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

DEC 22 1978

Docket No. STN 50-437

Mr. A. P. Zechella, President  
Offshore Power Systems  
P. O. Box 8000  
8000 Arlington Expressway  
Jacksonville, Florida 32211

Dear Mr. Zechella:

SUBJECT: UPDATE REVIEW MATTERS FOR MANUFACTURING LICENSE  
(Floating Nuclear Plants 1-8)

Your letter of October 31, 1978 described your proposed schedule for responding to our letter of October 12, 1978 on the same subject. You also propose to limit the content of your response in certain areas.

This letter presents our comments on your proposed course of action. Each of the major headings in your letter are addressed individually below.

General

We agree that it is not necessary that new matters be completely resolved prior to issuance of the Manufacturing License. We believe the following comments indicate a reasonable approach to reconciling the differences of view expressed in the October 12 and October 31 letters.

Enclosure 1

You propose to describe the extent that the Floating Nuclear Plant conforms to each of the Category I matters "during the final design." Presumably, you intend to submit this information for staff review in your Final Plant Design Report. Based on this understanding, we agree with your proposal regarding Category I matters.

Enclosures 2 and 3

You propose to respond to the Category II and III matters primarily by an application amendment which will be submitted by the end of December 1978. However, you propose to limit your response to only those items which were considered by the Regulatory Requirements Review Committee (RRRC) prior to January 1, 1978.

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Your proposal of a January 1, 1978 "cutoff date" is acceptable for the Category II matters for the purposes of the update review, with two exceptions. Our update review will consider residual heat removal and reactor coolant system overpressurization protection, which were reviewed and designated Category III matters by the RRRC early in 1978. The remaining Category II and Category III matters can be addressed in your Final Plant Design Report.

You also stated in your letter of October 31, 1978 that your responses to matters involving a generic issue "may be in a form of a commitment to incorporate during final plant design whatever resolution is forthcoming." This is acceptable to the staff.

#### Enclosure 4

With regard to Category IV matters, your letter of October 31, 1978 states that, "The Staff appears to be usurping an RRRC function by prejudging the significance of these matters and requiring them to be addressed prior to issuance of the Manufacturing License." Further, you propose to address the Category IV matters "when and if they are categorized by RRRC, during the final design approval phase."

The Director of NRR has reviewed each Category IV item and has determined that these matters are to be treated in a manner identical to Category II for ongoing reviews. Specifically for the update review of FNP, we agree that addressing the Category IV matters can be deferred until the final design review stage.

#### Enclosure 5

In your letter of October 31, 1978 you proposed to respond to the matters listed in Enclosure 5 of our October 12, 1978 letter during the final design review phase. You pointed out that the staff permitted this approach to be taken by other applicants that reference RESAR-3.

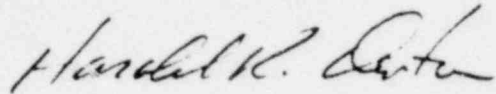
Your approach for handling these RESAR-3 matters is acceptable. Our final design review will include the issues addressed in Enclosure 5 of our October 12 letter. These matters will be treated as if they were Category II matters. Our final design review, therefore, will determine the extent to which the FNP design conforms to these matters, or provides an acceptable alternative, and determine if this is sufficient. There could be some design changes required for Category II matters where the staff determines that the degree of conformance is not acceptable. Therefore, it may be in your best interest to follow the progress of these review matters during the OL review of some of these RESAR-3 plants, and to consider their resolution for FNP some time prior to the final plant review stage.

Mr. A. P. Zechella

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We hope that this adequately responds to your letter of October 31, 1978.  
Please contact us if you require any clarification regarding these matters.

Sincerely,



Harold R. Denton, Director  
Office of Nuclear Reactor Regulation

ccs: See next page

Mr. A. P. Zechella  
President  
Offshore Power Systems  
P. O. Box 8000  
8000 Arlington Expressway  
Jacksonville, Florida 32211

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cc: Vincent W. Campbell, Esq.  
Vice President & General Counsel  
Offshore Power Systems  
P. O. Box 8000  
8000 Arlington Expressway  
Jacksonville, Florida 32211

Thomas M. Daugherty, Esq.  
Offshore Power Systems  
P. O. box 8000  
8000 Arlington Expressway  
Jacksonville, Florida 32211

Barton Z. Cowan, Esq.  
Eckert, Seamans, Cherin & Mellott  
600 Grant Street, 42nd Floor  
Pittsburgh, Pennsylvania 15219

Franklin H. Berry, Jr., Esq.  
County Counsel  
County of Ocean  
P. O. box 757  
34 Washington Street  
Toms River, New Jersey 08753

Anthony Z. Roisman, Esq.  
Natural Resources Defense Council  
917 15th Street, N. W.  
Washington, D. C. 20005

Dr. Glenn L. Paulson  
Assistant Commissioner  
State of New Jersey  
Department of Environmental Protection  
Labor and Industry Building  
John Fitch Plaza  
Trenton, New Jersey 08625

R. William Potter, Esq.  
Miriam N. Span, Esq.  
Assistant Deputy Public Advocates  
520 East State Street  
Post Office Box 141  
Trenton, New Jersey 08625

Mr. A. P. Zechella

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cc: Mark L. First, Esq.  
New Jersey State Deputy  
Attorney General  
State House Annex  
Trenton, New Jersey 08625

Carl Valore, Jr., Esq.  
Valore, McAllister, DeBrier,  
Aron & Westmoreland  
Mainland Professional Plaza  
535 Tilton Road  
P. O. Box 152  
Northfield, New Jersey 08225

Mr. Harold P. Abrams  
9100 Amherst Avenue  
Margate, New Jersey 08402

Dr. Willard W. Rosenberg  
8 North Rumson Avenue  
Margate, New Jersey 08402

Mr. John Williamson  
211 Forest Drive  
Linwood, New Jersey 08221

Harold P. Green, Esq.  
Fried, Frank, Harris, Shriver  
and Kampelman  
Suite 1000, The Watergate 600  
600 New Hampshire Avenue, N. W.  
Washington, D. C. 20037

Nuclear Coordinator  
Office of Merchant Marine Safety  
Commandant (GMMT-4)  
U. S. Coast Guard  
Washington, D. C. 20590

Mr. Mitchell Attalla  
4028 Ponce DeLeon Avenue  
Jacksonville, Florida 32217

Mr. Reg Crowder  
Jacksonville Journal  
P. O. box 1949  
Jacksonville, Florida 32201

Mr. A. P. Zechella

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cc: Sheldon J. Wolfe, Esq., Chairman  
Atomic Safety and Licensing Board  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dr. David R. Schink  
Department of Oceanography  
Texas A. & M. University  
College Station, Texas 77840

Mr. Lester Kornblith, Jr.  
Atomic Safety and Licensing Board  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Richard S. Salzman, Esq., Chairman  
Atomic Safety and Licensing Appeal Board  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Dr. John H. Buck  
Atomic Safety and Licensing Appeal Board  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

Mr. Michael C. Farrar  
Atomic Safety and Licensing Appeal Board  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555