

RAS 10259



NEIL

Nuclear Electric Insurance Limited

Suite 1200  
1201 Market Street  
Wilmington, DE 19801  
U.S.A

David B. Ripsom  
Vice President &  
General Counsel

302 888-3000 Tel  
302 888-3007 Fax  
302 573-2292 Direct

~~RECEIVED~~  
~~DATE~~  
~~TIME~~  
~~BY~~

FAX COVER LETTER

Date: June 26, 2000

PLEASE DELIVER IMMEDIATELY TO:

Name: Paul Gaukler - SHAW PITTMAN  
202-663-8007

Jay Silberg - SHAW PITTMAN  
801-323-7548

FROM:  X  DAVID B. RIPSOM, Vice President & General Counsel  
  JOANNE F. LENNON , Administrative Assistant - Direct: (302) 573.2296

NUMBER OF PAGES (including this sheet): 1

MESSAGE: Enclosed is the letter which I will send overnight. Please call me, or Peter Cavanaugh, at 302-573-2297, so that we may obtain a correct address for UPS overnight shipping. Thank you.

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SECY-02

NUCLEAR REGULATORY COMMISSION

Docket No. 72-22 Official Ex. No. L  
In the matter of Private Fuel Storage  
Staff \_\_\_\_\_ IDENTIFIED   
Applicant  RECEIVED   
Intervenor \_\_\_\_\_ REJECTED \_\_\_\_\_  
Other \_\_\_\_\_ WITHDRAWN \_\_\_\_\_  
DATE 6/27/00 Witness Parkyn  
Clerk V. McDaniel

2000 JUN 27 8 10 AM '00

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June 26, 2000

John D. Parkyn  
Chairman, Private Fuel Storage LLC  
P.O. Box C4010  
LaCrosse, WI 54602-4010

**Re: War Risk Exclusion in NEIL Primary Policy**

Dear Mr. Parkyn:

We understand that in connection with the hearings regarding the Private Fuel Storage facility in Utah, an issue concerning the interpretation of the War Risk Exclusion in the NEIL Primary Policy has been raised. Since it is in everyone's best interest to understand NEIL's interpretation of the exclusions, we provide the following clarification.

We know the Utah Testing and Training Range and the Dugway Proving Grounds are near the proposed location of the storage facility and that military training takes place at both facilities. We understand counsel for the State has questioned the application of the War Risk Exclusion in the event damages occur to the storage facility from the training activities at the military facilities. Under our policy, damage to the storage facility arising from routine training exercises would not be subject to the War Risk Exclusion, and a claim for damages would not be denied on that basis.

The application of the exclusion requires some form of "hostile or warlike" activity as the impetus for the military activity. Military training exercises by the United States armed forces would not be hostile or warlike activity. Normal training exercises are not viewed as being conducted to combat or defend against an impending or expected attack. Thus, accidental damages caused by activity at the two military facilities would not fall under the War Risk Exclusion.

We also wish to clarify that NEIL does not consider an insured facility's proximity to a military facility when evaluating a risk for level of coverage or premium assessment.

I hope the above settles the issue to everyone's satisfaction. If any additional information is needed on this issue, please contact me. Thank you for allowing NEIL to be of assistance.

Sincerely yours,

David B. Ripsom

DBR/jce