



MISSISSIPPI POWER & LIGHT COMPANY

Helping Build Mississippi

P. O. BOX 1640, JACKSON, MISSISSIPPI 39215-1640

July 1, 1985

NUCLEAR LICENSING & SAFETY DEPARTMENT

U. S. Nuclear Regulatory Commission
Office of Nuclear Reactor Regulation
Washington, D. C. 20555

Attention: Mr. Harold R. Denton, Director

Dear Mr. Denton:

SUBJECT: Grand Gulf Nuclear Station
Units 1 and 2
Docket Nos. 50-416 and 50-417
License No. NPF-29
Ref: AECM-85/0189
File: 0260/15175
Guarantee of Deferred Premiums
AECM-85/0197

Pursuant to NRC Regulation 10 CFR 140.21, On June 17, 1985, Mississippi Power & Light Company (MP&L), on behalf of itself, Middle South Energy, Inc., and South Mississippi Electric Power Association (SMEPA), submitted evidence that it could generate a cash flow which would be available for payment of ninety percent (90%) of the deferred premium obligation for Grand Gulf Nuclear Station, Unit 1. As anticipated in the June 17th letter, MP&L is now submitting evidence that SMEPA can generate a cash flow which would be available to pay the remaining ten percent (10%) of the deferred premium.

If you have any questions or need additional information, please advise.

Yours truly,

L. F. Dale
Director

PJR/JGC:vog
Attachment

cc: (See Next Page)

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cc: Mr. J. B. Richard (w/a)
Mr. O. D. Kingsley, Jr. (w/a)
Mr. R. B. McGehee (w/a)
Mr. N. S. Reynolds (w/a)
Mr. G. B. Taylor (w/o)
Mr. R. C. Butcher (w/a)

Mr. James M. Taylor, Director (w/a)
Office of Inspection & Enforcement
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dr. J. Nelson Grace, Regional Administrator (w/a)
U. S. Nuclear Regulatory Commission
Region II
101 Marietta St., N. W., Suite 2900
Atlanta, Georgia 30323

NARRATIVE STATEMENT

In the event of a nuclear incident, South Mississippi Electric Power Association will meet its requirements under the Price-Anderson Act by borrowing short-term under its available line of credit or using the Association's current revenue to fund its one million dollar contingent obligation.

SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

By: George B. Taylor

Title: General Manager

Date: June 26, 1985

SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

STATEMENT OF SOURCE OF FUNDS FOR 1984-6

(Millions of Dollars)

	ACTUAL	ESTIMATED	
<u>Internal Funds</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Revenue	158	188	266
Expense	155	188	259
Operating Margins	3	0	7
Non-Operating Margins	.6	1	1
Total Margins	3.6	1	8

Percentage Ownership

in All Operating

Nuclear Units

Grand Gulf Unit 1

10.00%

Maximum Total

Contingent Liability

\$1 million