Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 2, Regarding the Oconee Nuclear Station, Final Report," Accession Number ML003670518.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objections to its content. The Office of the Chief Financial Officer has reviewed this paper for resource implications and has no objections to its content.

RECOMMENDATION:

That the Commission:

2. Authorize the Director of NRR to renew the operating licenses for the Oconee Nuclear Station, Units 1, 2, and 3, upon making the appropriate findings on safety and environmental matters.
3. Note that the staff will make any necessary conforming changes to the renewed licenses as a result of any pending licensing actions while the Commission is considering the staff's recommendations.

/RA by Frank J. Miraglia Acting For/

William D. Travers
Executive Director
for Operations

Attachment: Renewed Licenses for Oconee Nuclear Station Units 1, 2, and 3
References:

1. "Oconee Nuclear Station, Units 1, 2, and 3 – Application for Renewed Operating Licenses," Accession Number 9807200136.
2. "NUREG-1723, Safety Evaluation Report Related to the License Renewal of Oconee Nuclear Station, Units 1, 2 and 3," dated March 2000, Accession Number ML003695154
3. Regional Administrator Letter on "Oconee Units 1, 2, and 3 License Renewal Application," Accession Number ML003692763.
4. "Safety Evaluation Report Related to the License Renewal of Oconee Nuclear Station, Units 1, 2 and 3," dated June 16, 1999, Accession Number 9906210071.
5. "Generic Environmental Impact Statement for License Renewal of Nuclear Plants, Supplement 2, Regarding the Oconee Nuclear Station, Final Report," Accession Number ML003670518.

Accession # ML003693303
Template SECY-012

*See previous concurrence

OFFICE	RLSB	Tech Ed	LA	C:RLSB	C:RGEB
NAME	J. Sebrosky	B. Calure	E. Hylton*	C. Grimes*	C. Carpenter*
DATE	/ /2000	03 /20 /2000	3/20/2000	3/20/2000	3/21/2000
OFFICE	D:DSSA	D:DE	D:DIPM	D:DRIP	ADIP
NAME	G. Holahan*	J. Strosnider*	B. Boger*	D. Matthews*	J. Johnson*
DATE	3/24/2000	3/26/2000	3/29/2000	3/30/2000	3/31/2000
OFFICE	OGC	D:NRR	CFO	EDO	
NAME	S. Burns*	S. Collins	J. Funches*	W. Travers	
DATE	04/04/2000	04/06/2000	04/04/2000	04/10/2000	

OFFICIAL RECORD COPY

DUKE ENERGY CORPORATION

DOCKET NO. 50-269

OCONEE NUCLEAR STATION, UNIT 1

RENEWED FACILITY OPERATING LICENSE

Renewed License No. DPR-38

The U.S. Nuclear Regulatory Commission (Commission), having previously made the findings set forth in License No. DPR-38 issued on February 6, 1973, has now found that:

- a. The application to renew License No. DPR-38 filed by Duke Energy Corporation (the licensee) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
- b. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by the renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the Oconee Nuclear Station, Unit 1 (facility or plant), and that any changes made to the plant's current licensing basis in order to comply with 10 CFR 54.29(a) are in accord with the Act and the Commission's regulations;
- c. There is reasonable assurance: (i) that the activities authorized by this renewed license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the applicable regulations set forth in 10 CFR Chapter I, except as exempted from compliance;
- d. The licensee has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements";
- e. The renewal of this license will not be inimical to the common defense and security or the health and safety of the public; and
- f. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs, and considering available alternatives, the renewal of this license is in accordance with 10 CFR Part 51 and all applicable requirements have been satisfied.

Attachment

On the basis of the foregoing findings regarding this facility, Facility Operating License No. DPR-38, issued on February 6, 1973, is superseded by Renewed Facility Operating License No. DPR-38, which is hereby issued to Duke Energy Corporation, to read as follows:

1. This license applies to the Oconee Nuclear Station, Unit 1, a pressurized water reactor and associated equipment (the facility) owned by the Duke Energy Corporation. The facility is located in eastern Oconee County, about eight miles northeast of Seneca, South Carolina, and is described in the "Updated Final Safety Analysis Report" (UFSAR) as supplemented and amended and the Environmental Report as supplemented and amended.
2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Duke Energy Corporation (the licensee):
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location on the Oconee Nuclear Station Site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Parts 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report as supplemented and amended;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess, and use at any time byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration and as fission detectors in amounts as required;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form for sample analysis or instrument and equipment calibration or associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the Oconee Nuclear Station, Units 1, 2 and 3.
3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I, Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50 and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:
 - A. Maximum Power Level

The licensee is authorized to operate the facility at steady state reactor core power levels not in excess of 2568 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. _____, are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. This license is subject to the following antitrust conditions:

Applicant makes the commitments contained herein, recognizing that bulk power supply arrangements between neighboring entities normally tend to serve the public interest. In addition, where there are net benefits to all participants, such arrangements also serve the best interests of each of the participants. Among the benefits of such transactions are increased electric system reliability, a reduction in the cost of electric power, and minimization of the environmental effects of the production and sale of electricity.

Any particular bulk power supply transaction may afford greater benefits to one participant than to another. The benefits realized by a small system may be proportionately greater than those realized by a larger system. The relative benefits to be derived by the parties from a proposed transaction, however, should not be controlling upon a decision with respect to the desirability of participating in the transaction. Accordingly, applicant will enter into proposed bulk power transactions of the types hereinafter described which, on balance, provide net benefits to applicant. There are net benefits in a transaction if applicant recovers the cost of the transaction (as defined in ¶1(d) hereof) and there is no demonstrable net detriment to applicant arising from that transaction.

1. As used herein:

- (a) "Bulk Power" means electric power and any attendant energy, supplied or made available at transmission or sub-transmission voltage by one electric system to another.
- (b) "Neighboring Entity" means a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or a lawful association of any of the foregoing owning or operating, or proposing to own or operate, facilities for the generation and transmission of electricity which meets each of the following criteria: (1) its existing or proposed facilities are economically and technically feasible of interconnection with those of the applicant and (2) with the exception of municipalities, cooperatives, governmental agencies or authorities, and associations, it is, or upon commencement of operations will be, a public utility and subject to regulation with respect to rates and service under the laws of North Carolina or South Carolina or under the Federal Power Act; provided, however, that as to associations, each member of such association is either a public utility as discussed in this clause (2) or a municipality, a cooperative or a governmental agency or authority.

- (c) Where the phrase "neighboring entity" is intended to include entities engaging or proposing to engage only in the distribution of electricity, this is indicated by adding the phrase "including distribution systems".
 - (d) "Cost" means any appropriate operating and maintenance expenses, together with all other costs, including a reasonable return on applicant's investment, which are reasonably allocable to a transaction. However, no value shall be included for loss of revenues due to the loss of any wholesale or retail customer as a result of any transaction hereafter described.
- 2.
- (a) Applicant will interconnect and coordinate reserves by means of the sale and exchange of emergency and scheduled maintenance bulk power with any neighboring entity(ies), when there are net benefits to each party, on terms that will provide for all of applicant's properly assignable costs as may be determined by the Federal Energy Regulatory Commission and consistent with such cost assignment will allow the other party the fullest possible benefits of such coordination.
 - (b) Emergency service and/or scheduled maintenance service to be provided by each party will be furnished to the fullest extent available from the supplying party and desired by the party in need. Applicant and each party will provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and, in accordance with recognized industry practice, from generation of others to the extent it can do so without impairing service to its customers, including other electric systems to whom it has firm commitments.
 - (c) Each party to a reserve coordination arrangement will establish its own reserve criteria, but in no event shall the minimum installed reserve on each system be less than 15%, calculated as a percentage of estimated peak load responsibility. Either party, if it has, or has firmly planned, installed reserves in excess of the amount called for by its own reserve criterion, will offer any such excess as may in fact be available at the time for which it is sought and for such period as the selling party shall determine for purchase in accordance with reasonable industry practice by the other party to meet such other party's own reserve requirement. The parties will provide such amounts of spinning reserve as may be adequate to avoid the imposition of unreasonable demands on the other party(ies) in meeting the normal contingencies of operating its (their) system(s). However, in no circumstances shall such spinning reserve requirement exceed the installed reserve requirement.

- (d) Interconnections will not be limited to low voltages when higher voltages are available from applicant's installed facilities in the area where interconnection is desired and when the proposed arrangement is found to be technically and economically feasible.
 - (e) Interconnection and reserve coordination agreements will not embody provisions which impose limitations upon the use or resale of power and energy sold or exchanges pursuant to the agreement. Further, such arrangements will not prohibit the participants from entering into other interconnection and coordination arrangements, but may include appropriate provisions to assure that (i) applicant receives adequate notice of such additional interconnection or coordination, (ii) the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) applicant will be fully compensated for its costs. Reasonable industry practice as developed in the area from time to time will satisfy this provision.
3. Applicant currently has on file, and may hereafter file, with the Federal Energy Regulatory Commission contracts with neighboring entity(ies) providing for the sale and exchange of short-term power and energy, limited term power and energy, economy energy, nondisplacement energy, and emergency capacity and energy. Applicant will enter into contracts providing for the same or for like transactions with any neighboring entity on terms which enable applicant to recover the full costs allocable to such transaction.
4. Applicant currently sells capacity and energy in bulk on a full requirements basis to several entities engaging in the distribution of electric power at retail. In addition, applicant supplies electricity directly to ultimate users in a number of municipalities. Should any such entity(ies) or municipality(ies) desire to become a neighboring entity as defined in ¶1(b) hereof (either alone or through combination with other), applicant will assist in facilitating the necessary transition through the sale of partial requirements firm power and energy. The provision of such firm partial requirements service shall be under such rates, terms and conditions as shall be found by the Federal Energy Regulatory Commission to provide for the recovery of applicant's costs. Applicant will sell capacity and energy in bulk on a full requirements basis to any municipality currently served by applicant when such municipality lawfully engages in the distribution of electric power at retail.
5. (a) Applicant will facilitate the exchange of electric power in bulk in wholesale transactions over its transmission facilities (1) between or among two or more neighboring entities, including distribution systems with which it is interconnected or may be interconnected in the future, and (2) between any such entity(ies) and any other electric system engaging in bulk power supply between whose facilities applicant's transmission lines and other transmission lines would form a continuous electric path, provided that permission to utilize such other transmission lines has been obtained. Such

transaction shall be undertaken provided that the particular transaction reasonably can be accommodated by applicant's transmission system from a functional and technical standpoint and does not constitute the wheeling of power to a retail customer. Such transmission shall be on terms that fully compensate applicant for its cost. Any entity(ies) requesting such transmission arrangements shall give reasonable notice of its (their) schedule and requirements.

- (b) Applicant will include in its planning and construction program, sufficient transmission capacity as required for the transactions referred to in subparagraph (a) of this paragraph, provided that (1) the neighboring entity(ies) gives applicant sufficient advance notice as may be necessary reasonably to accommodate its (their) requirements from a functional and technical standpoint and (2) that such entity(ies) fully compensates applicant for its cost. In carrying out this subparagraph (b), however, applicant shall not be required to construct or add transmission facilities which (a) will be of no demonstrable present or future benefit to applicant, or (b) which could be constructed by the requesting entity(ies) without duplicating any portion of applicant's existing transmission lines, or (c) which would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements. Where regulatory or environmental approvals are required for the construction or addition of transmission facilities, needed for the transactions referred to in subparagraph (a) of this paragraph, it shall be the responsibility of the entity(ies) seeking the transaction to participate in obtaining such approvals, including sharing in the cost thereof.
- 6. To increase the possibility of achieving greater reliability and economy of electric generation and transmission facilities, applicant will discuss load projections and system development plans with any neighboring entity(ies)
 - 7. When applicant's plans for future nuclear generating units (for which application will hereafter be made to the Nuclear Regulatory Commission) have reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear units, applicant will notify all neighboring entities, including distribution systems with peak loads smaller than applicant's, that applicant plans to construct such nuclear units. Neither the timing nor the information provided need be such as to jeopardize obtaining the required site at the lowest possible cost.
 - 8. The foregoing commitments shall be implemented in a manner consistent with the provisions of the Federal Power Act and all other lawful local, state and Federal regulation and authority. Nothing in these commitments is intended to determine in advance the resolution of issues which are properly raised at the Federal Energy Regulatory Commission concerning such commitments, including allocation of costs or the rates to be charged. Applicant will negotiate (including the execution of a

contingent statement of intent) with respect to the foregoing commitments with any neighboring entity including distribution systems where applicable engaging in or proposing to engage in bulk power supply transactions, but applicant shall not be required to enter into any final arrangement prior to resolution of any substantial questions as to the lawful authority of an entity to engage in the transactions. In addition, applicant shall not be obligated to enter into a given bulk power supply transaction if: (1) to do so would violate, or incapacitate it from performing any existing lawful contract it has with a third party; (2) there is contemporaneously available to it, a competing or alternative arrangement which affords it greater benefits which would be mutually exclusive of such arrangement; (3) to do so would adversely affect its system operations or the reliability of power supply to its customers; or (4) if to do so would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements.

D. Fire Protection

Duke Energy Corporation shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER's dated August 11, 1978, and April 28, 1983; October 5, 1978, and June 9, 1981 Supplements to the SER dated August 11, 1978; and Exemptions dated February 2, 1982; August 31, 1983; December 27, 1984; December 5, 1988; and August 21, 1989 subject to the following provision:

The licensee may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

E. Physical Protection

Duke Energy Corporation shall fully implement and maintain in effect all provisions of the Commission-approved nuclear security and contingency and guard training and qualification plans, including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plan that contains Safeguards Information protected under 10 CFR 73.21 is entitled: "Nuclear Security and Contingency Plan," with revisions submitted through April 26, 1999. The plan that does not contain safeguards information is entitled, "Nuclear Security Training and Qualification Plan," with revisions submitted through August 18, 1999. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- F. In the update to the UFSAR required pursuant to 10 CFR 50.71(e)(4) scheduled for July, 2001, the licensee shall update the UFSAR to include the UFSAR supplement submitted pursuant to 10 CFR 54.21(d) as revised on March 27, 2000. Until the UFSAR update is complete, the licensee may make changes to the programs described in its UFSAR supplement without prior

Commission approval, provided that the licensee evaluates each such change pursuant to the criteria set forth in 10 CFR 50.59 and otherwise complies with the requirements in that section.

- G. The licensee's UFSAR supplement submitted pursuant to 10 CFR 54.21(d), as revised on March 27, 2000, describes certain future inspection activities to be completed before the period of extended operation. The licensee shall complete these activities no later than February 6, 2013.
4. This renewed license is effective as of the date of issuance and shall expire at midnight on February 6, 2033.

FOR THE NUCLEAR REGULATORY COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment:

- 1) Appendix A - Technical Specifications Renewed License No. DPR-38

Date of Issuance:

DUKE ENERGY CORPORATION

DOCKET NO. 50-270

OCONEE NUCLEAR STATION, UNIT 2

RENEWED FACILITY OPERATING LICENSE

Renewed License No. DPR-47

The U.S. Nuclear Regulatory Commission (Commission), having previously made the findings set forth in License No. DPR-47 issued on October 6, 1973, has now found that:

- a. The application to renew License No. DPR-47 filed by Duke Energy Corporation (the licensee) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
- b. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by the renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the Oconee Nuclear Station, Unit 2 (facility or plant), and that any changes made to the plant's current licensing basis in order to comply with 10 CFR 54.29(a) are in accord with the Act and the Commission's regulations;
- c. There is reasonable assurance: (i) that the activities authorized by this renewed license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the applicable regulations set forth in 10 CFR Chapter I, except as exempted from compliance;
- d. The licensee has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements";
- e. The renewal of this license will not be inimical to the common defense and security or the health and safety of the public; and
- f. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs, and considering available alternatives, the renewal of this license is in accordance with 10 CFR Part 51 and all applicable requirements have been satisfied.

On the basis of the foregoing findings regarding this facility, Facility Operating License No. DPR-47, issued on October 6, 1973, is superseded by Renewed Facility Operating License No. DPR-47, which is hereby issued to Duke Energy Corporation, to read as follows:

1. This license applies to the Oconee Nuclear Station, Unit 2, a pressurized water reactor and associated equipment (the facility) owned by the Duke Energy Corporation. The facility is located in eastern Oconee County, about eight miles northeast of Seneca, South Carolina, and is described in the "Updated Final Safety Analysis Report" (UFSAR) as supplemented and amended and the Environmental Report as supplemented and amended.
2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Duke Energy Corporation (the licensee):
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location on the Oconee Nuclear Station Site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Parts 70, to receive, possess, and use at any time special nuclear material as reactor fuel in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report as supplemented and amended;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess, and use at any time byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration and as fission detectors in amounts as required;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form for sample analysis or instrument and equipment calibration or associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the Oconee Nuclear Station, Units 1, 2 and 3.
3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I, Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50 and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:
 - A. Maximum Power Level

The licensee is authorized to operate the facility at steady state reactor core power levels not in excess of 2568 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. _____, are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. This license is subject to the following antitrust conditions:

Applicant makes the commitments contained herein, recognizing that bulk power supply arrangements between neighboring entities normally tend to serve the public interest. In addition, where there are net benefits to all participants, such arrangements also serve the best interests of each of the participants. Among the benefits of such transactions are increased electric system reliability, a reduction in the cost of electric power, and minimization of the environmental effects of the production and sale of electricity.

Any particular bulk power supply transaction may afford greater benefits to one participant than to another. The benefits realized by a small system may be proportionately greater than those realized by a larger system. The relative benefits to be derived by the parties from a proposed transaction, however, should not be controlling upon a decision with respect to the desirability of participating in the transaction. Accordingly, applicant will enter into proposed bulk power transactions of the types hereinafter described which, on balance, provide net benefits to applicant. There are net benefits in a transaction if applicant recovers the cost of the transaction (as defined in ¶1(d) hereof) and there is no demonstrable net detriment to applicant arising from that transaction.

1. As used herein:

- (a) "Bulk Power" means electric power and any attendant energy, supplied or made available at transmission or sub-transmission voltage by one electric system to another.
- (b) "Neighboring Entity" means a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or a lawful association of any of the foregoing owning or operating, or proposing to own or operate, facilities for the generation and transmission of electricity which meets each of the following criteria: (1) its existing or proposed facilities are economically and technically feasible of interconnection with those of the applicant and (2) with the exception of municipalities, cooperatives, governmental agencies or authorities, and associations, it is, or upon commencement of operations will be, a public utility and subject to regulation with respect to rates and service under the laws of North Carolina or South Carolina or under the Federal Power Act; provided, however, that as to associations, each member of such association is either a public utility as discussed in this clause (2) or a municipality, a cooperative or a governmental agency or authority.

- (c) Where the phrase "neighboring entity" is intended to include entities engaging or proposing to engage only in the distribution of electricity, this is indicated by adding the phrase "including distribution systems".
 - (d) "Cost" means any appropriate operating and maintenance expenses, together with all other costs, including a reasonable return on applicant's investment, which are reasonably allocable to a transaction. However, no value shall be included for loss of revenues due to the loss of any wholesale or retail customer as a result of any transaction hereafter described.
- 2.
- (a) Applicant will interconnect and coordinate reserves by means of the sale and exchange of emergency and scheduled maintenance bulk power with any neighboring entity(ies), when there are net benefits to each party, on terms that will provide for all of applicant's properly assignable costs as may be determined by the Federal Energy Regulatory Commission and consistent with such cost assignment will allow the other party the fullest possible benefits of such coordination.
 - (b) Emergency service and/or scheduled maintenance service to be provided by each party will be furnished to the fullest extent available from the supplying party and desired by the party in need. Applicant and each party will provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and, in accordance with recognized industry practice, from generation of others to the extent it can do so without impairing service to its customers, including other electric systems to whom it has firm commitments.
 - (c) Each party to a reserve coordination arrangement will establish its own reserve criteria, but in no event shall the minimum installed reserve on each system be less than 15%, calculated as a percentage of estimated peak load responsibility. Either party, if it has, or has firmly planned, installed reserves in excess of the amount called for by its own reserve criterion, will offer any such excess as may in fact be available at the time for which it is sought and for such period as the selling party shall determine for purchase in accordance with reasonable industry practice by the other party to meet such other party's own reserve requirement. The parties will provide such amounts of spinning reserve as may be adequate to avoid the imposition of unreasonable demands on the other party(ies) in meeting the normal contingencies of operating its (their) system(s). However, in no circumstances shall such spinning reserve requirement exceed the installed reserve requirement.
 - (d) Interconnections will not be limited to low voltages when higher voltages are available from applicant's installed facilities in the area where interconnection is desired and when the proposed arrangement is found to be technically and economically feasible.

- (e) Interconnection and reserve coordination agreements will not embody provisions which impose limitations upon the use or resale of power and energy sold or exchanges pursuant to the agreement. Further, such arrangements will not prohibit the participants from entering into other interconnection and coordination arrangements, but may include appropriate provisions to assure that (i) applicant receives adequate notice of such additional interconnection or coordination, (ii) the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) applicant will be fully compensated for its costs. Reasonable industry practice as developed in the area from time to time will satisfy this provision.
- 3. Applicant currently has on file, and may hereafter file, with the Federal Energy Regulatory Commission contracts with neighboring entity(ies) providing for the sale and exchange of short-term power and energy, limited term power and energy, economy energy, nondisplacement energy, and emergency capacity and energy. Applicant will enter into contracts providing for the same or for like transactions with any neighboring entity on terms which enable applicant to recover the full costs allocable to such transaction.
- 4. Applicant currently sells capacity and energy in bulk on a full requirements basis to several entities engaging in the distribution of electric power at retail. In addition, applicant supplies electricity directly to ultimate users in a number of municipalities. Should any such entity(ies) or municipality(ies) desire to become a neighboring entity as defined in ¶1(b) hereof (either alone or through combination with other), applicant will assist in facilitating the necessary transition through the sale of partial requirements firm power and energy. The provision of such firm partial requirements service shall be under such rates, terms and conditions as shall be found by the Federal Energy Regulatory Commission to provide for the recovery of applicant's costs. Applicant will sell capacity and energy in bulk on a full requirements basis to any municipality currently served by applicant when such municipality lawfully engages in the distribution of electric power at retail.
- 5. (a) Applicant will facilitate the exchange of electric power in bulk in wholesale transactions over its transmission facilities (1) between or among two or more neighboring entities, including distribution systems with which it is interconnected or may be interconnected in the future, and (2) between any such entity(ies) and any other electric system engaging in bulk power supply between whose facilities applicant's transmission lines and other transmission lines would form a continuous electric path, provided that permission to utilize such other transmission lines has been obtained. Such transaction shall be undertaken provided that the particular transaction reasonably can be accommodated by applicant's transmission system from a functional and technical standpoint and does not constitute the wheeling of power to a retail customer. Such transmission shall be on terms that fully compensate applicant

for its cost. Any entity(ies) requesting such transmission arrangements shall give reasonable notice of its (their) schedule and requirements.

- (b) Applicant will include in its planning and construction program, sufficient transmission capacity as required for the transactions referred to in subparagraph (a) of this paragraph, provided that (1) the neighboring entity(ies) gives applicant sufficient advance notice as may be necessary reasonably to accommodate its (their) requirements from a functional and technical standpoint and (2) that such entity(ies) fully compensates applicant for its cost. In carrying out this subparagraph (b), however, applicant shall not be required to construct or add transmission facilities which (a) will be of no demonstrable present or future benefit to applicant, or (b) which could be constructed by the requesting entity(ies) without duplicating any portion of applicant's existing transmission lines, or (c) which would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements. Where regulatory or environmental approvals are required for the construction or addition of transmission facilities, needed for the transactions referred to in subparagraph (a) of this paragraph, it shall be the responsibility of the entity(ies) seeking the transaction to participate in obtaining such approvals, including sharing in the cost thereof.
- 6. To increase the possibility of achieving greater reliability and economy of electric generation and transmission facilities, applicant will discuss load projections and system development plans with any neighboring entity(ies)
 - 7. When applicant's plans for future nuclear generating units (for which application will hereafter be made to the Nuclear Regulatory Commission) have reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear units, applicant will notify all neighboring entities, including distribution systems with peak loads smaller than applicant's, that applicant plans to construct such nuclear units. Neither the timing nor the information provided need be such as to jeopardize obtaining the required site at the lowest possible cost.
 - 8. The foregoing commitments shall be implemented in a manner consistent with the provisions of the Federal Power Act and all other lawful local, state and Federal regulation and authority. Nothing in these commitments is intended to determine in advance the resolution of issues which are properly raised at the Federal Energy Regulatory Commission concerning such commitments, including allocation of costs or the rates to be charged. Applicant will negotiate (including the execution of a contingent statement of intent) with respect to the foregoing commitments with any neighboring entity including distribution systems where applicable engaging in or proposing to engage in bulk power supply transactions, but applicant shall not be required to enter into any final arrangement prior to resolution of any substantial questions as to the

lawful authority of an entity to engage in the transactions. In addition, applicant shall not be obligated to enter into a given bulk power supply transaction if: (1) to do so would violate, or incapacitate it from performing any existing lawful contract it has with a third party; (2) there is contemporaneously available to it, a competing or alternative arrangement which affords it greater benefits which would be mutually exclusive of such arrangement; (3) to do so would adversely affect its system operations or the reliability of power supply to its customers; or (4) if to do so would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements.

D. Fire Protection

Duke Energy Corporation shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER's dated August 11, 1978, and April 28, 1983; October 5, 1978, and June 9, 1981 Supplements to the SER dated August 11, 1978; and Exemptions dated February 2, 1982; August 31, 1983; December 27, 1984; December 5, 1988; and August 21, 1989 subject to the following provision:

The licensee may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

E. Physical Protection

Duke Energy Corporation shall fully implement and maintain in effect all provisions of the Commission-approved nuclear security and contingency and guard training and qualification plans, including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plan that contains Safeguards Information protected under 10 CFR 73.21 is entitled: "Nuclear Security and Contingency Plan," with revisions submitted through April 26, 1999. The plan that does not contain safeguards information is entitled, "Nuclear Security Training and Qualification Plan," with revisions submitted through August 18, 1999. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- F. In the update to the UFSAR required pursuant to 10 CFR 50.71(e)(4) scheduled for July, 2001, the licensee shall update the UFSAR to include the UFSAR supplement submitted pursuant to 10 CFR 54.21(d) as revised on March 27, 2000. Until the UFSAR update is complete, the licensee may make changes to the programs described in its UFSAR supplement without prior Commission approval, provided that the licensee evaluates each such change pursuant to the criteria set forth in 10 CFR 50.59 and otherwise complies with the requirements in that section.

- G. The licensee's UFSAR supplement submitted pursuant to 10 CFR 54.21(d), as revised on March 27, 2000, describes certain future inspection activities to be completed before the period of extended operation. The licensee shall complete these activities no later than February 6, 2013.

- 4. This renewed license is effective as of the date of issuance and shall expire at midnight on October 6, 2033.

FOR THE NUCLEAR REGULATORY COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment:

- 1) Appendix A - Technical Specifications Renewed License No. DPR-47

Date of issuance:

DUKE ENERGY CORPORATION

DOCKET NO. 50-287

OCONEE NUCLEAR STATION, UNIT 3

RENEWED FACILITY OPERATING LICENSE

Renewed License No. DPR-55

The U.S. Nuclear Regulatory Commission (Commission), having previously made the findings set forth in License No. DPR-55 issued on July 19, 1974, has now found that:

- a. The application to renew License No. DPR-55 filed by Duke Energy Corporation (the licensee) complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I, and all required notifications to other agencies or bodies have been duly made;
- b. Actions have been identified and have been or will be taken with respect to (1) managing the effects of aging during the period of extended operation on the functionality of structures and components that have been identified to require review under 10 CFR 54.21(a)(1), and (2) time-limited aging analyses that have been identified to require review under 10 CFR 54.21(c), such that there is reasonable assurance that the activities authorized by the renewed license will continue to be conducted in accordance with the current licensing basis, as defined in 10 CFR 54.3, for the Oconee Nuclear Station, Unit 3 (facility or plant), and that any changes made to the plant's current licensing basis in order to comply with 10 CFR 54.29(a) are in accord with the Act and the Commission's regulations;
- c. There is reasonable assurance: (i) that the activities authorized by this renewed license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the applicable regulations set forth in 10 CFR Chapter I, except as exempted from compliance;
- d. The licensee has satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements";
- e. The renewal of this license will not be inimical to the common defense and security or the health and safety of the public; and
- f. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs, and considering available alternatives, the renewal of this license is in accordance with 10 CFR Part 51 and all applicable requirements have been satisfied.

On the basis of the foregoing findings regarding this facility, Facility Operating License No. DPR-55, issued on July 19, 1974, is superseded by Renewed Facility Operating License No. DPR-55, which is hereby issued to Duke Energy Corporation, to read as follows:

1. This license applies to the Oconee Nuclear Station, Unit 3, a pressurized water reactor and associated equipment (the facility) owned by the Duke Energy Corporation. The facility is located in eastern Oconee County, about eight miles northeast of Seneca, South Carolina, and is described in the "Updated Final Safety Analysis Report" (UFSAR) as supplemented and amended and the Environmental Report as supplemented and amended.
2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Duke Energy Corporation (the licensee):
 - A. Pursuant to Section 104b of the Act and 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," to possess, use, and operate the facility at the designated location on the Oconee Nuclear Station Site in accordance with the procedures and limitations set forth in this license;
 - B. Pursuant to the Act and 10 CFR Parts 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report as supplemented and amended;
 - C. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess, and use at any time byproduct, source, and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration and as fission detectors in amounts as required;
 - D. Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form for sample analysis or instrument and equipment calibration or associated with radioactive apparatus or components;
 - E. Pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the Oconee Nuclear Station, Units 1, 2 and 3.
3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations in 10 CFR Chapter I, Part 20, Section 30.34 of Part 30, Section 40.41 of Part 40, Sections 50.54 and 50.59 of Part 50 and Section 70.32 of Part 70; is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified or incorporated below:
 - A. Maximum Power Level

The licensee is authorized to operate the facility at steady state reactor core power levels not in excess of 2568 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. _____, are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. This license is subject to the following antitrust conditions:

Applicant makes the commitments contained herein, recognizing that bulk power supply arrangements between neighboring entities normally tend to serve the public interest. In addition, where there are net benefits to all participants, such arrangements also serve the best interests of each of the participants. Among the benefits of such transactions are increased electric system reliability, a reduction in the cost of electric power, and minimization of the environmental effects of the production and sale of electricity.

Any particular bulk power supply transaction may afford greater benefits to one participant than to another. The benefits realized by a small system may be proportionately greater than those realized by a larger system. The relative benefits to be derived by the parties from a proposed transaction, however, should not be controlling upon a decision with respect to the desirability of participating in the transaction. Accordingly, applicant will enter into proposed bulk power transactions of the types hereinafter described which, on balance, provide net benefits to applicant. There are net benefits in a transaction if applicant recovers the cost of the transaction (as defined in ¶1(d) hereof) and there is no demonstrable net detriment to applicant arising from that transaction.

1. As used herein:

- (a) "Bulk Power" means electric power and any attendant energy, supplied or made available at transmission or sub-transmission voltage by one electric system to another.
- (b) "Neighboring Entity" means a private or public corporation, a governmental agency or authority, a municipality, a cooperative, or a lawful association of any of the foregoing owning or operating, or proposing to own or operate, facilities for the generation and transmission of electricity which meets each of the following criteria: (1) its existing or proposed facilities are economically and technically feasible of interconnection with those of the applicant and (2) with the exception of municipalities, cooperatives, governmental agencies or authorities, and associations, it is, or upon commencement of operations will be, a public utility and subject to regulation with respect to rates and service under the laws of North Carolina or South Carolina or under the Federal Power Act; provided, however, that as to associations, each member of such association is either a public utility as discussed in this clause (2) or a municipality, a cooperative or a governmental agency or authority.

- (c) Where the phrase "neighboring entity" is intended to include entities engaging or proposing to engage only in the distribution of electricity, this is indicated by adding the phrase "including distribution systems".
 - (d) "Cost" means any appropriate operating and maintenance expenses, together with all other costs, including a reasonable return on applicant's investment, which are reasonably allocable to a transaction. However, no value shall be included for loss of revenues due to the loss of any wholesale or retail customer as a result of any transaction hereafter described.
- 2.
- (a) Applicant will interconnect and coordinate reserves by means of the sale and exchange of emergency and scheduled maintenance bulk power with any neighboring entity(ies), when there are net benefits to each party, on terms that will provide for all of applicant's properly assignable costs as may be determined by the Federal Energy Regulatory Commission and consistent with such cost assignment will allow the other party the fullest possible benefits of such coordination.
 - (b) Emergency service and/or scheduled maintenance service to be provided by each party will be furnished to the fullest extent available from the supplying party and desired by the party in need. Applicant and each party will provide to the other emergency service and/or scheduled maintenance service if and when available from its own generation and, in accordance with recognized industry practice, from generation of others to the extent it can do so without impairing service to its customers, including other electric systems to whom it has firm commitments.
 - (c) Each party to a reserve coordination arrangement will establish its own reserve criteria, but in no event shall the minimum installed reserve on each system be less than 15%, calculated as a percentage of estimated peak load responsibility. Either party, if it has, or has firmly planned, installed reserves in excess of the amount called for by its own reserve criterion, will offer any such excess as may in fact be available at the time for which it is sought and for such period as the selling party shall determine for purchase in accordance with reasonable industry practice by the other party to meet such other party's own reserve requirement. The parties will provide such amounts of spinning reserve as may be adequate to avoid the imposition of unreasonable demands on the other party(ies) in meeting the normal contingencies of operating its (their) system(s). However, in no circumstances shall such spinning reserve requirement exceed the installed reserve requirement.

- (d) Interconnections will not be limited to low voltages when higher voltages are available from applicant's installed facilities in the area where interconnection is desired and when the proposed arrangement is found to be technically and economically feasible.
 - (e) Interconnection and reserve coordination agreements will not embody provisions which impose limitations upon the use or resale of power and energy sold or exchanges pursuant to the agreement. Further, such arrangements will not prohibit the participants from entering into other interconnection and coordination arrangements, but may include appropriate provisions to assure that (i) applicant receives adequate notice of such additional interconnection or coordination, (ii) the parties will jointly consider and agree upon such measures, if any, as are reasonably necessary to protect the reliability of the interconnected systems and to prevent undue burdens from being imposed on any system, and (iii) applicant will be fully compensated for its costs. Reasonable industry practice as developed in the area from time to time will satisfy this provision.
3. Applicant currently has on file, and may hereafter file, with the Federal Energy Regulatory Commission contracts with neighboring entity(ies) providing for the sale and exchange of short-term power and energy, limited term power and energy, economy energy, nondisplacement energy, and emergency capacity and energy. Applicant will enter into contracts providing for the same or for like transactions with any neighboring entity on terms which enable applicant to recover the full costs allocable to such transaction.
4. Applicant currently sells capacity and energy in bulk on a full requirements basis to several entities engaging in the distribution of electric power at retail. In addition, applicant supplies electricity directly to ultimate users in a number of municipalities. Should any such entity(ies) or municipality(ies) desire to become a neighboring entity as defined in ¶1(b) hereof (either alone or through combination with other), applicant will assist in facilitating the necessary transition through the sale of partial requirements firm power and energy. The provision of such firm partial requirements service shall be under such rates, terms and conditions as shall be found by the Federal Energy Regulatory Commission to provide for the recovery of applicant's costs. Applicant will sell capacity and energy in bulk on a full requirements basis to any municipality currently served by applicant when such municipality lawfully engages in the distribution of electric power at retail.
5. (a) Applicant will facilitate the exchange of electric power in bulk in wholesale transactions over its transmission facilities (1) between or among two or more neighboring entities, including distribution systems with which it is interconnected or may be interconnected in the future, and (2) between any such entity(ies) and any other electric system engaging in bulk power supply between whose facilities applicant's transmission lines and other transmission lines would form a continuous electric path, provided that permission to utilize such other transmission lines has been obtained. Such

transaction shall be undertaken provided that the particular transaction reasonably can be accommodated by applicant's transmission system from a functional and technical standpoint and does not constitute the wheeling of power to a retail customer. Such transmission shall be on terms that fully compensate applicant for its cost. Any entity(ies) requesting such transmission arrangements shall give reasonable notice of its (their) schedule and requirements.

- (b) Applicant will include in its planning and construction program, sufficient transmission capacity as required for the transactions referred to in subparagraph (a) of this paragraph, provided that (1) the neighboring entity(ies) gives applicant sufficient advance notice as may be necessary reasonably to accommodate its (their) requirements from a functional and technical standpoint and (2) that such entity(ies) fully compensates applicant for its cost. In carrying out this subparagraph (b), however, applicant shall not be required to construct or add transmission facilities which (a) will be of no demonstrable present or future benefit to applicant, or (b) which could be constructed by the requesting entity(ies) without duplicating any portion of applicant's existing transmission lines, or (c) which would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements. Where regulatory or environmental approvals are required for the construction or addition of transmission facilities, needed for the transactions referred to in subparagraph (a) of this paragraph, it shall be the responsibility of the entity(ies) seeking the transaction to participate in obtaining such approvals, including sharing in the cost thereof.
- 6. To increase the possibility of achieving greater reliability and economy of electric generation and transmission facilities, applicant will discuss load projections and system development plans with any neighboring entity(ies)
 - 7. When applicant's plans for future nuclear generating units (for which application will hereafter be made to the Nuclear Regulatory Commission) have reached the stage of serious planning, but before firm decisions have been made as to the size and desired completion date of the proposed nuclear units, applicant will notify all neighboring entities, including distribution systems with peak loads smaller than applicant's, that applicant plans to construct such nuclear units. Neither the timing nor the information provided need be such as to jeopardize obtaining the required site at the lowest possible cost.
 - 8. The foregoing commitments shall be implemented in a manner consistent with the provisions of the Federal Power Act and all other lawful local, state and Federal regulation and authority. Nothing in these commitments is intended to determine in advance the resolution of issues which are properly raised at the Federal Energy Regulatory Commission concerning such commitments, including allocation of costs or the rates to be charged. Applicant will negotiate (including the execution of a

contingent statement of intent) with respect to the foregoing commitments with any neighboring entity including distribution systems where applicable engaging in or proposing to engage in bulk power supply transactions, but applicant shall not be required to enter into any final arrangement prior to resolution of any substantial questions as to the lawful authority of an entity to engage in the transactions. In addition, applicant shall not be obligated to enter into a given bulk power supply transaction if: (1) to do so would violate, or incapacitate it from performing any existing lawful contract it has with a third party; (2) there is contemporaneously available to it, a competing or alternative arrangement which affords it greater benefits which would be mutually exclusive of such arrangement; (3) to do so would adversely affect its system operations or the reliability of power supply to its customers; or (4) if to do so would jeopardize applicant's ability to finance or construct on reasonable terms facilities needed to meet its own anticipated system requirements.

D. Fire Protection

Duke Energy Corporation shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER's dated August 11, 1978, and April 28, 1983; October 5, 1978, and June 9, 1981 Supplements to the SER dated August 11, 1978; and Exemptions dated February 2, 1982; August 31, 1983; December 27, 1984; December 5, 1988; and August 21, 1989 subject to the following provision:

The licensee may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

E. Physical Protection

Duke Energy Corporation shall fully implement and maintain in effect all provisions of the Commission-approved nuclear security and contingency, and guard training and qualification plans, including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10 CFR 73.55 (51 FR 27817 and 27822) and to the authority of 10 CFR 50.90 and 10 CFR 50.54(p). The plan that contains Safeguards Information protected under 10 CFR 73.21 is entitled: "Nuclear Security and Contingency Plan," with revisions submitted through April 26, 1999. The plan that does not contain safeguards information is entitled, "Nuclear Security Training and Qualification Plan," with revisions submitted through August 18, 1999. Changes made in accordance with 10 CFR 73.55 shall be implemented in accordance with the schedule set forth therein.

- F. In the update to the UFSAR required pursuant to 10 CFR 50.71(e)(4) scheduled for July, 2001, the licensee shall update the UFSAR to include the UFSAR supplement submitted pursuant to 10 CFR 54.21(d) as revised on March 27, 2000. Until the UFSAR update is complete, the licensee may make changes to the programs described in its UFSAR supplement without prior

Commission approval, provided that the licensee evaluates each such change pursuant to the criteria set forth in 10 CFR 50.59 and otherwise complies with the requirements in that section.

- G. The licensee's UFSAR supplement submitted pursuant to 10 CFR 54.21(d), as revised on March 27, 2000, describes certain future inspection activities to be completed before the period of extended operation. The licensee shall complete these activities no later than February 6, 2013.
4. This renewed license is effective as of the date of issuance and shall expire at midnight on July 19, 2034.

FOR THE NUCLEAR REGULATORY COMMISSION

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

Attachment:

- 1) Appendix A - Technical Specifications Renewed License No. DPR-55

Date of issuance: