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Charlie George
Vice President
Engineering and Production

Public Service Company of Oklahoma

50-556/557

March 13, 1992

Mr. James G. Partlow
Associate Director for Projects
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Black Fox Station Units 1 and 2
Docket Nos. STN50-556 and STN50-557
Supplemental Information

Dear Mr. Partlow:

Public Service Company of Oklahoma (PSO) appreciated the time which members of your staff spent with our representatives on February 26, 1992, discussing the Inola Station Site (formerly the Black Fox Station Site). Prior to and during that meeting, we provided materials to demonstrate PSO's substantial compliance with the requirements of the Atomic Safety and Licensing Board's Order dated March 7, 1983, terminating the Black Fox Station licensing proceeding. As a follow-up, I am enclosing a supplemental information package which addresses the reasons for delays which have occurred in the schedule for construction of a fossil-fired electric generating facility at the Inola Station Site and explains how each of the improvements remaining at the site can be used by a future plant.

We encourage the Staff to consider the enclosed materials expeditiously. If there are questions, please call.

Sincerely,

Charlie George

cc: Charles A. Barth, Office of the General Counsel
Barry Zalcman, Non-power Reactor, Decommisssioning and Environmental Project Directorate

Ltr, Encl
A001 Add: B. Zalcman (Rm)
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Ken C. Hylton
Central and South West Corporation

INOLA STATION

FUTURE POSSIBLE USES OF SITE IMPROVEMENTS

I. BACKGROUND AND INTRODUCTION

On February 26, 1992, the Staff of the Nuclear Regulatory Commission (NRC) met with representatives of Public Service Company of Oklahoma (PSO) to review the status of the Inola Station site (formerly the Black Fox Nuclear Station site). The Order of the Atomic Safety and Licensing Board terminating the proceedings associated with the application of PSO and its co-owners for a nuclear Power Plant construction permit placed certain conditions on that termination. PSO presented materials related to the conditions imposed by that Order and offered to provide any other additional information which Staff might desire that would assist Staff in making its evaluation of the current and future condition of the site.

The March 7, 1983 Atomic Safety and Licensing Board Order imposed two conditions as follows:

a) Subject to the NRC Staff's monitoring and approval, Applicants shall implement their Black Fox Soil Stabilization and Erosion Control Plan, as approved by the Staff on September 24, 1982, by no later than October 1, 1983, and

b) Subject to the NRC Staff's monitoring and approval, Applicants shall dismantle those site improvements, not to be utilized at the Inola Station, in such manner as not to cause any on-site or off-site detrimental environmental impacts.

PSO presented information to demonstrate to Staff that the Black Fox Soil Stabilization and Erosion Control Plan implemented in late 1982 was continuing to perform its intended purpose and was working well. Staff, in 1983, had performed an on-site review of the Plan and had reached the conclusion that implementation of the Plan had been accomplished with the desired result. After almost ten years, the Plan continues to accomplish its desired objectives.

PSO presented information to demonstrate to Staff that dismantling of certain site improvements and retention of others have had no on-site or off-site detrimental environmental impact. Site improvements were identified, information on activities related to dismantling and removal of improvements which will not be utilized at the future Inola Station was provided, and future use of a portion of the Inola Station site for compatible industrial development was discussed. The potential location on the site of an industrial prospect, U.S.F. Yeast, Inc., will result in capital investment of at least $15 million and new employment opportunities of at least 50 new jobs. These jobs will be in addition to jobs

created when the future electric generating facility is constructed on the Inola Station site.

Staff has inquired concerning how the site improvements which remain at the Inola Station site might be utilized as a part of a future electric generating facility. This document presents that information in section IV. First, however, section II provides background information related to PSO's generation planning since 1982 which explains why plans for construction of fossil-fueled facilities at the Inola site have been delayed several times. Section III explains why the Inola site is the most likely site for construction of the next PSO generating plant.

II. REGULATORY AND ECONOMIC CONDITIONS HAVE AFFECTED THE MANAGEMENT AND FUTURE USE OF THE INOLA STATION SITE.

The 1983 NRC action terminating the construction permit proceeding was not the only legal proceeding associated with cancellation of the Black Fox project. The Oklahoma Corporation Commission (OCC), Oklahoma's public utility regulatory commission, was also conducting proceedings concerning the mitigation of losses associated with the cancellation. The OCC proceeding resulted in an Order which directed PSO and its co-owners to take immediate steps to cancel the project so that "losses in connection with this project can be minimized." (Order of the Oklahoma Corporation Commission in Cause No. 27068, Order No. 206560, P. 54,

January 15, 1982.) That same order also addressed the recovery of capital investment made by PSO and its co-owners. The OCC Order required exercise of "due diligence in securing the sale of equipment, materials and supplies charged to the Black Fox work order and which cannot be used in a conversion of the facility..." (OCC Order in Cause No. 27068, Order No. 206560, P. 59, January 15, 1982.) As a result of this OCC Order, all materials and improvements were evaluated to determine their future use at Inola Station. Materials and improvements which were determined to best be disposed of because they were not applicable to a conventional fossil-fueled electric generating facility were offered for sale or salvage. The proceeds of sale and salvage activities were applied to reduce the balance of the recovery authorized by the OCC.

In 1982, the growth in demand for electricity in Oklahoma and more particularly in the PSO service area was also changing rapidly. For example, Oklahoma's economy was driven primarily by oil and natural gas production and agriculture. The price of oil in the world market declined rapidly in 1982 and 1983, and that decline resulted in tremendous economic hardship in our state. Tulsa, PSO's largest service area, was hardest hit by this event. Major oil and gas companies either moved to other communities in the nation or closed their operations completely. PSO experienced loss in customer base for the first time in almost 50 years. During the preceding 20 years, the rate of growth in the use of electricity had exceeded four percent (4%) each year and in many years growth in the use

of electricity was above six percent (6%). Following the decline of the domestic oil industry in 1982-83, the growth in use of electricity only slightly exceeded one percent (1%). In 1990, PSO finally returned to the customer level it had once achieved in 1985, which was the previous highest level.

The decline in growth of the use of electricity, conservation of electricity resulting from Demand Side Management activities of PSO and the continued sluggish economic conditions in Oklahoma and PSO's service area drastically changed the need for additional capacity. Planning for new facilities has constantly reflected the impacts of these externalities. PSO, in late 1982, announced plans to construct generating facilities at Inola Station which would begin to provide electricity in 1992 and 1994. Those construction plans were modified in 1984 and have been modified each year since that date. Over 400 megawatts of capacity, PSO's Tulsa Power Station, were moth-balled due to lack of demand for electric energy.

In spite of the above, plans for capacity additions have not been abandoned. As generating facilities continue to age and become less efficient, it is often more economical to replace that capacity than to attempt to re-power or improve their performance. In addition, economic conditions have improved in the PSO service territory and slow steady growth continues to occur, not at the four to six percent level but at levels which approach two percent. It is forecast that growth will continue at this rate into the next decade.

III. IMPROVEMENTS AT INOLA STATION WILL PROVIDE CSW AND PSO THE BEST OPPORTUNITY TO CONSTRUCT ELECTRIC GENERATING FACILITIES WITH THE LEAST AMOUNT OF ACTIVITY WHICH WOULD IMPACT THE ENVIRONMENT.

The formal siting process used by Central and South West Services and the four CSW Corporation operating electric subsidiaries for the next electric generating facility that will be constructed in PSO's service area will not begin until 1998 or 1999. However, several factors clearly make the Inola Station site the most logical location for that facility. As PSO representatives pointed out in the February 26, 1992, meeting with NRC Staff, Inola Station is only 23 miles from PSO's largest load center, Tulsa, Oklahoma. A future plant will certainly be needed in this vicinity to respond to load growth and provide load stabilization in the Tulsa metropolitan area, which is expected to continue to grow through the next decade.

Site analysis activities conducted as a part of the application process to license a nuclear facility at the Inola Station site have provided extensive environmental and geophysical historical background data. These data will require only minimal updating to supply federal and state agencies, i.e. Environmental Protection Agency, Oklahoma Department of Health, Oklahoma Water Resources Board, Corps of Engineers, the information they will need to evaluate the siting of a fossil-

fueled electric generating facility on this property. In addition, site improvements which remain on the Inola Station site will be available for use in the construction and operation of a new fossil-fueled electric generating facility.

IV. IMPROVEMENTS WHICH REMAIN AT THE INOLA STATION SITE ARE ADAPTABLE TO ANY FUTURE CONSTRUCTION OF ELECTRIC GENERATING FACILITIES.

On May 14, 1982, Dr. John B. West, Black Fox Station Project Manager, provided a detailed description of site improvements which were accomplished during the preliminary site construction activities. These activities had been authorized by the Limited Work Authorization and amendments. A detailed description of the current status of each of the 12 activities described in Dr. West's affidavit was provided to Staff in an informational package which accompanied the February 14, 1992, letter from PSO's legal counsel to Mr. James Partlow. That letter did not, however, describe or summarize the potential future uses of the remaining improvements. These are described below.

a.) Site preparation conducted during the 1978-82 construction activities provides the Inola Station site with excellent facilities for any future electric generating plant construction activity. Little additional grading, grubbing, brush removal, and lay down areas preparation will be required. Because

of this, site disturbance during future construction will be minimized, and the impact on the environment, on-site or off-site, will be significantly reduced.

b.) All site fencing is expected to be used during future site development. The perimeter fencing will continue to protect the entire site. Construction area fencing may require some relocation, but this is expected to be minimal, and the cemetery fencing will remain as presently configured. Only the fencing around the reactor building excavation will be removed, and it is likely to be reused elsewhere on the site.

c.) Construction electric power was installed in the main construction area. While the transformers, pad-mounted and overhead, have been removed, the underground conduit remains in place and reactivation of this system would require only minimal upgrade and maintenance. Overhead power lines from off-site power sources are still in place to bring construction power to the facility, and will be utilized during future site development.

d.) Construction water supply facilities are still in place including the supply pipeline from the rural water district system, the storage tank, and the underground piping to the main construction area. These will be upgraded, if necessary, and used during any future construction

activities. Pump facilities associated with on-site distribution which were removed can be replaced with little or no delay.

e.) A holding pond was constructed. This pond, the dam constructed to create the pond, the engineered drainage system which surrounds the plant area, and the drainage system to an outfall structure on the Verdigris River will provide storm water runoff control during future construction activities that might be undertaken at the Inola Station site. In addition, the system is likely to be incorporated into the wastewater system associated with the future power plant operation with few, if any, modifications.

f.) The railroad spur will provide rail facilities for delivery of equipment and materials needed during future construction activities. The railroad spur will also provide the transportation linkage needed during operation of the electric generating facility for delivery of fuel (if coal is used), as well as additional materials and supplies related to the generating equipment.

g.) Roads, parking facilities and drainage systems which remain at the Inola Station site will be restored, as necessary, to provide transportation systems and environmental protection systems that will be needed during the future construction project. Because these systems and facilities already are in place, on-site and off-site environmental impacts will be significantly reduced

when construction is commenced at this location.

h.) Construction buildings and other related facilities were erected as part of the activities undertaken during the Limited Work Authorization construction. The concrete slab foundations for these buildings remain at the site and will probably be used during future construction activities as foundations for necessary support buildings. The fire protection system consisting of piping and hydrants which also remains is likely to be reactivated during future construction activities at the Inola Station site. This reactivation will be simple since the fire water system receives water from the construction water tank.

The barge slip constructed to provide river access to the Inola Station site might be used as an alternative fuel delivery avenue if rail transport becomes unavailable or uneconomical. The barge slip may also be used as a transportation link for delivery of heavy equipment associated with the construction and operation of the electric generating plant. Aside from its potential uses associated with the future power station, PSO views the barge slip as an asset with respect to development of a portion of the site for compatible industrial uses. For example, the proposed yeast plant intends to use the barge slip for raw material deliveries.

Some improvements associated with the dismantled concrete batch plant remain at the site. The cleared area, the concrete slab foundations and the bunkers associated with the prior batch plant will likely provide the site for development of a new batch plant during future construction.

i.) The reactor building excavation will be the location of any future boiler structure erected at the site. While the excavation may not match the requirements for the future fossil-fueled electric generating facility, design of the new facility will take into consideration the work already accomplished. Reconfiguring the existing excavation will disturb the site less than creating a new excavation. Furthermore, both on-site and off-site environmental impacts will be minimized by using this reconfiguration approach. It avoids disturbing the site now in order to fill the hole and then redisturbing it at the time of future construction in order to install the new plant. The excavation is stable in its present configuration, has no known significant adverse impact on the environment, and has been secured with fencing and warning signs.

A concrete waste holding tank which was installed to service the permanent sewage treatment facility for the Black Fox Station remains at the site. This tank is likely to be used in conjunction with the sewage treatment facilities

at the future power plant.

j.) PSO anticipates that the perimeter drain system which was constructed around the reactor building excavation will not be used for the future plant. Nevertheless, this system is intimately associated with the reactor building excavation. Therefore, its removal should most logically occur when the excavation is reconfigured.

V. CONCLUSION

Improvements which remain at the Inola Station site enhance the suitability of the site for the construction of future electric generating facilities. Their presence will act to minimize the environmental impacts of construction, and most can be utilized in some way to support future construction or plant operation. Improvements which could not be so used were dismantled in accordance with an Order from the Oklahoma Corporation Commission as discussed in section II above. Dismantling was conducted in a manner which minimized on-site and off-site detrimental environmental impacts, as PSO has demonstrated during its meeting with Staff on February 26, 1992, and in written materials previously provided. Hence, PSO believes that it has substantially complied with condition 2 of the ASLB's March 7, 1983, Order.