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Holtec Center, 555 Lincoln Drive West, Marlton, NJ 08053

Telephone (609) 797-0900

Fax (609) 797-0909

May 1, 1998

Mr. Charles Haughney
Acting Director
Spent Fuel Project Office, NMSS
U.S. Nuclear Regulatory Commission
11555 Rockville Pike, Mail Stop O-6F18
Rockville, MD 20852

Subject: Request for Exemption from 10 CFR § 72.234(c)

- References:
1. HI-STAR 100 Safety Analysis Report, Holtec Report HI-951251, Docket No. 71-9261
 2. HI-STAR Topical Safety Analysis Report, Holtec Report HI-941184, Docket No 72-1008
 3. HI-STORM 100 Topical Safety Analysis Report, Holtec Report HI-951312, Docket No. 72-1014

Dear Mr. Haughney:

The Nuclear Regulatory Commission ("NRC") is currently reviewing the referenced Holtec International ("Holtec") applications for the HI-STAR 100 packagings and HI-STORM 100 components for certification under Subpart L of 10 CFR Part 72. However, the NRC's issuance of the Certificates of Compliance ("COC") will not occur in a time frame to support Holtec's commitments to a number of clients. Therefore, pursuant to 10 CFR § 72.7, Holtec requests that the NRC grant an exemption from 10 CFR § 72.234(c) to allow fabrication of HI-STAR 100 packagings and HI-STORM 100 components prior to the receipt of the COC. Section 72.234(c) currently precludes initiation of cask fabrication prior to the receipt of a COC for the cask model. Approval of this exemption request is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest.

The referenced applications were originally submitted to the NRC's Spent Fuel Project Office ("SFPO") for review and certification in 1994 and 1995. The applications have been extensively revised to incorporate system improvements and to respond to SFPO staff questions in two rounds of Requests for Additional Information ("RAIs"). Based on recent discussions with the SFPO, it is expected that the Safety Evaluation Reports ("SERs") on the HI-STAR 100 System for both transport and storage will be issued in the near future, followed by the completion of the review of HI-STORM 100 System's application, which is on-going. While we are confident that the NRC will complete its reviews as expeditiously as possible, under the current schedule,

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Telephone (609) 797-0900

Fax (609) 797-0909

Holtec needs to begin procurement and fabrication activities for both HI-STAR 100 and the HI-STORM 100 Systems as soon as possible to support the operational needs of its clients.

Holtec is currently under contract with Southern Nuclear Operating Company ("Southern Nuclear") to supply thirteen HI-STORM 100/HI-STAR 100 systems to Plant Hatch. As explained in Southern Nuclear's letter to you, dated May 4, 1998, Plant Hatch will lose its single core off-load capability in August of 2000, with the receipt of new fuel. To prevent the loss of this off-load capability, Southern Nuclear has advised Holtec that it must receive delivery of Holtec cask systems no later than November, 1999.

Holtec is also under contract to the Private Fuel Storage, L.L.C. (PFS) to supply an initial order of 100 HI-STORM Systems for use at their proposed facility in Utah (Docket No. 72-0022) and a lesser number of HI-STAR 100 packagings for use in performing the transport operations from the loading sites to the PFS facility in Utah. Additionally, Holtec has a number of other clients which desire loading of Holtec's dry storage systems within the next several years.

In order to ensure that Southern Nuclear's delivery date of November, 1999 is met, Holtec must initiate procurement of long-lead material by June, 1998. Material acquisition time for forgings and plates meeting ASME Section III, Subsection NB requirements is estimated to be approximately five to seven months. The actual cask fabrication period is uncertain at this time but is estimated to be six to ten months. All fabrication activities will be performed at U.S. Tool and Die, Inc. ("UST&D"). UST&D, an ASME N-stamp holder, has been working with Holtec for over ten years in the supply of spent fuel storage equipment. During previous NRC inspections of both UST&D and Holtec, no findings or nonconformances were identified by the NRC.

The referenced applications have recently been revised (November 1997 and March 1998) to respond to the NRC's Second Round RAIs. Holtec intends to fabricate all casks and components for both the HI-STAR 100 and HI-STORM 100 Systems in full compliance with the revised applications and the applicable codes and standards referenced therein. The HI-STORM 100 system utilizes the same canister design (MPC-68) as the HI-STAR 100 system. The HI-STAR 100 system has been extensively reviewed by the SFPO and is nearing completion of the certification process. Holtec has an NRC-approved quality assurance program under which the HI-STAR 100/HI-STORM 100 Systems will be fabricated. (See Certificate, U. S. Nuclear Regulatory Commission to Holtec, Quality Assurance Program Approval for Radioactive Material Packages, Docket Number 71-0784, Approval Number 0784 Revision 1.) Holtec has



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HOLTEC

INTERNATIONAL
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developed procurement and fabrication specifications under this approved QA program, which will be used to control procurement and fabrication activities related to construction of these cask systems.

Procurement, fabrication, and construction activities for the HI-STAR 100/HI-STORM 100 Systems under the proposed exemption would be entirely at Holtec's own risk. Changes to procedures or specifications that result from the remaining NRC certification activities will be incorporated into the components to be fabricated under the proposed exemption. Favorable NRC action on the exemption request shall not be construed as an NRC commitment to favorably consider Holtec's application for a COC for the HI-STAR 100 or HI-STORM 100 Systems.

Based on the above, Holtec respectfully requests that the NRC grant Holtec an exemption from the requirement of 10 CFR § 72.234(c) and allow procurement and fabrication of the HI-STAR 100/HI-STORM 100 Systems prior to receipt of the COC. Due to the potential operational impact on Plant Hatch and our other clients' facilities, Holtec requests a decision by the NRC on this exemption request on an expedited basis. As discussed above, in order to support operation of Plant Hatch, Holtec needs to begin fabrication activities in June, 1998. Please contact me if you have any questions regarding this request.

Sincerely yours,

Gary T. Tjersland
Director of Licensing and
Product Development

APPROVED BY:

Dr. K.P. Singh
President and CEO

cc: Mr. Eric Leeds, NRC
Mr. Mark Delligatti, NRC
Mr. David Bland, Southern Nuclear Operating Company
Mr. Ken Phy, New York Power Authority
Mr. Mark G. Smith, Pacific Gas and Electric
Dr. Max DeLong, Northern States Power
Mr. Jim Clark, Southern California Edison
Mr. Jay Silburg, Esq., Shaw Pittman
Mr. Don Hutson, Tennessee Valley Authority
Mr. Rodney Pickard, American Electric Power
Mr. Nathan Leech, ComEd
Mr. Ray Keller, Entergy Operations, Inc.
Mr. David Larkin, Washington Public Power Supply System
Mr. Eric Meils, Wisconsin Electric Power