

ANTITRUST INFORMATION
GRAND GULF NUCLEAR STATION

BEFORE THE
UNITED STATES NUCLEAR REGULATORY COMMISSION
DOCKET NOS. 50-416 AND 50-417

In the Matter of
MISSISSIPPI POWER & LIGHT COMPANY
AND
MIDDLE SOUTH ENERGY, INC.

AMENDMENT TO
APPLICATION FOR LICENSES

INFORMATION FOR ANTITRUST REVIEW OF
OPERATING LICENSE APPLICATION

Mississippi Power & Light Company (MP&L) for
itself and on behalf of Middle South Energy, Inc. (MSE)
(hereinafter sometimes jointly referred to as "Applicants")
hereby files this Amendment No. 1 to the Antitrust Infor-
mation portion of their Application for Licenses, pursuant
to the provisions of the Atomic Energy Act of 1954, as
amended, and the Nuclear Regulatory Commission's Rules and
Regulations.

This Amendment consists of the responses of Appli-
cants to the questions about MP&L's dealing with certain
municipalities in the State of Mississippi and other related
matters in connection with the Nuclear Regulatory Commission's

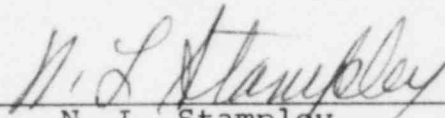
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antitrust review of Applicants' Operating License Application for the Grand Gulf Nuclear Station, asked by the Nuclear Regulatory Commission in its letter of March 12, 1979, from Mr. Argil Toalston to MP&L.

Respectfully submitted,

MISSISSIPPI POWER & LIGHT COMPANY

BY:


N. L. Stampley
Vice President

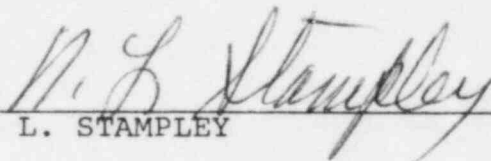
Date: April 12, 1979
Electric Building
P. O. Box 1640
Jackson, Mississippi 39205

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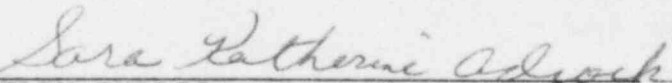
STATE OF MISSISSIPPI

COUNTY OF HINDS

N. L. Stampley, being duly sworn, states that he is a Vice President of Mississippi Power & Light Company, and that he is authorized on the part of said Company and of Middle South Energy, Inc. to sign and file with the Nuclear Regulatory Commission this Amendment No. 1 to The Antitrust Information portion of Application for Licenses; that he signed the foregoing Amendment as Vice President of Mississippi Power & Light Company and as agent for Middle South Energy, Inc., and that the statements made and the matters set forth therein are true and correct to the best of his knowledge, information and belief.


N. L. STAMPLEY

SUBSCRIBED AND SWORN TO before me, a Notary Public,
in and for the County and State above named, this 12th day of
April, 1979.


NOTARY PUBLIC

My commission expires:

4-7-80

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RESPONSE TO QUESTIONS ASKED
BY THE NRC IN ITS LETTER TO MP&L
DATED MARCH 12, 1979, IN CONNECTION
WITH THE NRC'S ANTITRUST REVIEW OF
APPLICANTS' OPERATING LICENSE APPLICATION
FOR THE GRAND GULF NUCLEAR STATION

QUESTION 1. Is the town of Itta Bena served under the MW-15 rate schedule? How and by whom was Itta Bena supplied prior to its supply by MP&L? What were the circumstances leading to the change in supply or supplier? Was there any organized opposition to the change in supply or supplier? If so, please describe. What is the approximate peak load of Itta Bena?

ANSWER. The Town of Itta Bena is served by MP&L under the MW-15 rate schedule. Prior to its being supplied power by MP&L, Itta Bena purchased service from the Delta Electric Power Association over a 13 KV distribution circuit. It is MP&L's understanding that the Town of Itta Bena purchased service from Delta Electric Power Association under an open, month-to-month type contract, and that Delta Electric Power Association purchased this power directly from the City of Greenwood for resale to Itta Bena. The Town of Itta Bena approached MP&L to discuss the possibility of MP&L providing Itta Bena wholesale service under a firm contract. At that time, MP&L was in a position to offer power to Itta Bena under a firm contract and entered into such a contract with them. To MP&L's knowledge, there was not any organized opposition to the change in power supply or the supplier. The change was made with the complete cooperation of the Board of Aldermen of Itta Bena, the Delta Electric Power Association, and the Town of Itta Bena's consulting engineer, Mr. Jess Haley. The approximate peak load of Itta Bena in 1978 was 2,740 KW.

QUESTION 2. What were the circumstances leading to the purchase of Capital Electric Power Association? Was there any organized opposition to the purchase? If so, please describe.

ANSWER. As we have discussed, circumstances concerning the purchase by MP&L of Capital Electric Power Association were documented in detail and submitted to Mr. Joseph J. Saunders, Chief, Public Counsel and Legislative Section, Department of Justice, in connection with MP&L's and Middle South Energy, Inc.'s application for Construction

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Permits for the Grand Gulf Nuclear Station. Since that time, there have not been any developments with regard to the purchase by MP&L of Capital Electric Power Association, except that the Supreme Court of Mississippi rendered an opinion on December 22, 1975, affirming the decision of a lower Court dismissing, as being without merit, a suit brought by a few members of the Capital Electric Power Association in December, 1972, against the Association and its Board of Directors to enjoin them from consummating the sale of the Association to MP&L. It is MP&L's understanding that in the event the files of the Department of Justice in this matter do not provide all the information you need, you will let us know.

QUESTION 3. Was there any organized opposition to the MP&L lease arrangement with the Town of Shaw? If so, please describe. Does the lease arrangement provide MP&L with the option of acquisition? If so, please describe.

ANSWER. To MP&L's knowledge, there was no organized opposition to the MP&L lease arrangement with the Town of Shaw. MP&L received excellent cooperation from the Board of Aldermen and the citizens of the Town of Shaw. The lease arrangement with the Town of Shaw does not provide MP&L with the option of acquisition.

QUESTION 4. Please describe SMEPA's transmission in terms of voltage, interconnections and extent of the transmission with respect to members connected and not connected. After SMEPA's interconnection with MP&L, will SMEPA also be interconnected with Mississippi Power Company in a closed loop fashion?

ANSWER. MP&L does not have detailed knowledge of SMEPA's transmission system or of its intentions to maintain its existing interconnection with Mississippi Power Company. However, it is MP&L's understanding that SMEPA's transmission system employs 69 KV and 161 KV transmission. The SMEPA transmission system does not connect with several existing points of delivery from MP&L to SMEPA's members, and SMEPA apparently does not intend to serve all of its members' requirements over its own transmission system after interconnection with MP&L because MP&L and SMEPA are presently negotiating an interconnection agreement which provides for "off-system" delivery from MP&L to SMEPA's members. MP&L understands that SMEPA will continue its interconnection with Mississippi Power Company because SMEPA has indicated to MP&L that it intends to establish its own control area for interconnected system operations.

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QUESTION 5. Does WMEPA own any transmission? If so, please describe in terms of voltage and extent of the transmission (e.g., with respect to members connected and not connected). Has WMEPA expressed any interest in an interconnection and transmission service schedule now or in the future similar (or dissimilar) to that which MP&L is negotiating with SMEPA? If so, please describe.

ANSWER. MP&L does not have knowledge of any transmission system or any other facilities owned by WMEPA. WMEPA has expressed an interest in possible ownership participation in the Grand Gulf Nuclear Station, and MP&L has engaged in negotiations on this matter in conjunction with the SMEPA negotiations. These negotiations include interconnection and transmission service schedules. WMEPA has not expressed interest in a separate interconnection and a transmission service schedule with MP&L.

QUESTION 6. Does the Municipal Energy Agency of Mississippi (MEAM) own any transmission? If so, please describe in terms of voltage and extent of the transmission (e.g., with respect to members connected and not connected). Has MEAM expressed any interest in an interconnection and transmission service schedule similar to that which MP&L is negotiating with SMEPA? If so, please describe.

ANSWER. MP&L does not have any knowledge of a transmission system or any other facilities owned by the Municipal Energy Agency of Mississippi (MEAM). MEAM has expressed an interest in interconnection and a transmission service schedule with MP&L. MP&L has expressed to MEAM a willingness to consider such an agreement, including an appropriate transmission service schedule, which would be filed with and approved by FERC.

QUESTION 7. Is MP&L willing to include Short-Term Firm (transmission) service, similar to that of paragraph 16.06 of Service Schedule TS-2 with SMEPA, in Service Schedule E of its interconnection agreements with Clarksdale and others? If not, why not?

ANSWER. As part of the settlement negotiations between the Cities of Clarksdale and Greenwood in FERC Docket ER 78-583 and ER 78-584, MP&L offered, as part of a settlement agreement, a transmission service schedule similar to the one proposed to SMEPA, which includes Short-Term Firm transmission service.

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QUESTION 8. Has MP&L approached LP&L or other MSU affiliates to attempt to work out complementary transmission service arrangements? We note in your filed Service Schedule E, for providing transmission service to Clarksdale, the following Clause:

"If the requested transmission service involves transmission directly or indirectly over the facilities of a third utility system, City will make arrangements for the use of those facilities. . ."
(emphasis added)

Since MP&L and LP&L are both interconnected to GSU and to each other, what is your view as to whether, under this clause, any transmission of power by MP&L or LP&L to or from Gulf States Utilities (GSU) would indirectly involve transmission over the other affiliate? Is it your view that an entity in LP&L's service area desiring to transmit power to GSU should pay both LP&L and MP&L for such service, and another entity in MP&L's service area desiring to transmit an equal amount of power to GSU, should also pay both LP&L and MP&L for that service? Have you developed a method to determine the direct and indirect portions of each power transmission, and would you charge accordingly? What difficulties and expenses would be involved if interconnected utilities accepted indirect flows through their systems on a mutual exchange basis, in particular, when they are sister affiliates with single system generation dispatch?

ANSWER. MP&L has not approached LP&L or other MSU affiliates in an attempt to work out complementary transmission service arrangements, except to inform LP&L of the proposed transmission of power from Lafayette, Louisiana, to Clarksdale, Mississippi, and to advise LP&L of the possibility that one of these cities may request transmission service over the facilities of LP&L. All of the MSU affiliates are aware of MP&L's filing of transmission service schedules for the Cities of Clarksdale and Greenwood and of the negotiations between Gulf State Utilities and MP&L of an interconnection agreement to accommodate this proposed transaction between the cities of Lafayette and Clarksdale.

It is MP&L's position that each entity whose transmission facilities are used to implement a particular transaction should be compensated for such use of its facilities. Entities which would be paid for transmission service would be determined on a case-by-case basis. MP&L has not attempted to develop a method to determine direct

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and indirect portions of power transmission. MP&L plans to make its entire transmission system available, and, in keeping with MP&L's understanding of accepted FERC procedures, to structure its transmission rates to accommodate indirect power transmissions.

It is MP&L's position that it does not have an obligation to determine the nature and extent of power flows outside the MP&L transmission system. The entities over whose system power of others is transmitted should agree with such other entities on the method of compensation for such transmission service. MP&L's obligation is to provide service over its own transmission facilities from the point of electrical interconnection with another system. In the case of power flows from Lafayette to Clarksdale, a non-firm schedule for such power flows over MP&L's single interconnection with Gulf States Utilities is contemplated with no power transfers at times when that interconnection is out of service. Obviously, any power flow permitted when that single interconnection is out of service would directly involve some other entity or entities. Furthermore, even under normal operating conditions, there may well be significant power flows over the facilities of others.

MP&L cannot speak for MSU affiliates with respect to indirect power flows. In the Middle South Utility system, each affiliate operating company owns the transmission in its area, and it is MP&L's position that each MSU affiliate should make its own arrangements for the use of its transmission system by other entities. (In answering this question, MP&L interprets "indirect transmission" to mean the flow of power on facilities of entities other than those directly engaging in a particular transaction.) It is also MP&L's position that single system generation dispatch in the Middle South Utility system does not bear on the question of whether compensation is equitable for the use of the transmission system of a particular MSU affiliate company by other entities.

QUESTION 9. We are still not clear as to the penalty that would occur to MSE if it were required to redeem some of the first mortgage bonds issued in connection with Grand Gulf. Since the bonds would be redeemed at par by funds from new owners, would there be any direct financial penalty to MSE even though the bond rates may now be higher for the new owners? Does the financial penalty to MSE of which you are concerned come about because MSE may

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have to issue new bonds for additional generation capacity to replace the generation capacity lost through granting access to additional owners? If so, what knowledge do you have or what is your estimate of the present market value of the bonds and the expected market value of bonds about one year from now as compared to the par value of the Grand Gulf bonds?

ANSWER. There is no penalty as such under Section 5.05(b) of the First Supplemental Indenture of MSE's Mortgage and Deed of Trust for redeeming MSE's 9-1/4% First Mortgage Bonds. The redemption price is 100% of the principal amount of any Bond redeemed thereunder. It should be noted, however, that on the basis of current market conditions, MSE's 9-1/4% First Mortgage Bonds would, in our opinion, have a market value of between 88-90% of their principal amount. It is our judgment that the interest rate on a similar security currently would be in the range of 10-3/8 to 10-1/2%. If any portion of the present capacity of the Grand Gulf Project is not available to the customers of the Middle South Utilities System and additional capacity would now be required to be constructed to serve those customers, the cost of the additional capacity would, based upon current interest and inflation rates, be substantially greater.