



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

August 30, 2018

Mr. George A. Lippard, III
Vice President, Nuclear Operations
South Carolina Electric & Gas Company
Virgil C. Summer Nuclear Station
P.O. Box 88, Mail Code 800
Jenkinsville, SC 29065

**SUBJECT: VIRGIL C. SUMMER NUCLEAR STATION – TRANSMITTAL LETTER AND
SAFETY EVALUATION RELATED TO THE ORDER APPROVING INDIRECT
TRANSFER OF LICENSES FOR UNITS 1, 2, AND 3, AND THE INDEPENDENT
SPENT FUEL STORAGE INSTALLATION (EPID L-2018-LLM-0000)**

Dear Mr. Lippard:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of your application dated January 25, 2018, requesting approval of the indirect transfer of control of Renewed Facility Operating License No. NPF-12 and Combined License (COL) Nos. NPF-93 and NPF-94 for Virgil C. Summer Nuclear Station (VCSNS), Units 1, 2, and 3, respectively, and the general license for the Independent Spent Fuel Storage Installation (ISFSI). By your letter, you indicated that this approval was requested due to the proposed merger transaction involving Dominion Energy, Inc., and SCANA Corporation, the parent company of South Carolina Electric and Gas Company (SCE&G).

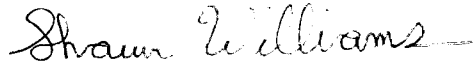
The enclosed Orders approve the proposed indirect ownership transfer of VCSNS Units 1, 2, and 3, and the ISFSI pursuant to Section 50.80 of Title 10 of the *Code of Federal Regulations*.

G. Lippard

- 2 -

A copy of the related Safety Evaluation is enclosed. The Orders have been forwarded to the Office of the *Federal Register* for publication.

Sincerely,

A handwritten signature in cursive script that reads "Shawn Williams".

Shawn A. Williams, Senior Project Manager
Plant Licensing Branch II-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket Nos. 50-395, 52-027, 52-028, 72-1038

Enclosures:

1. Order VCSNS Unit 1 and ISFSI
2. Order VCSNS Unit 2 and 3
3. Safety Evaluation

cc: Listserv

ENCLOSURE 1

ORDER APPROVING APPLICATION REGARDING
INDIRECT TRANSFER OF LICENSES RELATED TO
VIRGIL C. SUMMER, UNIT 1, AND
THE INDEPENDENT SPENT FUEL STORAGE INSTALLATION

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
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)	
SCANA CORPORATION)	Docket Nos. 50-395, 72-1038
)	
SOUTH CAROLINA ELECTRIC)	Renewed Facility Operating
& GAS COMPANY)	License No. NPF-12; and,
)	General License for the Independent
DOMINION ENERGY, INC.)	Spent Fuel Storage Installation
)	
Virgil C. Summer Nuclear Station,)	
Unit No. 1, and Independent)	
Spent Fuel Storage Installation)	

ORDER APPROVING INDIRECT TRANSFER OF LICENSES

I.

South Carolina Electric & Gas Company (SCE&G) and the South Carolina Public Service Authority (Santee Cooper) are the holders of Renewed Facility Operating License No. NPF-12 and the general license for the Independent Spent Fuel Storage Installation (ISFSI) for the Virgil C. Summer Nuclear Station, Unit No. 1, and the ISFSI (together, VCSNS). SCE&G is the licensed operator of VCSNS. SCE&G is a wholly owned subsidiary of SCANA Corporation (SCANA). VCSNS is located in Fairfield County, South Carolina.

II.

By application dated January 25, 2018, SCE&G, acting for itself and its parent company, SCANA, and Dominion Energy, Inc. (Dominion Energy) (together, the Applicants) requested, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.80 (10 CFR 50.80), that the U.S. Nuclear Regulatory Commission (NRC) consent to the indirect transfer of SCE&G's two-thirds ownership interest in the Renewed Facility Operating License No. NPF-12, Combined License Nos. NPF-93 and NPF-94, and the general license for the associated ISFSI. The proposed indirect transfer does not involve Santee Cooper's one-third ownership interest in VCSNS. The Combined License Nos. NPF-93 and NPF-94 indirect license transfer is addressed in a separate Order.

The proposed indirect license transfer would facilitate a merger between Dominion Energy and SCANA, the parent company of SCE&G. The transaction would be effected through the merger of SCANA and Sedona Corp. (Sedona), which is a South Carolina corporation and subsidiary of Dominion Energy formed for the sole purpose of merging with SCANA. Sedona would be merged with and into SCANA, with SCANA remaining as the surviving corporation, which will be a direct wholly-owned subsidiary of Dominion Energy.

Approval of the indirect transfer of the Renewed Facility Operating License and ISFSI was requested by SCE&G and Dominion Energy. A notice entitled, "Virgil C. Summer Nuclear Station, Unit 1, 2, and 3, and Independent Spent Fuel Storage Installation; Consideration of Approval of Transfer of License," was published in the Federal Register on March 8, 2018 (83 FR 9876). No comments or hearing requests were received.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the NRC gives its consent in writing. After the indirect transfer, SCE&G would remain a wholly owned subsidiary of SCANA, which in turn would become a wholly owned subsidiary of Dominion Energy. SCE&G would remain the licensed owner and operator of VCSNS. Upon review of the information in the application, and

other information before the Commission, the NRC staff has determined that the Applicants are qualified to hold the licenses to the extent proposed to permit the indirect transfer. The NRC staff has also determined that indirect transfer of the licenses, as described in the application, is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the NRC, pursuant thereto, subject to the conditions set forth below. The findings set forth above are supported by a safety evaluation dated August 30, 2018.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended (the Act), 42 USC § 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80, IT IS HEREBY ORDERED that the application regarding the proposed indirect license transfer is approved for Virgil C. Summer Nuclear Station, Unit No. 1, and the ISFSI.

IT IS ORDERED that after receipt of all required regulatory approvals of the proposed indirect transfer action, SCE&G shall inform the Director of the Office of Nuclear Reactor Regulation in writing of such receipt no later than 2 business days prior to the date of the closing of the indirect transfer. Should the proposed indirect transfer not be completed within 1 year of this Order's date of issue, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by order.

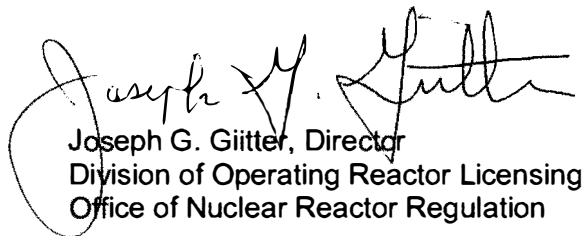
This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated January 25, 2018 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML18025C035), and the Safety Evaluation dated August 30, 2018 (ADAMS Accession No. ML18129A076), which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at

<http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209, or 301-415-4737, or by e-mail to pdr.resource@nrc.gov.

Dated at Rockville, Maryland this 30th day of August, 2018

FOR THE NUCLEAR REGULATORY COMMISSION



Joseph G. Giitter, Director
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

ENCLOSURE 2

**ORDER APPROVING APPLICATION REGARDING
INDIRECT TRANSFER OF LICENSES RELATED TO
VIRGIL C. SUMMER, UNITS 2 AND 3**

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
)	
SCANA CORPORATION)	Docket Nos. 52-027, 52-028
)	
SOUTH CAROLINA ELECTRIC)	Combined License Nos. NPF-93 and
& GAS COMPANY)	NPF-94
)	
DOMINION ENERGY, INC.)	
)	
Virgil C. Summer Nuclear Station,)	
Unit Nos. 2 and 3)	

ORDER APPROVING INDIRECT TRANSFER OF LICENSES

I.

South Carolina Electric & Gas Company (SCE&G) and the South Carolina Public Service Authority (Santee Cooper) are the holders of Combined License (COL) Nos. NPF-93 and NPF-94 for the Virgil C. Summer Nuclear Station (VCSNS), Unit Nos. 2 and 3. SCE&G is a wholly owned subsidiary of SCANA Corporation (SCANA). VCSNS is located in Fairfield County, South Carolina.

II.

By application dated January 25, 2018, SCE&G, acting for itself and its parent company, SCANA, and Dominion Energy, Inc. (Dominion Energy) (together, the Applicants) requested,

Enclosure 2

pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR), Section 50.80 (10 CFR 50.80), that the U.S. Nuclear Regulatory Commission (NRC) consent to the indirect transfer of SCE&G's two-thirds ownership interest in Renewed Facility Operating License No. NPF-12, Combined License Nos. NPF-93 and NPF-94, and the general license for the associated ISFSI. The proposed indirect transfer does not involve Santee Cooper's one-third ownership interest in VCSNS, Units 2 and 3. The Renewed Facility Operating License No. NPF-12 and the general license for the ISFSI indirect license transfer is addressed in a separate Order.

The proposed indirect license transfer would facilitate a merger between Dominion Energy and SCANA, the parent company of SCE&G. The merger would be effected through the merger of SCANA and Sedona Corp. (Sedona), which is a South Carolina corporation and subsidiary of Dominion Energy formed for the sole purpose of merging with SCANA. Sedona would be merged with and into SCANA, with SCANA remaining as the surviving corporation which will be a direct wholly-owned subsidiary of Dominion Energy.

Approval of the indirect transfer of the Combined License Nos. NPF-93 and NPF-94 was requested by SCE&G and Dominion Energy. A notice entitled, "Virgil C. Summer Nuclear Station, Unit 1, 2, and 3, and Independent Spent Fuel Storage Installation; Consideration of Approval of Transfer of License," was published in the *Federal Register* on March 8, 2018 (83 FR 9876). No comments or hearing requests were received.

Under 10 CFR 50.80, no license, or any right thereunder, shall be transferred, directly or indirectly, through transfer of control of the license, unless the NRC gives its consent in writing. After the indirect transfer, SCE&G would remain a wholly owned subsidiary of SCANA, which in turn would become a wholly owned subsidiary of Dominion Energy. SCE&G would remain the licensed two-thirds owner and operator of VCSNS, Units 2 and 3. Upon review of the information in the licensee's application, and other information before the Commission, the NRC staff has determined that the Applicants are qualified to hold the license to the extent proposed

to permit the indirect transfer. The NRC staff has also determined that indirect transfer of the licenses, as described in the application, is otherwise consistent with the applicable provisions of law, regulations, and orders issued by the NRC, pursuant thereto, subject to the conditions set forth below. The findings set forth above are supported by a safety evaluation dated August 30, 2018.

III.

Accordingly, pursuant to Sections 161b, 161i, 161o, and 184 of the Atomic Energy Act of 1954, as amended (the Act), 42 USC § 2201(b), 2201(i), 2201(o), and 2234; and 10 CFR 50.80 and 52.105, IT IS HEREBY ORDERED that the application regarding the proposed indirect license transfer is approved for Virgil C. Summer Nuclear Station, Unit Nos. 2 and 3.

IT IS ORDERED that after receipt of all required regulatory approvals of the proposed indirect transfer action, SCG&E shall inform the Director of the Office of New Reactors in writing of such receipt no later than 2 business days prior to the date of the closing of the indirect transfer. Should the proposed indirect transfer not be completed within 1 year of this Order's date of issue, this Order shall become null and void, provided, however, upon written application and good cause shown, such date may be extended by order.


This Order is effective upon issuance.

For further details with respect to this Order, see the initial application dated January 25, 2018, (Agencywide Documents Access and Management System (ADAMS) Accession No. ML18025C035), and the Safety Evaluation dated August 30, 2018 (ADAMS Accession No. ML18129A076), which are available for public inspection at the Commission's Public Document Room (PDR), located at One White Flint North, Public File Area 01 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available documents created or received at the NRC are accessible electronically through ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in

accessing the documents located in ADAMS, should contact the NRC PDR reference staff by telephone at 1-800-397-4209, or 301-415-4737, or by e-mail to pdr.resource@nrc.gov.

Dated at Rockville, Maryland this 30th day of August, 2018

FOR THE NUCLEAR REGULATORY COMMISSION

A handwritten signature in black ink, appearing to read 'R. Taylor', written over a horizontal line.

Robert M. Taylor, Director
Division of Licensing, Siting, and Environmental Analysis
Office of New Reactors



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

FOR INDIRECT TRANSFER OF

RENEWED FACILITY OPERATING LICENSE NO. NPF-12; AND,

COMBINED LICENSE NOS. NPF-93 AND NPF-94; AND,

GENERAL LICENSE FOR THE

INDEPENDENT SPENT FUEL STORAGE INSTALLATION

VIRGIL C. SUMMER NUCLEAR STATION, UNIT NOS. 1, 2, 3, AND THE ISFSI

DOCKET NOS. 50-395, 52-027, 52-028, 72-1038

1.0 INTRODUCTION

By application dated January 25, 2018 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML18025C035), South Carolina Electric and Gas Company (SCE&G), acting for itself and its parent company, SCANA Corporation (SCANA), and Dominion Energy, Inc. (Dominion Energy) (together, Applicants), requested written consent from the U.S. Nuclear Regulatory Commission (NRC, the Commission) to the indirect transfer of control of Renewed Facility Operating License No. NPF-12 and Combined License (COL) Nos. NPF-93 and NPF-94, Docket Nos. 50-395, 52-027, 52-028, and 72-1038, for the Virgil C. Summer Nuclear Station (VCSNS), Units 1, 2, and 3, respectively, and the Independent Spent Fuel Storage Installation (ISFSI) (together, the Licenses) pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.80, "Transfer of licenses."

SCE&G is currently the licensed co-owner and operator of the VCSNS, Units 1, 2, and 3, and its ISFSI, with the South Carolina Public Service Authority (Santee Cooper), SCE&G and Santee Cooper have ownership interests of two-thirds and one-third respectively in the Licenses. Only the two-thirds ownership interest held by SCE&G is under review in this proposed indirect transfer.

According to the Applicants, the proposed transaction involves a merger between Dominion Energy and SCANA. The merger transaction would be accomplished through the merger of SCANA with Sedona Corp. (Sedona), with SCANA being the surviving corporation. Sedona, a South Carolina corporation and subsidiary of Dominion Energy, was formed for the sole purpose of merging with SCANA. Effective upon the merger, SCANA would be a direct wholly-owned subsidiary of Dominion Energy, and the former shareholders of SCANA would then become the shareholders of Dominion Energy. SCE&G would remain a wholly owned subsidiary of SCANA, which would become a wholly owned subsidiary of Dominion Energy. After the proposed

indirect transfer, SCE&G would remain the licensed co-owner and operator of VCSNS, Units 1, 2, and 3, and the generally-licensed ISFSI.

The Notice of Consideration of Approval of Transfer of License was published in the *Federal Register* (FR) (83 FR 9876; March 8, 2018) and can be found in ADAMS at Accession No. ML18016A613.

2.0 BACKGROUND

The VCSNS Unit 1 is a 966 megawatts electric (MWe) pressurized water reactor located in Jenkinsville, South Carolina. VCSNS Unit 1 received a facility operating license from the NRC on August 6, 1982. VCSNS Unit 1 received a renewed facility operating license from the NRC on April 23, 2004. VCSNS Unit 1 is currently licensed to operate until August 6, 2042. The VCSNS Unit 1 site includes a generally-licensed ISFSI. SCE&G also received two combined licenses (COLs) on March 30, 2012, for VCSNS, Units 2 and 3, which were planned as two new AP1000 reactors to be constructed on the VCSNS site.

By letter dated August 17, 2017 (ADAMS Accession No. ML17229B487), SCE&G notified the NRC that it had stopped construction activities on VCSNS, Units 2 and 3. On December 27, 2017, SCE&G formally sought the NRC's approval for the withdrawal of these COLs, but SCE&G also indicated that it would cede its abandoned interest to Santee Cooper and support an application to the NRC to transfer the COLs to Santee Cooper (ADAMS Accession No. ML17361A088). In its January 8, 2018 letter (ADAMS Accession No. ML18010A068), Santee Cooper requested that NRC not take action on SCE&G's COL withdrawal request for 180 days, or such time as might be necessary for Santee Cooper to evaluate whether to accept transfer of the VCSNS Units 2 and 3 COLs. These requests concerning withdrawal or termination of the COLs are currently pending NRC staff review and approval.

3.0 REGULATORY EVALUATION

The Applicants' request for approval of the indirect transfer of ownership in VCSNS as discussed in this safety evaluation is made under 10 CFR 50.80¹.

The regulation at 10 CFR 50.80(a) states, in part:

No license for a production or utilization facility ... or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing.

The regulation at 10 CFR 50.80(b) states, in part:

- (1) An application for transfer of a license shall include:
 - (i) For a construction permit or operating license under this part, as much of the information described in 50.33 and 50.34 of this part with respect to the identity and technical and financial qualifications of the proposed transferee as would be required by those sections if the application were for an initial license.

¹ Pursuant to 10 CFR 52.105, a COL may be transferred in accordance with 10 CFR 50.80.

The regulation at 10 CFR 50.80(c) states, in part:

...the Commission will approve an application for the transfer of a license, if the Commission determines: (1) That the proposed transferee is qualified to be the holder of the license; and (2) That transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

The regulation at 10 CFR 50.33(f) states, in part:

Except for an electric utility applicant for a license to operate a utilization facility of the type described in § 50.21(b) or § 50.22, [each application shall state] information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought. As applicable, the following should be provided:

- (1) If the application is for a construction permit, the applicant shall submit information that demonstrates that the applicant possesses or has reasonable assurance of obtaining the funds necessary to cover estimated construction costs and related fuel cycle costs. The applicant shall submit estimates of the total construction costs of the facility and related fuel cycle costs, and shall indicate the source(s) of funds to cover these costs.
- (2) If the application is for an operating license, the applicant shall submit information that demonstrates the applicant possesses or has reasonable assurance of obtaining the funds necessary to cover estimated operation costs for the period of the license. The applicant shall submit estimates for total annual operating costs for each of the first five years of operation of the facility. The applicant shall also indicate the source(s) of funds to cover these costs. An applicant seeking to renew or extend the term of an operating license for a power reactor need not submit the financial information that is required in an application for an initial license. Applicants to renew or extend the term of an operating license for a nonpower reactor shall include the financial information that is required in an application for an initial license.
- (3) if the application is for a combined license under subpart C of part 52 of this chapter, the applicant shall submit the information described in paragraphs (f)(1) and (f)(2) of this section.

The regulation at 10 CFR 50.2, "Definitions," states, in part, that an electric utility means:

...any entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority.

The regulation at 10 CFR 50.33(k)(1) states, in part:

For an application for an operating license ...information in the form of a report, as described in 10 CFR 50.75 [Reporting and recordkeeping for decommissioning

planning], indicating how reasonable assurance will be provided that funds will be available to decommission the facility.

The regulation at 10 CFR 50.75(c) provides a table of minimum amounts required to demonstrate reasonable assurance of funds for decommissioning by reactor type and power level.

NUREG-1577, Revision 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance" (ADAMS Accession No. ML013330264), describes the process used to evaluate the financial qualifications and methods of providing decommissioning funding assurance for licensees affected by the proposed transfer.

NUREG-0800, "Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR [Light-Water Reactor] Edition," Chapter 13, "Conduct of Operations," Revision 6 of Section 13.1.1, "Management and Technical Support Organization" (ADAMS Accession No. ML15005A449), describes the process used for the review of the corporate-level management and technical support organization of applicants.

NUREG-0800, Revision 7 of Sections 13.1.2 - 13.1.3, "Operating Organization" (ADAMS Accession No. ML15007A296), describes the process used for the review of the operating organization of applicants, including the structure, functions, and responsibilities of the onsite organization established to safely operate and maintain the facility.

In addressing foreign ownership, control, or domination (FOCD) issues, Section 103d of the Atomic Energy Act of 1954, as amended (the Act), provides, in part, that no license may be issued to:

[A]ny corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

Paragraph (d)(3) of 10 CFR 50.33 states that if the applicant is a corporation or an unincorporated association, the applicant shall state:

(i) The state where it is incorporated or organized and the principal location where it does business;

(ii) The names, addresses and citizenship of its directors and of its principal officers;

(iii) Whether it is owned, controlled, or dominated by an alien, a foreign corporation, or foreign government, and if so, give details.

The NRC's regulation at 10 CFR 50.38, "Ineligibility of certain applicants," is the regulatory provision that implements the FOCD provisions of the Act. The NRC staff evaluates license transfer applications in a manner that is consistent with the guidance provided in the "Final Standard Review Plan [SRP] on Foreign Ownership, Control, or Domination" (64 FR 52355; September 28, 1999) (hereafter referred to as the "SRP on FOCD") to determine whether the applicant is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

The NRC staff reviews information that relates to the Price-Anderson insurance and indemnity requirements under Section 170 of the Act and 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," and reviews the onsite property insurance requirements under 10 CFR 50.54(w).

The proposed transaction described in the application would constitute an indirect transfer of ownership interest in the facility. For indirect transfers of control of a license, the NRC must find that the transaction will not affect the technical and financial qualifications of the holder of the license.

4.0 TECHNICAL EVALUATION

4.1 Management and Technical Support Organization

The NRC staff reviewed the application to determine whether the proposed corporate management is involved in, informed of, and dedicated to the safe operation of VCSNS Unit 1 and appropriate design, construction, and potential future operation of VCSNS Units 2 and 3. For this review, the NRC staff used, in part, the applicable guidance provided in NUREG-0800, Section 13.1.1, Revision 6, "Management and Technical Support Organization."

The indirect transfer of control would result from the proposed merger of the current indirect owner, SCANA, and the proposed new indirect owner, Dominion Energy, through its subsidiary, Sedona. Sedona would be merged with and into SCANA, with SCANA being the surviving corporation. Dominion Energy, through its new subsidiary, SCANA, would become an indirect non-operating owner. SCE&G is the current operating licensee authorized to possess, use, and operate VCSNS Unit 1 and design, construct, and operate VCSNS Units 2 and 3. As stated in Section V, "Technical Qualifications," of the Attachment to the application, SCE&G would continue to be the licensed operator of VCSNS Units 1, 2, 3 and the associated ISFSI. The LAR also states that by letter dated August 17, 2017, SCE&G notified the NRC that it had stopped construction activities on VCSNS Units 2 and 3. However, SCE&G will remain responsible for activities related to the VCSNS Units 2 and 3 COLs. Any future change in the status of the COLs will require NRC approval. As noted above, the requests concerning withdrawal or termination of the COLs are currently pending NRC staff review and approval.

Therefore, the NRC staff finds that the SCE&G management and technical support organization of VCSNS and its associated ISFSI will continue to support the safe operation of VCSNS Unit 1 and will retain responsibility for the appropriate design, construction, and potential future operation of VCSNS Units 2 and 3 after the proposed merger and indirect license transfer.

4.2 Operating Organization

The NRC staff reviewed the application to determine whether sufficient technical resources would continue to be provided to adequately operate VCSNS Unit 1, in both normal and off-normal conditions, and the potential future operation of VCSNS Units 2 and 3, as a result of the proposed indirect license transfer. For this review, the NRC staff used, in part, the applicable guidance provided in NUREG-0800, Sections 13.1.2 - 13.1.3, Revision 7, "Operating Organization."

As stated above, the licensee provided in its application that SCE&G would continue to be the licensed operator of VCSNS Unit 1 and its ISFSI. The licensee's application also provided that Dominion Energy subsidiaries currently operate three nuclear power stations, each with two

operating reactors. Upon the consummation of the proposed merger and the indirect transfer of control, opportunities may arise to coordinate and/or integrate the operation of VCSNS Unit 1, and its ISFSI with the operations of the other nuclear units owned by Dominion Energy subsidiaries. However, the application states that any future changes associated with the operation of VCSNS Unit 1, or its ISFSI will comply with the facilities' licenses and the NRC's requirements. As discussed above, SCE&G has notified the NRC that construction activities on VCSNS Units 2 and 3 have been stopped. Any future change in the status of the COLs will require NRC approval. Therefore, the staff finds that the technical qualifications of the SCE&G operating organization will not be adversely affected by the proposed merger and indirect license transfer and that SCE&G will continue to safely operate VCSNS Unit 1 and the ISFSI and will retain responsibility for the potential future operation of VCSNS Units 2 and 3.

Based on its evaluation as described above, the NRC staff concludes that the proposed indirect license transfer satisfies 10 CFR 50.80 with respect to technical qualifications.

5.0 FINANCIAL QUALIFICATIONS

According to the application, SCE&G recovers its cost of electricity through rates established by the Public Service Commission of South Carolina, and it will continue to do so following the proposed indirect license transfer. As such, SCE&G is an electric utility as defined in 10 CFR 50.2. Accordingly, for the operating facility VCSNS, Unit 1, and for the affiliated generally-licensed ISFSI, the applicant is not subject to a financial qualifications review under 10 CFR 50.33(f)(2). This is consistent with guidance found in NUREG-1577.

In accordance with 10 CFR 50.33(f)(1), the applicant is subject to a financial qualifications review with respect to estimated construction costs and fuel cycle costs for the VCSNS, Units 2 and 3 COLs. As described below, the NRC staff's financial qualifications review assesses whether the indirect transfer, specifically the merger between Dominion and SCANA, would affect the license holder, SCE&G's, financial qualifications with respect to the COLs.

In addressing financial qualifications requirements applicable to the indirect transfer, the staff's analysis was, in part, informed by communications from SCE&G reflecting its plans to relinquish its interest in the two COLs. VCSNS Unit 2 and 3 COLs are co-owned by SCE&G and Santee Cooper, who have undivided ownership interests of two-thirds and one-third, respectively, in VCSNS. For both VCSNS, Unit 2 and 3 COLs, SCE&G communicated to the NRC, by letter dated August 17, 2017 (ADAMS Accession No. ML17229B487), that it had stopped construction activities and that these units were placed in a terminated status as of July 31, 2017. In addition, by letter dated December 27, 2017 (ADAMS Accession No. ML17361A088), and as noted in the license transfer application, SCE&G formally sought the NRC's approval for the withdrawal of these COLs. In the alternative, SCE&G offered to cede its interest in the COLs to grant Santee Cooper full ownership of the COLs if Santee Cooper elected to pursue full ownership of the COLs before the NRC approved the withdrawal request. Santee Cooper, by letter dated January 8, 2018, informed the NRC that it opposes termination of the VCSNS COLs and requests additional time to evaluate whether to accept transfer of the VCSNS Units 2 and 3 COLs. These requests concerning withdrawal or termination of the COLs are currently pending NRC staff review and approval.

As stated in the application, "SCE&G would remain a wholly owned subsidiary of SCANA" SCANA would become a wholly owned subsidiary of Dominion Energy through an all-stock transaction and in which SCANA stock, currently traded on the New York Stock Exchange, will be cancelled. As described in the application, Dominion has a market capitalization in the range

of \$50 billion. In 2016, Dominion had operating revenues of more than \$11.7 billion and net income exceeding \$2.2 billion. Dominion files its financial statements (Form 10-K) with the U.S. Securities and Exchange Commission and the applicant provided a link to this publicly available document in its application at:

<https://www.sec.gov/Archives/edgar/data/715957/000119312517060413/d334692d10k.htm>

The link reflects end-of-year data for fiscal year 2016.

The staff further notes that Dominion's fiscal year 2017 financial data can be found at:

<https://www.sec.gov/Archives/edgar/data/103682/000119312518059578/d512216d10k.htm>

In 2017, Dominion had operating revenues of more than \$12.5 billion and net income exceeding \$3.1 billion, which demonstrates financial growth from the previous year.

Therefore, based on its review of Dominion's financial statements, the staff finds that Dominion, as the ultimate parent of SCANA and SCE&G, after the proposed transaction, appears to be positioned to have a positive financial impact on SCE&G such that it would be able to provide additional financial support, as needed.

In consideration of the foregoing, including Dominion's demonstration of positive operating revenue and net income, and SCE&G's plans to relinquish the COLs for VCSNS, Units 2 and 3, the NRC staff finds that the merger between Dominion and SCANA, as described in the application, would not adversely impact the financial qualifications of SCE&G.

Based on its evaluation as described above, the NRC staff concludes that the proposed indirect license transfer satisfies 10 CFR 50.80 with respect to financial qualifications.

6.0 DECOMMISSIONING FUNDING

According to the application, at the time of the proposed indirect license transfer, the existing decommissioning trust funds maintained by SCE&G for its two-thirds interest in VCSNS, Unit 1, and its ISFSI would be retained.

As discussed above, SCE&G and Santee Cooper have undivided ownership interests of two-thirds and one-third respectively in VCSNS.

As provided in 10 CFR 50.75(f)(1), licensees are required to report to the NRC, by March 31, 1999, and at least once every two years thereafter, on the status of their decommissioning funding for each reactor or part of a reactor that they own. The most recent SCE&G decommissioning funding status report for its two-thirds share of ownership of VCSNS, Unit 1, was provided to the NRC on March 28, 2017 (ADAMS Accession No. ML17087A168). The most recent Santee Cooper decommissioning funding status report for its one-third share of ownership of VCSNS, Unit 1, was provided to the NRC on March 30, 2017 (ADAMS Accession No. ML17090A112). Additionally, on March 15, 2016, SCE&G provided the ISFSI decommissioning funding plan in accordance with 10 CFR 72.30(c) (ADAMS Accession No. ML16081A168).

Pursuant to 10 CFR 50.75(e)(1)(ii), "External sinking fund," each owner maintains a nuclear decommissioning fund that satisfies the NRC's requirements using the external sinking fund

method of financial assurance for decommissioning. SCE&G has established a decommissioning trust fund with U.S. Bank, N.A. as Trustee. The proposed merger would not result in changes to the nuclear decommissioning trust funds or to the method of providing financial assurance for decommissioning. Following the license transfer, VCSNS, Unit 1, would continue to be owned by and remain the responsibility of SCE&G.

The SCE&G and Santee Cooper decommissioning funding status reports, dated March 28, 2017, and March 30, 2017, respectively, provided information to the NRC on the status of the decommissioning funding for VCSNS, Unit 1, as of December 31, 2016. Per these submittals, the total amount of decommissioning funds required for VCSNS, Unit 1, using the table of minimum amounts formula under 10 CFR 50.75 was \$430.3 million (2016 dollars). Per the SCE&G submittal, the amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) for its two-thirds ownership of VCSNS, Unit 1, was \$286,884,080 (2016 dollars). Per the Santee Cooper submittal, the amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75(b) and (c) for its one-third ownership of VCSNS, Unit 1, was \$143,442,040 (2016 dollars). SCE&G had accumulated \$157,486,885 in its trust fund as of December 31, 2016. Santee Cooper had accumulated \$131,175,284 in its trust fund as of December 31, 2016.

The NRC staff evaluated these funding amounts using guidance provided in NUREG-1307, Revision 16, "Report on Waste Burial Charges: Changes in Decommissioning Waste Disposal Costs at Low-Level Waste Burial Facilities," dated March 2017 (ADAMS Accession No. ML17060A362). The NRC staff determined that the current funding amounts, which would be retained following the proposed merger transaction, would exceed the NRC minimum decommissioning funding requirements based on current trust fund balances, future compounding of fund assets within the trust funds through the operating license expiration date, and scheduled future licensee contributions. Also, the ISFSI at VCSNS is a generally-licensed ISFSI and SCE&G currently relies on excess funds from the 10 CFR 50.75 decommissioning trust fund as financial assurance for ISFSI decommissioning, a method authorized by 10 CFR 50.75(e) and 10 CFR 72.30(e)(5). The NRC staff finds that the aggregate dollar amount of SCE&G's financial instruments provides adequate financial assurance to cover its cost estimates, and therefore, that these financial instruments are acceptable for ISFSI decommissioning.

In consideration of the above, the NRC staff finds that the proposed indirect license transfer would not affect the decommissioning funding arrangements currently in place for VCSNS, Unit 1, and the ISFSI. The information provided in the application and in the biennial decommissioning funding status report for VCSNS, Unit 1, conforms to the guidance in NUREG-1577 for the NRC staff's review of decommissioning funding assurance. Therefore, the NRC staff concludes that SCE&G has complied with the regulations at 10 CFR 50.75 and 10 CFR 72.30 with respect to providing decommissioning funding assurance for VCSNS, Unit 1, and its ISFSI. Therefore, the NRC staff concludes that the proposed indirect license transfer satisfies 10 CFR 50.33(k)(1) and 10 CFR 50.80 with respect to decommissioning funding.

For VCSNS, Units 2 and 3, no decommissioning funding assurance is currently required pursuant to 10 CFR 50.75(e)(3). Each holder of a COL under subpart C, "Combined Licenses," of 10 CFR Part 52 shall, 2 years before and 1 year before the scheduled date for initial loading of fuel, consistent with the schedule required by 10 CFR 52.99(a), submit a report to the NRC containing a certification updating the information described under 10 CFR 50.75(b)(1), including a copy of the financial instrument to be used. No later than 30 days after the Commission publishes notice in the *Federal Register* under 10 CFR 52.103(a), the licensee

shall submit a report containing a certification that financial assurance for decommissioning is being provided in an amount specified in the licensee's most recent updated certification, including a copy of the financial instrument obtained to satisfy the requirements of 10 CFR 50.75(e). The Commission has not published a notice under 10 CFR 52.103(a) with respect to VCSNS, Units 2 and 3.

7.0 ANTITRUST

The Act does not require or authorize antitrust reviews of post-operating license transfer applications.² The application postdates the issuance of the operating license for the facility under consideration in this safety evaluation and, therefore, no antitrust review is required or authorized.

8.0 FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

Section 103d of the Act states, in relevant part, that no license may be issued to:

[A]n alien or any corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

The NRC's regulation at 10 CFR 50.38 implements this statutory prohibition.

According to the application, Dominion Energy is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government. Dominion Energy's securities are widely held and publicly traded on the New York Stock Exchange (stock symbol "D"). Section 13(d) of the Securities Exchange Act of 1934, 15 U.S.C. 78m(d), as amended, requires that a person or entity that owns or controls more than 5 percent of the securities of a company must file notice with the Securities and Exchange Commission (SEC). Based upon filings with the SEC, Dominion Energy is not aware of any alien, foreign corporation, or foreign government that holds or may hold more than 5 percent of the securities of Dominion Energy. The current and planned directors and executive officers of Dominion Energy, SCANA, and SCE&G are all U.S. citizens. In seeking to acquire SCANA and SCE&G, Dominion Energy is not acting as an agent or a representative of another entity. Accordingly, the proposed indirect transfer of control of the Licenses held by SCE&G does not raise any issues related to FOCD within the meaning of the Act.

Consistent with 10 CFR 50.33(d), the application contains the names and addresses of the directors and officers of all parent companies and license holders involved, and indicates that all are U.S. citizens.

The NRC staff conducted an independent analysis, including open-source research and verification of the information provided in the application related to ownership of all relevant parties in the proposed merger, and found no evidence of FOCD.

Based on its independent analysis of the information provided in the application, the NRC staff concludes that it does not know or have reason to believe that any of the parties related to this indirect license transfer are owned, controlled, or dominated by a foreign interest.

² Kansas Gas and Electric Co., et al. (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999).

9.0 NUCLEAR INSURANCE AND INDEMNITY

Upon review of the requirements of the Price-Anderson Act (Section 170 of the Act) and the NRC's implementing regulations at 10 CFR Part 140, the NRC staff finds that the current indemnity agreement does not need to be modified to reflect the proposed indirect license transfer of the parent companies since there would be no change to the named license holders. Additionally, the financial protection currently provided by SCE&G in the form of offsite liability insurance and onsite property insurance would continue to remain in effect unchanged. SCE&G remains required to provide, maintain, and report the appropriate amount of insurance in accordance with 10 CFR 50.54(w), 10 CFR 140.11(a)(4), and 10 CFR 140.21.

10.0 CONCLUSION

The NRC staff has concluded, based on the considerations discussed above, that (1) the proposed transferee is qualified to be the indirect holder of the Licenses and (2) the indirect transfer of the Licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

Additionally, the NRC staff finds that the Applicants have satisfied the NRC's decommissioning funding assurance requirements, have met the applicable onsite and offsite insurance requirements, and are not owned, controlled, or dominated by a foreign entity.

Principal Contributors:

Lois Kosmas, NRR
John Hughey, NRR

Date: August 30, 2018

SUBJECT: VIRGIL C. SUMMER NUCLEAR STATION – TRANSMITTAL LETTER AND
SAFETY EVALUATION RELATED TO THE ORDER APPROVING INDIRECT
TRANSFER OF LICENSES FOR UNITS 1, 2, AND 3, AND THE INDEPENDENT
SPENT FUEL STORAGE INSTALLATION (EPID L-2018-LLM-0000)
DATED AUGUST 30, 2018

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