



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

September 30, 1988

Docket Nos. 50-259/260/296  
50-327/328

Mr. S. A. White  
Senior Vice President, Nuclear Power  
Tennessee Valley Authority  
6N 38A Lookout Place  
1101 Market Street  
Chattanooga, Tennessee 37402-2801

Dear Mr. White:

SUBJECT: TEMPORARY EXEMPTION FROM THE SCHEDULAR REQUIREMENTS OF THE PROPERTY INSURANCE RULE EFFECTIVE OCTOBER 4, 1988 (10 CFR 50.54(w)(5)(i)) - BROWNS FERRY NUCLEAR PLANT, UNITS 1, 2 AND 3 AND SEQUOYAH NUCLEAR PLANT, UNITS 1 AND 2

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 Browns Ferry Nuclear Plant, Units 1, 2 and 3, and for the Sequoyah Nuclear Plant, Units 1 and 2. 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 for each operating reactor license 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) for Browns Ferry Nuclear Plant, Units 1, 2 and 3, and for Sequoyah Nuclear Plant, Units 1 and 2. These temporary exemptions are valid until such time as action on this rulemaking is completed but no later than April 1, 1989.

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Mr. S. A. White

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In granting these exemptions, 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.

Copies of these exemptions are being filed with the Office of the Federal Register for publication.

Sincerely,

Original Signed by  
Suzanne Black, Assistant Director  
for Projects  
TVA Projects Division  
Office of Special Projects

Enclosures:

- 1. Temporary Exemption for Browns Ferry
- 2. Temporary Exemption for Sequoyah

cc w/enclosures:  
See next page

Distribution

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OGC Concurrence is not required

*[Signature]*  
OSP: D  
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Mr. S. A. White

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cc:

General Counsel  
Tennessee Valley Authority  
400 West Summit Hill Drive  
E11 B33  
Knoxville, Tennessee 37902

Mr. R. L. Gridley  
Tennessee Valley Authority  
5N 157B Lookout Place  
Chattanooga, Tennessee 37402-2801

Mr. C. Mason  
Tennessee Valley Authority  
Browns Ferry Nuclear Plant  
P.O. Box 2000  
Decatur, Alabama 35602

Mr. P. Carier  
Tennessee Valley Authority  
Browns Ferry Nuclear Plant  
P.O. Box 2000  
Decatur, Alabama 35602

Mr. D. L. Williams  
Tennessee Valley Authority  
400 West Summit Hill Drive  
W10 B85  
Knoxville, Tennessee 37902

Chairman, Limestone County Commission  
P.O. Box 188  
Athens, Alabama 35611

Claude Earl Fox, M.D.  
State Health Officer  
State Department of Public Health  
State Office Building  
Montgomery, Alabama 36130

Mr. John T. LaPoint  
Tennessee Valley Authority  
Sequoyah Nuclear Plant  
P. O. Box 2000  
Soddy Daisy, Tennessee 37379

Mr. M. Ray  
Tennessee Valley Authority  
Sequoyah Nuclear Plant  
P. O. Box 2000  
Soddy Daisy, Tennessee 37379

County Judge  
Hamilton County Courthouse  
Chattanooga, Tennessee 37402

Mr. Michael H. Mobley, Director  
Division of Radiological Health  
T.E.R.R.A. Building, 6th Floor  
150 9th Avenue North  
Nashville, Tennessee 37219-5404

Regional Administrator, Region II  
U.S. Nuclear Regulatory Commission  
101 Marietta Street, N.W.  
Atlanta, Georgia 30323

Resident Inspector/Browns Ferry NP  
U.S. Nuclear Regulatory Commission  
Route 12, Box 637  
Athens, Alabama 35611

Resident Inspector/Sequoyah NP  
c/o U.S. Nuclear Regulatory Commission  
2600 Igou Ferry Road  
Soddy Daisy, Tennessee 37379

Dr. Henry Myers, Science Advisor  
Committee on Interior  
and Insular Affairs  
U.S. House of Representatives  
Washington, D.C. 20515

Tennessee Valley Authority  
Rockville Office  
11921 Rockville Pike  
Suite 402  
Rockville, Maryland 20852

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

<p>In the Matter of</p> <p>TENNESSEE VALLEY AUTHORITY</p> <p>Browns Ferry Nuclear Plant, Units 1, 2 and 3</p>	) ) ) ) )	<p>Docket No. 50-259,</p> <p>Docket No. 50-260,</p> <p>Docket No. 50-296</p>
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EXEMPTION

I.

The Tennessee Valley Authority (the licensee) is the holder of Facility Operating License No. DPR-33 which authorizes operation of the Browns Ferry Nuclear Plant (BFNP) Unit 1, Operating License No. DPR-52 which authorizes operation of BFNP Unit 2, and Operating License No. DPR-68 which authorizes operation of BFNP Unit 3. These licenses provide, among other things, that the plant is subject to all rules, regulations, and Orders of the Commission now or hereafter in effect.

The facility consists of three boiling water reactors (BWRs) located at the licensee's site near Decatur, Alabama.

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 \$1.06 billion insurance. 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:

The Tennessee Valley Authority 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 383-387, September 30, 1988).

This exemption is effective upon issuance.

Dated at Rockville, Maryland this 30th day of September , 1988.

FOR THE NUCLEAR REGULATORY COMMISSION



James G. Partlow, Director  
Office of Special Projects





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."

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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.

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#### IV.

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The Tennessee Valley Authority 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.

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FOR THE NUCLEAR REGULATORY COMMISSION

  
James G. Partlow, Director  
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