



South Carolina Electric & Gas Company
P. O. Box 88
Jenkinsville, SC 29065
(803) 345-4040

Ollie S. Bradham
Vice President
Nuclear Operations

October 3, 1988

Document Control Desk
U. S. Nuclear Regulatory Commission
Washington, DC 20555

SUBJECT: Virgil C. Summer Nuclear Station
Docket No. 50/395
Operating License No. NPF-12
Insurance Reporting Requirements

Gentlemen:

The Nuclear Regulatory Commission (NRC) promulgated a final rule effective October 5, 1987, which amended its regulations requiring licensees to maintain substantial amounts of onsite property insurance to provide financial security for stabilizing and decontaminating their licensed reactors in the event of an accident (51 FR 28972). The final rule imposed a requirement contained in 10CFR50.54(w)(4) that the proceeds of property damage insurance be subject to the decontamination priority in 10CFR50.54(w)(3) and be made payable "to separate trust established for the sole purpose of paying for costs incurred in decontaminating the reactor and removing radioactive debris." Pursuant to 10CFR50.54(w)(5)(i), the decontamination priority and trust provisions are required to be incorporated into insurance policies by October 4, 1988.

Since insurance policies fully satisfying the decontamination priority and independent trustee requirements are not available, trust arrangements cannot be established by October 4, 1988. Because of this and other related issues, we understand that three separate petitions for rulemaking have been filed with the NRC: (a) on June 3, 1988 on behalf of American Nuclear Insurers and MAERP Reinsurance Association; (b) on June 22, 1988 on behalf of the Edison Electric Institute, the Nuclear Management and Resources Council, and 22 power reactor licensees; and (c) on July 6, 1988 on behalf of Nuclear Mutual Limited and Nuclear Electric Insurance Limited. These petitions request the NRC to reconsider various aspects of the subject requirements and to suspend the October 4, 1988 deadline while addressing the requests contained in the petitions.

On September 7, 1988, the NRC signed a proposed rule that would suspend the October 4, 1988 deadline for 18 months, to April 4, 1990 (see Extension of Time for the Implementation of the Decontamination Priority and Trusteeship Provisions of Property Insurance Requirements). It appears that the proposed rule cannot be finalized prior to the October 4, 1988 deadline, particularly since the comment period expires October 19, 1988. Accordingly, the NRC Staff has informed us that action will be taken in each affected docket prior to October 4, 1988 to exempt or otherwise relieve licensees from that deadline. The NRC Staff has requested that we do not file a request for a specific exemption from the scheduler requirements of 10CFR50.54(w)(5).

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The purpose of this letter is to inform the NRC that we are cognizant of the October 4, 1988 deadline, to document our understanding of actions that are pending by the NRC, and to state our reliance on the assurance that we will be relieved from the October 4, 1988 deadline. While we plan no further action at this time, in the event that we are not relieved of such requirements, we will require an exemption, and we believe that the date of this letter should be deemed to be the date of our request for such exemption.

Very truly yours,



O. S. Bradham

JSB/OSB:lcd

c: D. A. Nauman/J. G. Connelly, Jr./O. W. Dixon, Jr./T. C. Nichols, Jr.
E. C. Roberts
W. A. Williams, Jr.
J. Nelson Grace
J. J. Hayes, Jr.
General Managers
C. A. Price/R. M. Campbell, Jr.
R. B. Clary
K. E. Nodland
J. C. Snelson
G. O. Percival
R. L. Prevatte
J. B. Knotts, Jr.
M. D. Blue
D. L. Abstance
NSRC
NPCF
File (811.04)