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September 23, 1982

Ref: PGo-212

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USNRC

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Office of the Secretary of the Commission
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

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Subject: Dairyland Power Cooperative
La Crosse Boiling Water Reactor (LACBWR)
Provisional Operating License No. DPR-45
Nuclear Property Insurance

PR -50
(47 FR 27371)

- Reference (1) Advance Notice of Proposed Rulemaking - Federal Register
(47 FR 27371) June 24, 1982
- (2) DPC Letter, Linder to Denton - LAC 8364 Dated June 29, 1982
- (3) DPC Letter, Linder to Saltzman - LAC 8585 Dated September 13, 1982

Gentlemen:

The referenced notice requested comments on a recently published NRC report on property insurance prepared by Dr. John D. Long (NUREG-0891) and other questions relating to property insurance for nuclear utilities.

Our letters (References 2 and 3) requested an exemption from the requirements contained in 10 CFR 50.54 (w) and responded to an NRC request for additional information.

We wish to re-affirm the arguments presented in support of our request for exemption and additionally to present in this letter comments which in our opinion will further support our earlier request.

With regard to questions No. 1 and 2 of the referenced notice, we contend that the dollar limits of property insurance coverage should recognize the differences in the physical size of the plant, particularly for smaller plants. There is a significant difference in dollar value of the smaller plant and the decontamination effort resulting from a serious accident realistically would not require coverage approaching \$1 billion.

In the establishment of insurance coverage for property damage, consideration should be given to the consequences of a variety of accidents and the probability

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of their occurrence. The imposition of a blanket coverage requirement imposes a restrictive economic hardship on the smaller plant.

Annual reporting of property insurance coverage appears adequate.

With regard to question No. 3, the involvement of the NRC with the structure and terms and conditions of the property insurance offered should only be to the extent of developing base-line requirements.

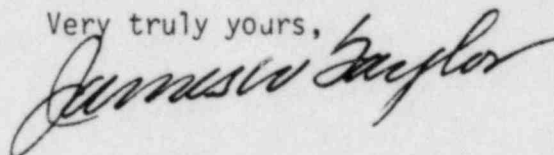
All proceeds from property insurance should be used to pay for decontamination after an accident.

With regard to question No. 4, the NRC should not become involved in regulating the replacement power insurance program. Replacement power insurance is not necessary. The matter of compensatory arrangements for replacement power should be at the discretion of the plant owner as he is regulated by the Public Service Commission or Federal Energy Regulatory Commission. Overlap of Federal jurisdiction should be avoided.

In closing, it appears to us that the stated conclusion that... "a TMI-2 type accident could well require coverage approaching \$1 billion, no matter what the original value or size of the facility." is arbitrary. The Commission's uncertainty about the validity of the established level of protection is reflected, we believe, in the statement "Until completion of studies evaluating the cost of cleaning up accidents of varying severity, it is prudent to require for all power reactors a reasonable amount of insurance for decontamination expense."

The imposition of this blanket rule without regard to its financial impact upon much smaller operating reactors imposes an extraordinary burden upon the licensee and its consumers.

Very truly yours,



JWT:daj