

OCT 04 1988

443  
Docket No. 50-433

Distribution

Docket file	TBarnhart (4)
NRC PDR	ACRS (10)
Local PDR	GPA/PA
TMurley/JSniezek	SECY (Orders Only)
DCrutchfield	ARM/LFMB
CRossi	RWessman
SVarga	
BBoger	
MRushbrook	
VNurses	
OGC	
EJordan	
BGrimes	

Mr. John C. Duffett  
President & Chief Executive Officer  
Public Service Company of New Hampshire  
Post Office Box 330  
Manchester, New Hampshire

Dear Mr. Duffett:

SUBJECT: SEABROOK STATION, UNIT 1 - TEMPORARY EXEMPTION FROM THE SCHEDULAR REQUIREMENTS OF THE PROPERTY INSURANCE RULE EFFECTIVE OCTOBER 4, 1988 (10 CFR 50.54(w)(5)(i))

The Commission has issued the enclosed temporary exemption from the schedular requirements of the property insurance rule effective October 4, 1988 (10 CFR 50.54(w)(5)(i)) for the Seabrook Station, Unit 1. This part of the rule requires licensees to obtain insurance policies that prioritize insurance proceeds for stabilization and decontamination after an accident and provide for payment of proceeds to an independent trustee who would disburse funds for decontamination and cleanup before any other purpose.

The Commission has proposed a revision of 10 CFR 50.54(w)(5)(i) extending the implementation schedule for 18 months (53 FR 36338, September 19, 1988). However, because it is unlikely that this rulemaking action will be completed by October 4, 1988, the Commission is issuing a temporary exemption from the requirements of 10 CFR 50.54(w)(5)(i) until completion of the pending rulemaking extending the implementation date specified in 10 CFR 50.54(w)(5)(i), but not later than April 1, 1989. Upon completion of such rulemaking, the licensee shall comply with the provisions of such rule.

The Commission, pursuant to 10 CFR 50.12(a), hereby grants a temporary exemption from the schedular requirements of 10 CFR 50.54(w)(5)(i). This temporary exemption is valid until April 1, 1989 or until such time as action on this rulemaking is completed.

In granting the exemption, the staff has determined that this action is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest.

BB10100162 BB1004  
PDR ADDOCK 05000443  
PNU

h w.  
DF01  
11

A copy of this exemption is being filed with the Office of the Federal Register for publication.

Sincerely,

Donald Brinkman

15

for Victor Nerses, Senior Project Manager  
Project Directorate I-3  
Division of Reactor Projects, I/II

Enclosure:  
As stated

cc w/enclosure:  
See next page

PDI-3  
MRushbrook  
10/13/88

PDI-3  
VNerses:dtg  
10/14/88

PDI-3  
RWessman  
10/14/88

PDI-3  
BBoger  
10/14/88

DDP/DSRP  
SVarga  
10/14/88

cc:

Thomas Dignan, Esq.  
John A. Ritscher, Esq.  
Ropes and Gray  
225 Franklin Street  
Boston, Massachusetts 02110

Mr. Bruce B. Beckley, Project Manager  
Public Service Company of New Hampshire  
Post Office Box 330  
Manchester, New Hampshire 03105

Dr. Mauray Tye, President  
Sun Valley Association  
209 Summer Street  
Haverhill, Massachusetts 01830

Robert Backus, Esq.  
Backus, Meyer and Solomon  
116 Lowell Street  
Manchester, New Hampshire 03106

Diane Curran, Esq.  
Harmon and Weiss  
2001 S Street, NW  
Suite 430  
Washington, D.C. 20009

Philip Ahren, Esq.  
Assistant Attorney General  
State House, Station #6  
Augusta, Maine 04333

Mr. Warren Hall  
Public Service Company of  
New Hampshire  
Post Office Box 330  
Seabrook, New Hampshire 03874

Ms. Jane Doughty  
Seacoast Anti-Pollution League  
5 Market Street  
Portsmouth, New Hampshire 03801

Ms. Diana P. Randall  
70 Collins Street  
Seabrook, New Hampshire 03874

E. Tupper Kinder, Esq.  
G. Dana Bisbee, Esq.  
Assistant Attorney General  
Office of Attorney General  
208 State House Annex  
Concord, New Hampshire 03301

Resident Inspector  
US Nuclear Regulatory Commission  
Post Office Box 1149  
Seabrook, New Hampshire 03874

Mr. A. M. Ebner, Project Manager  
United Engineers & Constructors  
Post Office Box 8223  
Philadelphia, Pennsylvania 19101

Steven Oleskey, Esq.  
Office of the Attorney General  
One Ashburton Place  
P.O. Box 330  
Boston, Massachusetts 02108

Carol S. Sneider, Esq. -  
Office of the Assistant Attorney General  
One Ashburton Place  
P.O. Box 330  
Boston, Massachusetts 02108

D. Pierre G. Cameron, Jr., Esq.  
General Counsel  
Public Service Company of New  
Hampshire  
Post Office Box 330  
Manchester, New Hampshire 03105

Regional Administrator, Region I  
U.S. Nuclear Regulatory Commission  
475 Allendale Road  
King of Prussia, Pennsylvania 19406

M. Brock, Esq.  
Shaines & McEachern  
25 Maplewood Ave.  
Portsmouth, N.H. 03801

cc:

Mr. Calvin A. Canney, City Manager  
City Hall  
126 Daniel Street  
Portsmouth, New Hampshire 03801

Board of Selectmen  
RFD Dalton Road  
Brentwood, New Hampshire 03833

Ms. Roberta C. Pevear  
Town of Hampton Falls, New Hampshire  
Drinkwater Road  
Hampton Falls, New Hampshire 03844

Mr. Guy Chichester, Chairman  
Rye Nuclear Intervention  
Committee  
c/o Rye Town Hall  
10 Central Road  
Rye, New Hampshire 03870

Chairman, Board of Selectmen  
RFD 2  
South Hampton, New Hampshire 03827

R. Scott Hill - Whilton  
Lagoulis, Clark, Hill-Whilton  
& McGuire  
79 State Street  
Newburyport, Ma. 01950

Ms. R. Cashman, Chairman  
Board of Selectmen  
Town of Amesbury  
Town Hall  
Amesbury, Massachusetts 01913

Honorable Peter J. Matthews  
Mayor, City of Newburyport  
City Hall  
Newburyport, Massachusetts 01950

Mr. Donald E. Chick, Town Manager  
Town of Exeter  
10 Front Street  
Exeter, New Hampshire 03823

Mr. Alfred V. Sargent,  
Chairman  
Board of Selectmen  
Town of Salisbury, MA 01950

Senator Gordon J. Humphrey  
ATTN: Tom Burack  
531 Hart Senate Office Building  
U.S. Senate  
Washington, D.C. 20510

Mr. Owen B. Durgin, Chairman  
Durham Board of Selectmen  
Town of Durham  
Durham, New Hampshire 03824

Jane Spector  
Federal Energy Regulatory  
Commission  
825 North Capital Street, NE  
Room 8105  
Washington D. C. 20426

Mr. R. Sweeney  
Three Metro Center  
Suite 610  
Bethesda, Maryland 20814

Mr. Richard Strome, Director  
New Hampshire Office of Emergency  
Management  
State Office Park South  
107 Pleasant Street  
Concord, New Hampshire 03301

Adjudicatory File (2)  
Atomic Safety and Licensing Board  
Panel Docket  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Congressman Nicholas Mavroules  
70 Washington Street  
Salem, Massachusetts 01970

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the matter of  
PUBLIC SERVICE COMPANY  
OF NEW HAMPSHIRE

)  
)  
)  
)  
)

443  
Docket No. 50-433

(Seabrook Station  
Unit 1)

EXEMPTION

I.

Public Service Company of New Hampshire (the licensee) is the holder of Facility Operating License No. DPR-56, which authorizes operation of the Seabrook Station Unit, 1. (the facility). The license provides, among other things, that it is subject to all rules, regulations, and orders of the Commission now or hereafter in effect.

The facility is a pressurized water reactor at the licensee's site located in Rockingham County, New Hampshire.

II.

On August 5, 1987, the NRC published in the FEDERAL REGISTER a final rule amending 10 CFR 50.54(w). The rule increased the amount of on-site property damage insurance required to be carried by NRC's power reactor licensees. The rule also required these licensees to obtain by October 4, 1988 insurance policies that prioritized insurance proceeds for stabilization and decontamination after an accident and provided for payment of proceeds to an independent trustee who would disburse funds for decontamination and cleanup before any other purpose. Subsequent to publication of the rule, the NRC has been informed by insurers who offer nuclear property insurance that, despite a good faith effort to obtain trustees required by the rule, the decontamination priority and trusteeship provisions will not be able to be incorporated into policies by the time required in the rule. In response to these comments and related petitions for rulemaking,

the Commission has proposed a revision of 10 CFR 50.54(w)(5)(i) extending the implementation schedule for 18 months (53 FR 36338, September 19, 1988). However, because it is unlikely that this rulemaking action will be completed by October 4, 1988, the Commission is issuing a temporary exemption from the requirements of 10 CFR 50.54(w)(5)(i) until completion of the pending rulemaking extending the implementation date specified in 10 CFR 50.54(w)(5)(i), but not later than April 1, 1989. Upon completion of such rulemaking, the licensee shall comply with the provisions of such rule.

III.

Pursuant to 10 CFR 50.12, "The Commission may, upon application by any interested person or upon its own initiative, grant exemptions from the requirements of the regulations of [10 CFR Part 50], which are ... Authorized by law, will not present an undue risk to the public health and safety, and are consistent with the common defense and security." Further, Section 50.12(a)(2) provides inter alia, "The Commission will not consider granting an exemption unless special circumstances are present. Special circumstances are present whenever ... (v) The exemption would provide only temporary relief from the applicable regulation and the licensee has made good faith efforts to comply with the regulation."

Despite a good faith effort to comply with the provisions of the rule, insurers providing property damage insurance for nuclear power facilities and licensees insured by such insurers have not been able to comply with the regulation and the exemption provides only temporary relief from the applicable regulation.

As noted by the Commission in the Supplementary Information accompanying the proposed rule, there are several reasons for concluding that delaying for a reasonable time the implementation of the stabilization and decontamination priority and trusteeship provisions of Section 50.54(w) will not adversely affect protection of public health and safety. First, during the period of delay, the licensee will still be required to carry \$620 million property insurance per an Exemption issued on May 11, 1988 (53 FR 19361, May 17, 1988). Further, as stated in that exemption, the \$620 million property insurance requirement will be increased to \$1.06 billion if the Seabrook facility receives an operating license which allows the reactor to go critical or operate at any power level. This is a substantial amount of coverage that provides a significant financial cushion to licensees to decontaminate and clean up after an accident even without the prioritization and trusteeship provisions. Second, nearly 75% of the required coverage is already prioritized under the decontamination liability and excess property insurance language of the Nuclear Electric Insurance Limited-II policies. Finally, there is only an extremely small probability of a serious accident occurring during the exemption period. Even if a serious accident giving rise to substantial insurance claims were to occur, NRC would be able to take appropriate enforcement action to assure adequate cleanup to protect public health and safety and the environment.

#### IV.

Accordingly, the Commission has determined, pursuant to 10 CFR 50.12(a), that (1) a temporary exemption as described in Section III. is authorized by law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security and (2) in this case, special circumstances are present as described in Section III. Therefore, the Commission hereby grants the following exemption:

Public Service Company of New Hampshire is exempt from the requirements of 10 CFR 50.54(w)(5)(i) until the completion of the pending rulemaking extending the implementation date specified in 10 CFR 50.54(w)(5)(i), but not later than April 1, 1989. Upon completion of such rulemaking the licensee shall comply with the provisions of such rule.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will not result in any significant environmental impact (53 FR 38995).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 4<sup>th</sup> day of October, 1988.

FOR THE NUCLEAR REGULATORY COMMISSION

151

Steven A. Varga, Division Director  
Division of Reactor Projects, I/II  
Office of Nuclear Reactor Regulation

PDI-3  
MRushbrook  
10/3/88

PDI-3  
VNurses:d1g  
10/4/88

PDI-3  
RWessman  
10/4/88

ADRPD1A  
BBoger  
10/4/88

DRFXDSRP  
SVarga  
10/4/88