

Brent L. Brandenburg
Assistant General Counsel

Consolidated Edison Company of New York, Inc.
4 Irving Place, New York, NY 10003
Telephone (212) 460-4333

January 24, 1989

Re: Indian Point Unit No. 1
Docket No. 50-3

Mr. Ira P. Dinitz
Senior Insurance Indemnity Analyst
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Mail Stop 12-E-4
Washington, D.C. 20555

Dear Mr. Dinitz:

Reference is made to the November 14, 1986 letter from William C. Parler, General Counsel of the NRC, to the undersigned regarding financial protection requirements for Consolidated Edison's Indian Point Unit No. 1 ("IP-1"). Mr. Parler's letter, copy enclosed, proposes an alternative procedure for resolving questions regarding the application of the NRC's financial protection requirements to IP-1 pursuant to 10 CFR § 140.11(a)(4). This provision limits the scope of that section to a "nuclear reactor which is licensed to operate and which is designed for the production of electrical energy and has a rated capacity of 100,000 kilowatts or more." By letter dated May 2, 1985, copy enclosed, we had sought an interpretation of the Commission's financial protection requirements to the effect that for IP-1, Consolidated Edison was no longer required to participate in the secondary financial protection program since the licensee's authority to operate the unit as a power reactor had been revoked.

Without prejudice to the request for an interpretation of the Commission's financial protection regulations, as suggested in Mr. Parler's letter we hereby request an amendment to the indemnity agreement covering the subject facility to provide, in conformity with 10 CFR § 140.11(a)(4), that where a reactor has been permanently shut

MP/1
/1

8902010043 890124
PDR ADCK 05000003
J PDC

down and the licensee's authority to operate the reactor as a nuclear reactor revoked, participation in the deferred premium pool is no longer required as to that reactor. In this connection we point out that Article II § 7 of the indemnity agreement provides that:

"Upon the expiration or revocation of any license designated in Item 3 of the Attachment, the Commission will enter into an appropriate amendment of this agreement with the licensee reducing the amount of financial protection required under this Article; provided, that the licensee is then entitled to a reduction in the amount of financial protection under applicable Commission regulations and orders."
(emphasis supplied)

As requested, an appropriate form of amendment to the indemnity agreement is enclosed herewith as Attachment A.

Mr. Parler's letter recognizes that after the indemnity agreement has been amended to reflect non-participation of IP-1 in the secondary financial protection program, primary insurance coverage applicable to the entire Indian Point site (including IP-1) in the current amount of \$160,000,000 would continue in effect. In this connection, we were asked to supply "technical reasons" demonstrating that the primary insurance required for the site "is sufficient to cover accidents involving the fuel in the Unit One [spent fuel] pool."

By letter dated March 28, 1988, Consolidated Edison submitted supplemental environmental information to the Commission regarding IP-1, including an evaluation of spent fuel storage conditions and the potential consequences of accidents and natural phenomena affecting the spent fuel. A copy of our March 28, 1988 letter is enclosed herewith as Attachment B in satisfaction of this request. We note in particular (see Attachment B supplemental information at pages 13-17), that after performing similar analyses the NRC had also independently determined in a February 11, 1980 "Order to Show Cause" that the IP-1 spent fuel had at that time already sufficiently decayed such that the fuel would be air cooled in the unlikely event of a complete loss of pool cooling. Additional reductions in the fuel decay heat

load over the intervening eight years provide further assurance of adequate air cooling.*

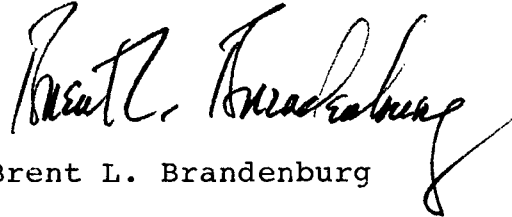
Lastly, Mr. Parler's letter set forth the NRC's understanding that the applicable license provisions for the Indian Point plants "prohibit the commingling of spent fuel from different units at the site in both onsite storage and transportation from the site," citing pertinent provisions of IP-1 License No. DPR-5. As requested, it is hereby acknowledged that Consolidated Edison's understanding is in accord with the NRC's pertaining to fuel separability requirements of licensure, and that any change in such requirements (which is not contemplated) would require appropriate license amendments and prior NRC approval.

We are aware that the NRC is currently readying amendments to licensee indemnity agreements which will, inter alia, increase the required level of primary insurance from \$160,000,000 to \$200,000,000, and increase the maximum assessment amounts under the secondary financial protection program. We request that the amendment to the indemnity agreement set forth in Attachment A be made no later than an amendment implementing these increases.

* We also refer you to the NRC's NUREG/CR-0603, entitled "A Risk Assessment of a Pressurized Water Reactor for Class 3-8 Accidents," and to NUREG/CR-4982, entitled "Severe Accidents in Spent Fuel Pools in Support of Generic Safety Issue 82." These studies place in perspective the fundamentally different and reduced public risk involved in spent fuel pool accidents at a permanently retired reactor such as IP-1 as compared to an operating facility. The conclusion reached by the NUREG/CR-0603 study is that the contribution to risk from Class 3-8 accidents for an operating plant, which include spent fuel pool loss-of-coolant accidents (Class 7), has been determined to be small even in comparison to normal operational releases, and very small in comparison to Class 9 accidents involving core melting. Of the Class 3-8 accidents, the spent fuel pool loss-of-coolant accident was determined to have the lowest probability of occurrence versus release magnitude, and the lowest median curie release (see NUREG/CR-0603 Table 2.4). At IP-1, the extended decay of spent fuel in storage capable of being air cooled would result in an even greater reduction in public risk. With respect to NUREG/CR-4982, the accident scenarios considered are primarily driven by the potential of a zircaloy fire. This could not occur with IP-1 fuel since its construction materials are stainless steel.

If you have any questions regarding this request, or if you require further information in order to process the request expeditiously, please contact me at (212) 460-4333.

Very truly yours,



Brent L. Brandenburg

BLB:jms

Enclosures

cc: Peter B. Erickson
Project Manager, IP-1
U. S. Nuclear Regulatory Commission
Mail Stop 11-H-3
Washington, D.C. 20555

William C. Parler
General Counsel
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555