JAN 11 1979

Docket No. STN 50-480

Mr. Tom M. Anderson, Manager
Nuclear Safety Department
Westinghouse Electric Corporation
P. O. Box 355
Nuclear Center - Bay 415
Pittsburgh, Pennsylvania 15230

Dear Mr. Anderson:

SUBJECT: FEES FOR PDA EXTENSION REVIEWS

R. Boyd's letter to you dated December 28, 1978 forwarded Amendment 1 to PDA-3, which extended the approval term for two additional years. In that letter, he stated that the detailed review of the PDA extension matters would be initiated as soon as the staff is informed by a utility-applicant that it intends to reference the RESAR-41 design. He also noted that the staff would advise you of the Commission's decision as to whether a fee would be associated with that review, as soon as that decision becomes available.

On January 3, 1979 in a letter to P. McGill of Combustion Engineering, Incorporated, Chairman Hendrie provided that decision. In summary, it requires that each PDA-holder be charged the cost of the PDA extension review, on the basis of twenty percent of the cost, as each of the first five units involving the extended PDA is referenced in an application filed by a utility or utilities. However, for those instances in which a Final Design Approval (FDA) for the design is tendered prior to completion of the PDA extension review, the staff will, at the FDA applicant's request, include the cost for the PDA extension review as part of the FDA review cost.

I have enclosed a copy of the Chairman's letter which describes the considerations that led to the Commission decision. If you require any clarification of the matters discussed in this letter please contact the staff's assigned licensing project manager.

Sincerely,
Original signed by:
W. Kane
C. J. Heltemes, Jr., Chief
Standardization Branch
Division of Project Management
Office of Nuclear Reactor Regulation

Enclosure

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

CHAIRMAN

January 3, 1979

Mr. P. L. McGill, Vice President
Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, Connecticut 06095

Dear Mr. McGill:

Your letter of May 18, 1978 discussed the objections of Combustion Engineering, Incorporated, to the imposition of a fee for the staff review associated with extending the term of existing Preliminary Design Approvals (PDA). You proposed, as an alternative, that the Commission grant an automatic two-year extension for the CESSAR PDA when Combustion Engineering, Inc. tenders its application for a Final Design Approval-Type 1 (FDA-1) for the CESSAR nuclear steam supply system.

As you know, the Commission has carefully considered the question of fees for PDA-extension reviews on a number of occasions. On one hand, the Commission wishes to continue its strong encouragement of the standardization program. But, as you have already noted in your letter, we are concerned about recovering the costs of review.

Accordingly, the Commission has requested that the staff proceed on the basis that approved Preliminary Design Approvals will be extended from a three-year to a full five-year term, based upon having each holder of a PDA docket its assessment of each applicable PDA extension review matter. This material would be reviewed by the staff for completeness, but not for adequacy. The staff would then conditionally extend each PDA for which an acceptably complete assessment had been provided. There would be no fee associated with this extension, but it would be conditional in the sense that staff design approvals would be based on satisfactory resolution of the various issues to be addressed in later safety reviews.

Upon formal notification by a utility-applicant that it intended to reference one of the twelve approved PDA's during the extended term, that is, after the initial three-year period of validity, the staff would then review the assessment package. Such a review would be scheduled for completion prior to the tendering of the utility application. The cost of a PDA technical review conducted outside the context of a Final Design Application would be handled in a similar manner to the PDA approval fees which are due at the time of tendering of the application. That is, the PDA holder will be charged the cost of the PDA extension review, on the basis of twenty-percent of the cost as each of the first five units involving the extended PDA is referenced in an application filed by a utility or utilities. However, for those instances in which an FDA

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application for the design is tendered prior to completion of the PDA extension review, the staff will, at the FDA applicant's request, include the cost for the PDA extension review as part of the FDA review cost. Thus, in such instances, cost recovery for the PDA extension would be in the context of the FDA fee. Therefore, upon your request - the PDA extension review materials for CESSAR could be handled as part of the FDA application review, and the costs charged to the FDA.

We believe that this approach is a sensible and fair way to treat the extension fee matter, and one consonant with our desire to encourage the use of standardization.

I understand that the subject of extending the CESSAR PDA, based upon the CESSAR FDA, has been adequately addressed through separate staff discussions and correspondence.

Thank you for your continued interest in and support of the Commission's standardization program.

Sincerely,

Joseph M. Hendrie