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SUBJECT: Forwards exemption from requirements of 10CFR50.54(w) re total amount of onsite property damage insurance coverage commercial power reactor licensee required to possess.

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

November 3, 1982

Docket No. 50-155
LS05-82-11-005


Mr. David Vandewalle
Nuclear Licensing Administrator
Consumers Power Company
1945 West Parnall Road
Jackson, Michigan 49201

Dear Mr. Vandewalle:

SUBJECT: BIG ROCK POINT - EXCESS PROPERTY DAMAGE INSURANCE EXEMPTION

The Commission has issued the enclosed Exemption from certain requirements of § 50.54(w) of 10 CFR Part 50, in response to your letter dated, June 22, 1982. This exemption, which is being forwarded to the Office of the Federal Register for publication, pertains to the total amount of on-site property damage insurance coverage a commercial power reactor licensee is required to possess.

Sincerely,


Dennis M. Crutchfield, Chief
Operating Reactors Branch #5
Division of Licensing

Enclosure:
Exemption

cc w/enclosure:
See next page

8211080181

Mr. David J. Vandewalle

- 2 -

November 3, 1982

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- 3 -

November 3, 1982

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UNITED STATES OF AMERICA
 NUCLEAR REGULATORY COMMISSION

In the Matter of)	
)	
CONSUMERS POWER COMPANY)	Docket No. 50-155
)	
(Big Rock Point Plant))	

EXEMPTION

I.

Consumers Power Company (the licensee) is the holder of Facility Operating License No. DPR-6 which authorizes operation of the Big Rock Point Plant. This license provides, among other things, that it is subject to all rules, regulations and orders of the Commission now or hereafter in effect. The facility is a boiling water reactor rated at 72 MW(e) at the licensee's site located in Charlevoix County, Michigan.

II.

The regulation, 10 CFR 50.54(w), requires that each commercial power reactor licensee shall, by June 29, 1982, take reasonable steps to obtain on-site property damage insurance available at reasonable cost and on reasonable terms from private sources or to demonstrate to the satisfaction of the Nuclear Regulatory Commission (the Commission)(NRC) that it possesses an equivalent amount of protection covering the facility, provided, among other things, that "this insurance must have a minimum coverage limit no less than the combined total of (i) that offered by either American Nuclear Insurers (ANI) and Mutual Atomic Energy Reinsurance

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- 2 -

Pool (MAERP) jointly or Nuclear Mutual Limited (NML); plus (ii) that offered by Nuclear Electric Insurance Limited (NEIL), the Edison Electric Institute (EEI), ANI and MAERP jointly, or NML as excess property insurance."

On June 22, 1982, the licensee filed a Request for Exemption from provision "(ii)" of 10 CFR 50.54(w). In support of this request, the licensee submitted a study indicating that decontamination and cleanup costs following the "worst credible accident" would not exceed \$500,000,000. The licensee indicated that it would obtain primary property insurance covering damages up to \$450 million (subsequently increased by the carrier to \$500 million) but that it did not believe that coverage in excess of \$500 million was justified at this time. In reviewing Consumer's exemption request, the staff determined that additional information was required. This information was solicited by letter to the licensee dated July 12, 1982. The licensee has responded to this request by letter dated August 10, 1982.

Because of the additional information provided by the licensee in its August 10th letter, the Commission is able to consider the exemption request on its merits. Both in its study and its response to staff's questions, Consumers Power has postulated a maximum credible accident which results in releases of 100% of the noble gases, 100% of the iodines, 100% of the cesiums and about 10% of the other solids. The licensee states, "This release fraction is consistent with WASH-1400 (Appendix V, Table V2-1), where the worst case (PWR-1) resulted in a release of 90% of the noble gases, 70% of the halogens, 40% of the cesiums and 0-40%

- 3 -

of the other solids." The licensee then calculates the quantity of radionuclides available for release as a function of core thermal power and contrasts this to the Three Mile Island accident. Detailed, item-by-item TMI decontamination cost estimates were then used as a basis for estimating demontamination costs after a "maximum credible accident" at Big Rock Point.

The assumptions and methodology used by the licensee in its study provide a reasonable attempt to estimate decommissioning costs and appear to be compatible with preliminary findings of a study developed for the Commission (Technology, Safety and Costs of Decommissioning at Reference Light Water Reactors Involved in Postulated Accidents, NUREG/CR-2601, Pacific Northwest Laboratory, to be published). This report considers three accident scenarios with a TMI-2 type accident considered to be of intermediate severity. This information indicates that although there is some relationship between size of a reactor and accident cleanup costs, certain of the major costs involved with accident cleanup -- such as defueling a damaged reactor, activities to maintain a facility in cold shutdown, and construction of new treatment facilities -- are not strictly power level dependent. The licensee has indicated lower expected costs overall for cleanup of Big Rock Point because of its small size. However, it has correctly indicated those steps in the cleanup process, as used in the examples above, where cost is not directly related to core size.

Additionally, the Big Rock Point plant at 72 MW(e) [240 MW(t)] is below the limit used to exclude small plants from certain NRC requirements. For example, 10 CFR Part 140.11 excludes reactors rated below 100 MW(e) from the full requirements of deferred premium assessments of the

- 4 -

Price-Anderson liability insurance and indemnity program. Likewise, 10 CFR Part 50, Appendix E allows licensees with reactors rated at less than 250 MW(t) to seek to reduce the size of their Emergency Planning Zones if they so wish.

The licensee has also indicated that it has contacted various parties to obtain either insurance or some other method of protection such as a line or letter of credit to obtain the \$67 million required excess protection. The cost of this would range from \$201,000 to \$422,000 per year depending on the method and carrier chosen. When such excess insurance or protection is not required to cover the costs of cleanup of a maximum credible accident, the NRC staff agrees with the licensee's assessment that the cost of such insurance or protection is too burdensome.

In sum, the Commission believes that the licensee has provided adequate justification for being exempted from the excess insurance requirements of 10 CFR 50.54(w)(1)(ii). Although the Commission's information base on the relation between reactor size and accident decontamination cost has not yet been completed, sufficient information exists to determine that decontamination and cleanup costs occurring as a result of an accident at a reactor of Big Rock Point's small size would, with a reasonable degree of assurance, be covered by \$500 million insurance. Further, within the next year the issue of accident cost vis-a-vis reactor size will be addressed in the Commission's upcoming revised rulemaking on property insurance (see 47 FR 27371). By that time, the Commission will be better able to determine whether and at what point all small reactors should be exempted from certain property insurance requirements. Because of the relatively short time until

-- 5 -

such a decision, it is even less likely that a reactor of Big Rock Point's size would require insurance exceeding \$500 million to protect public health and safety adequately.

Accordingly, the Commission has determined that pursuant to 10 CFR 50.12 an 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 until further notice from the requirements of 10 CFR 50.54(w)(1)(ii), with respect to excess property insurance offered by Nuclear Electric Insurance Limited (NEIL), the Edison Electric Institute (EEI), American Nuclear Insurers (ANI) and Mutual Atomic Energy Reinsurance Pool (MAERP) jointly, or Nuclear Mutual Limited (NML). The licensee continues to be required to maintain, at a minimum, total primary insurance coverage or equivalent protection offered by ANI and MAERP jointly or NML pursuant to 10 CFR 50.54(w)(1)(i).

- 6 -

The NRC staff has determined that granting this exemption will not result in any significant environmental impact and that pursuant to 10 CFR 51.5(d)(4) an environmental impact statement or negative declaration and environmental impact appraisal need not be prepared in connection with this action.

This exemption is effective upon issuance.

FOR THE NUCLEAR REGULATORY COMMISSION



Robert A. Purple, Acting Director
Division of Licensing
Office of Nuclear Reactor Regulation

Dated at Bethesda, Maryland,
this 3rd day of November, 1982.