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MAY 23 1988

DOCKET NO. 50-443

MEMORANDUM FOR: Rules and Procedures Branch
 Division of Rules and Records
 Office of Administration

FROM: Office of Nuclear Reactor Regulation

SUBJECT: PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE - SEABROOK STATION

One signed original of the *Federal Register* Notice identified below is enclosed for your transmittal to the Office of the Federal Register for publication. Additional conformed copies (6) of the Notice are enclosed for your use.

- Notice of Receipt of Application for Construction Permit(s) and Operating License(s).
- Notice of Receipt of Partial Application for Construction Permit(s) and Facility License(s): Time for Submission of Views on Antitrust Matters.
- Notice of Consideration of Issuance of Amendment to Facility Operating License.
- Notice of Receipt of Application for Facility License(s); Notice of Availability of Applicant's Environmental Report; and Notice of Consideration of Issuance of Facility License(s) and Notice of Opportunity for Hearing.
- Notice of Availability of NRC Draft/Final Environmental Statement.
- Notice of Limited Work Authorization.
- Notice of Availability of Safety Evaluation Report.
- Notice of Issuance of Construction Permit(s).
- Notice of Issuance of Facility Operating License(s) or Amendment(s).
- Order.
- Exemption. - 10 CFR 50.54(w) \$620 million in damage insurance
- Notice of Granting Exemption.
- Environmental Assessment.
- Notice of Preparation of Environmental Assessment.
- Other: _____

Office of Nuclear Reactor Regulation

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Enclosure:
 As stated

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OFFICE	NRR/RP I/II/PD. I-3				
SURNAME	MRushbrook				
DATE	5/23/88				

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

5/23/88

In the matter of

PUBLIC SERVICE COMPANY
OF NEW HAMPSHIRE
(Seabrook Plant)

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Docket No. 50-443

EXEMPTION

I.

Public Service Company of New Hampshire (the licensee) is the holder of Facility Operating License No. NPF-56 for the operation of Seabrook Station nuclear power plant. This license, issued on October 17, 1986, restricts Seabrook Station to loading fuel and conducting precriticality testing only. However, the license provides, among other things, that the licensee is subject to all rules, regulations and orders of the Commission now or hereafter in effect.

The facility is a pressurized water reactor rated at 3411 MW(t) at the licensee's site located in Rockingham County, New Hampshire.

II.

Section 10 CFR 50.54(w) of the Commission's regulations requires that each commercial power reactor licensee shall obtain onsite property damage insurance

in the amount of \$1.06 billion. This requirement, among other changes, increased the amount of required property insurance from \$620 million and became effective on October 5, 1987.

On October 1, 1987, the licensee filed an Application for Scheduling Exemption from the requirements for property insurance above \$620 million until such time as the Commission may grant a low power (5%) operating license. This request was supplemented by additional information dated February 29, 1988. In support of its request, the licensee indicated that "Criticality at Seabrook Station has not been achieved. The primary system is not radioactive, and, in accordance with license requirements, the reactor coolant system is maintained with a boron concentration equal to or greater than 2000 parts per million." Maintaining the boron concentration of the reactor coolant equal to or greater than 2000 parts per million ensures that the reactor cannot be made critical, even if all the control rods are fully withdrawn. The licensee also maintains that the coverage in the amount of \$620 million that it currently carries is "more than adequate to compensate for any conceivable condition that may occur." The amount of coverage should be more than adequate since the reactor does not contain a significant inventory of fission products and the 2000 parts per million boron concentration of the reactor coolant prevents the reactor from achieving criticality and thereby generating fission products. Therefore, the consequences of any credible accident would not include any significant radiological hazards and the existing insurance coverage should be adequate to compensate for any conceivable condition.

The licensee indicates that the cost of property insurance in excess of \$620 million (i.e. an additional \$440 million in coverage) would exceed \$1 million annually. In addition, by purchasing additional insurance, the licensee would be liable under the terms of the policy to pay a potential retrospective premium assessment of as much as 7.5 times the annual premium if an accident were to occur at any insured site. Thus, potential costs to the licensee of buying the additional insurance could be significant.

III.

The Commission may grant exemptions from the requirements of 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" (10 CFR 50.12(a)(1)). In its submittal, the licensee argued that the justification for its exemption request meets the "special circumstances" described in §50.12(a)(2)(ii), (iii) and (v). Section 50.12(a)(2) stipulates, "The Commission will not consider granting an exemption unless special circumstances are present. Special circumstances are present whenever... (ii) Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule; or (iii) Compliance would result in undue hardship or other costs that are significantly in excess of those contemplated when the regulation was adopted, or that are significantly in excess of those incurred by others

similarly situated; or... (v) The exemption would provide only temporary relief from the applicable regulation and the licensee or applicant has made good faith efforts to comply with the regulation..."

The licensee meets the conditions for granting an exemption. First, with respect to §50.12(a)(1), the exemption is authorized by law and does not present an undue risk to public health and safety. The risk to public health and safety presented by the Seabrook Station in its present state of cold shutdown is substantially lower than reactors operating at a significant percentage of rated power since the reactor is prevented from achieving criticality, it has not yet achieved criticality and does not contain a significant inventory of fission products.

The Seabrook exemption request also meets the special circumstances presented in §50.12 (a)(2)(ii). The Commission agrees with the licensee's assessment that, under the conditions proposed, a significant accident is, for all practical purposes, highly improbable since the reactor has not gone critical or been allowed to operate at any power level. Therefore requiring excessive onsite property damage insurance before the reactor achieves criticality would not serve the underlying purpose of the rule, which is to provide sufficient funds to clean up after a significant accident. The licensee is requesting a temporary exemption only until such time as it may be allowed to make the reactor critical and operate at low power. The licensee states that it will comply fully with §50.54(w) prior to initial criticality.

The Commission agrees that these factors ensure that the circumstances of the exemption from the subject requirements prior to achieving initial criticality do not present an undue risk to the public health and safety.

IV.

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12, a temporary exemption is authorized by law and will not endanger life or property or the common defense and security and is otherwise in the public interest. Therefore, the Commission hereby approves the following exemption:

The licensee is exempt from the requirements of 10 CFR 50.54(w) with respect to on-site property damage insurance in excess of \$620 million prior to such time as Seabrook Station receives an operating license which allows the reactor to go critical or operate at any power level.

The NRC staff has determined that the granting of this exemption will not result in any significant environmental impact and that, pursuant to 10 CFR 51.5(d)(4), an environmental impact appraisal need not be prepared in connection with this action. Copies of the licensee's request for exemption dated October 1, 1987 and supplement dated February 29, 1988 are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW, Washington, D.C. and at the Exeter Public Library, Founders Park, Exeter, New Hampshire 03833. Copies may be obtained upon written request addressed to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Director of Reactor Projects I/II.

This Exemption is effective upon issuance.

Dated at Rockville, Maryland this 11th day of May, 1988.

FOR THE NUCLEAR REGULATORY COMMISSION

Walter R. Butler

Walter R. Butler, Acting Director
Division of Reactor Projects - I/II
Office of Nuclear Reactor Regulation