



Wisconsin Electric POWER COMPANY
231 W. MICHIGAN, P.O. BOX 2046, MILWAUKEE, WI 53201

March 3, 1983

Mr. H. R. Denton, Director
Office of Nuclear Reactor Regulation
U. S. NUCLEAR REGULATORY COMMISSION
Washington, D. C. 20555

Attention: Mr. R. A. Clark, Chief
Operating Reactors Branch 3

Gentlemen:

DOCKET NOS. 50-266 AND 50-301
CONFIRMATION OF LICENSE INTERPRETATION
POINT BEACH NUCLEAR PLANT, UNITS 1 AND 2

On November 1, 1982, Wisconsin Electric submitted a letter discussing our interpretation of Facility Operating Licenses DPR-24 and DPR-27 for the Point Beach Nuclear Plant, Units 1 and 2, as they relate to spent fuel storage. Specifically, we stated that under the circumstances set forth in the November 1 letter, Facility Operating Licenses DPR-24 and DPR-27 permitted the return to and storage of Point Beach-generated spent fuel at the Point Beach Nuclear Plant. We requested that you confirm this interpretation.

On March 2, 1983, Mr. Colburn of your staff requested that we provide a copy of a May 6, 1977 letter from Nuclear Fuel Services, Inc. to Wisconsin Electric which confirms that the title to the spent fuel assemblies from the Point Beach Nuclear Plant stored at the West Valley facility remained with Wisconsin Electric Power Company. A copy of the letter agreement is attached. We understand that after receipt of this letter and attachment, the Nuclear Regulatory Commission will notify Wisconsin Electric that our interpretation of the Point Beach Nuclear Plant Facility Operating Licenses is correct and that we may receive at the plant returned Point Beach-generated spent fuel assuming other regulations and requirements governing the shipment of spent fuel are met.

Very truly yours,

Vice President - Nuclear Power

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C. W. Fay

Attachment

Copy to NRC Resident Inspector

A001

Ralph W. Deuster
PRESIDENT

May 6, 1977

Wisconsin Electric Power Company
231 West Michigan
Milwaukee, Wisconsin 53201

Attention: Mr. Sol Burstein, Executive Vice President

Dear Mr. Burstein:

On September 20, 1976, Nuclear Fuel Services, Inc. (NFS) notified Wisconsin Electric Power Company, Milwaukee, and Wisconsin Michigan Power Company, Appleton, Wisconsin (hereinafter referred to collectively as "the Customer") that it was withdrawing from the reprocessing business, that NFS' contract for reprocessing with the Customer was terminated as a matter of law and, in addition, NFS exercised its rights to terminate under various specific provisions of the contract. Accordingly, it is recognized that it will not be possible for NFS to reprocess the Customer's spent fuel. The purpose of this letter is to set forth the agreement reached between NFS and the Customer with respect to services which may be provided by NFS now or in the future to the Customer.

NFS and the Customer hereby agree as follows:

- (1) NFS will lease to the Customer two NFS-4 casks under the terms and conditions set forth in NFS' proposal of February 1, 1977 (The "Cask Lease Proposal"), except as modified by the Customer's letter to NFS dated April 22, 1977.
- (2) The Customer presently has in storage at the West Valley plant 120 spent fuel assemblies discharged from the Customer's Point Beach Reactors (the stored assemblies). NFS will continue to store the stored assemblies in accordance with the following terms and conditions:
 - (a) The Customer shall pay NFS a charge of \$100 for each assembly comprising the stored assemblies for each month or fraction thereof that each assembly remains in storage at West Valley commencing on January 1, 1977; provided that such charge may be adjusted to reflect the impact of changes in regulatory requirements subsequent to the execution date of this agreement which directly affect the cost of storing the stored assemblies. Payment shall be due and payable within 30 days of the receipt by the Customer of an NFS invoice which may be rendered monthly. An assembly shall be deemed removed from storage for purposes of this payment provision on the day that it is loaded into a spent fuel shipping cask for purposes of shipment off site.

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- (b) NFS shall endeavor to maintain the regulatory authorizations necessary to continue to store the stored assemblies. It is recognized, however, that NFS may have to request the Customer to remove the stored assemblies (a "request for removal") if regulatory authorizations cannot be maintained or if the New York State Energy Research and Development Authority (NYSERDA) requests NFS to have the stored assemblies removed in connection with NYSERDA's disposition of the site prior to or upon the expiration of the lease between NFS and NYSERDA on December 31, 1980. NFS' request for removal shall specify the date when removal shall commence which shall be no less than thirty days after the date of the request for removal. NFS agrees to notify the Customer as soon as NFS is notified by NYSERDA with respect to its intention regarding continued storage of spent fuel at West Valley and to keep the Customer periodically informed of any developments which might affect the status of the stored assemblies. The Customer agrees to remove the stored assemblies from West Valley commencing on the date specified in the request for removal. NFS shall load the assemblies into shipping casks furnished by the Customer.

In the event that the Customer is required, pursuant to this Article, to remove its spent fuel from storage at West Valley, NFS agrees to use its best efforts to load the Customer's fuel assemblies promptly upon delivery by the Customer of a shipping cask for such removal. Further, in such event, NFS agrees to provide the Customer the right of first refusal on the use of all of NFS' spent fuel shipping casks for purposes of such removal. NFS shall provide a proposal for such cask use at the same time notice is given for removal of fuel. The Customer must exercise such right of refusal on cask use within 30 days of receipt of such proposal.

- (c) Title to the stored assemblies shall remain at all times in the Customer. Risk of loss or damage to the stored assemblies shall be the responsibility of NFS until the stored assemblies are loaded into a shipping cask and available for shipment off site. The Customer agrees that NFS is not required to maintain insurance on the stored assemblies while in storage at West Valley.
- (d) This agreement for storage may be modified by NFS to reflect a change in ownership or control of the West Valley site, provided that NFS shall at all times exercise reasonable efforts to protect the rights of the Customer under this Agreement.
- (e) NFS will maintain as long as the stored assemblies are in storage at West Valley an agreement of indemnification as contemplated by Section 170 of the Atomic Energy Act of 1954, as amended, and Nuclear Liability Insurance in the amount of \$20,000,000 from the

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Nuclear Energy Liability-Property Insurance Association (NEL-PIA) and/or the Mutual Atomic Energy Liability Underwriters (MAELU) in such amount and in such form as will meet the financial protection requirements of the NRC pursuant to Section 170 of the Atomic Energy Act of 1954, as amended. NFS hereby waives any claims against the Customer for nuclear or non-nuclear property damage to the West Valley Facility or the fuel stored therein.

- (3) NFS will make available certain services relating to the nuclear fuel cycle to the Customer on a "preferred customer basis." Services presently available ("present services") include the utilization of two NFS-4 spent fuel shipping casks for shipping the Customer's spent fuel; UF₆ cylinder cleaning and inspection; and scrap recovery. Services covered by this agreement also include any additional services relating to the nuclear fuel cycle that NFS, in its sole discretion, may provide to the utility industry in the future ("future services"), such as spent fuel storage. The Customer may exercise its rights under this agreement to acquire "present services" and "future services" during a term commencing on the date of acceptance hereof by the Customer through December 31, 1989. NFS' obligation to provide such services pursuant to this agreement shall be limited to the period or periods of time during such term that NFS may elect, in its sole discretion, to engage in such activities, subject to the terms of any agreement for specific services that may be entered into pursuant to this agreement.

For purposes of this agreement "preferred customer basis" shall mean:

- (a) In the case of "present services," the Customer may request NFS to provide such services under terms and conditions, including price, which are at least as favorable as those being offered to others in the same calendar quarter as the request is made by the Customer. In the event no such services have been offered in the same calendar quarter, the last offer prior to that period shall be used subject to reasonable adjustment for cost escalation, including but not limited to the impact of regulatory requirements. Performance by NFS shall be consistent with prior commitments.
- (b) In the case of "future services," NFS grants the Customer a right of refusal to contract for such services in advance of all other customers except with regard to rights for the possible use of 40 storage spaces granted to Dairyland Power Cooperative. The right of refusal shall continue in effect for a period of ninety (90) days from the date which NFS notifies the Customer that such services are to be available. Said notification shall include the terms and conditions, including price, for providing such services which shall be no less favorable than those which will be offered to others for the same period of performance. The above shall also apply in the event that NFS offers for sale, during the term of this Agreement, any spent fuel shipping casks which it may presently own or subsequently acquire, provided that such casks can accommodate the Customer's spent fuel.

Nuclear Fuel Services, Inc.

Wisconsin Electric Power Company

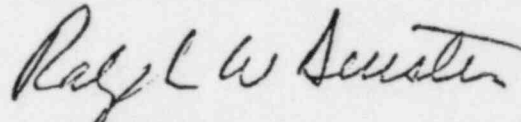
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- (4) Acceptance of this agreement by the Customer shall constitute a release by the Customer of NFS and by NFS of the Customer and their respective successors or assigns from any or all liability, actions, causes of action, claims, demands of whatever kind and nature, whether now asserted or which may be asserted in the future, arising out of, or connected with, the performance or nonperformance of the Agreement for Chemical Processing between NFS and the Customer dated October 16, 1974, and any amendments thereto.
- (5) This agreement shall bind and inure to the benefit of the parties hereto and/or their successor entities.

If the foregoing is acceptable to the Customer, please have this Agreement executed by an authorized official of the Customer.

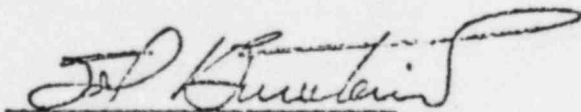
Sincerely yours,



Ralph W. Deuster

RWD:jnw

Accepted by:



Executive Vice President - WISCONSIN ELECTRIC POWER COMPANY
Vice President - Nuclear Plant - WISCONSIN MICHIGAN POWER COMPANY

Title

June 23, 1977

Date