



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

OCT 27 1978

Docket No. STN 50-584

Mr. Fredrick W. Gettler, Vice President
Power Engineering
Gibbs & Hill, Inc.
393 Seventh Avenue
New York, New York 10001

Dear Mr. Gettler:

SUBJECT: GIBBSSAR PRIORITY AND SCHEDULE

This is in response to Mr. Hutchinson's letter to me dated August 15, 1978 and to Mr. Prieto's letter to The Commission dated August 23, 1978. Those letters expressed concern regarding the "low priority" assigned by this office to the review of the application by Gibbs & Hill for Preliminary Design Approval (PDA) for the GIBBSSAR balance-of-plant design. Mr. Hutchinson identified in his letter several factors which he felt had not been given adequate consideration in establishing the priority for GIBBSSAR, and he requested a meeting in order to discuss Gibbs & Hill's concerns in these regards.

As a result of Mr. Hutchinson's letter, a thorough review of the GIBBSSAR project chronology and status was undertaken by project management and technical review personnel within this office. Meetings were arranged for discussions of these matters between NRC and Gibbs & Hill representatives, first at the project level on September 11, 1978, and between Gibbs & Hill management representatives and Division level personnel of this office on September 12, 1978. The GIBBSSAR project status and schedule were also discussed at meetings of the recently established Licensing Schedule Review Committee (LSRC) on September 22 and October 19, 1978. All of the specific concerns identified by Mr. Hutchinson in his letter to me were given full consideration in that process.

On October 23, 1978, I met with Mr. Gogolick and Mr. Prieto of Gibbs & Hill and discussed the results of that review with them. As indicated at that meeting, our conclusion is that the priority ranking which was assigned to the GIBBSSAR project is an appropriate one and properly reflects the current situation, including those considerations identified specifically by Mr. Hutchinson. We do not plan, therefore, to change significantly the priority ranking assigned to the GIBBSSAR project, although you may expect minor changes to occur as the priority listing is updated periodically. (The GIBBSSAR priority ranking currently is 22nd out of 32.) Our conclusion in this regard is not to say that we found no merit to the points raised in Mr. Hutchinson's letter;

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indeed, it is recognized at every level in this organization that those points reflect legitimate and practical questions and concerns on the part of Gibbs & Hill. I think they are, therefore, deserving of the somewhat more detailed comment which follows.

Since the GIBBSSAR application was tendered in October 1976, the course of its review has been complicated by a number of factors, particularly how the GIBBSSAR review would be coordinated with the review of RESAR-414, the NSSS referenced in GIBBSSAR. The acceptance review phase was lengthened appreciably because the initial GIBBSSAR submittal was considered by the staff to be somewhat less detailed than necessary, and because of delay in receipt of responses to the staff's acceptance review comments. Since formal docketing of the GIBBSSAR application in May 1977, additional schedule slippage has accrued, again due at least partially to lateness of Gibbs & Hill's responses to a number of first-round review questions by the staff. It is also candidly acknowledged, however, that this situation has been further complicated and overall schedule delay contributed to by internal resource problems in a few critical technical review areas. As I discussed with your representatives on August 9, 1978, the situation has become even more acute in that regard during the last several months.

Without dwelling further on these past problems, however, I would like to address what we perceive to be the principal concerns of Gibbs & Hill in this matter now. A principal point made in our recent discussions was that, as a practical matter, the GIBBSSAR balance-of-plant design is considered marketable only after preliminary design approval (PDA) has been obtained from NRC, and that the principal marketability "window" for GIBBSSAR is defined by the period of overlap between the RESAR-414 PDA and the GIBBSSAR PDA. A primary concern on the part of Gibbs & Hill, then, is that any further slippage of the prospective GIBBSSAR PDA date with respect to the RESAR-414 PDA date (expected in the near future) will further reduce that marketability window.

A second major concern has to do with the "relative" scheduling of the reviews of the GIBBSSAR design and balance-of-plant designs submitted by other applicants which reference RESAR-414 and/or other NSSS designs (e.g., BSAR-205 and CESSAR). The view stated by Gibbs & Hill in this regard was that considerations of fairness should dictate "first in - first out" treatment in this context; and Gibbs & Hill having submitted the first balance-of-plant design referencing RESAR-414, NRC review scheduling should be done in a manner which results in "first availability" of GIBBSSAR to prospective buyers among all of the balance-of-plant designs which reference RESAR-414 (and similarly, for other BOP/NSSS combinations with respect to GIBBSSAR/RESAR-414).

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With respect to the "window" defined by overlap of RESAR-414 and GIBBSSAR PDA's, the concern voiced by Gibbs & Hill in that regard should be alleviated considerably by the recent decision announced by the Commission to issue PDA's valid nominally for five years rather than three years as has been the previous practice. This should result in an overlap of approximately four years between the currently projected PDA dates for RESAR-414 and GIBBSSAR.

With respect to the question of "first availability" I can assure you that it is our policy to schedule nominally on a "first in - first out" basis. At the same time, it must be recognized that there are many factors which can influence the issued PDA dates for a number of balance-of-plant designs under review concurrently by the staff. As I'm sure you can appreciate, many of these factors are not within NRC's control, such as the adequacy of the application, the time for applicant's responses, ACRS meetings, etc. It should also be noted that PDA applications under review by the staff, such as GIBBSSAR, can be referenced in CP applications from the date the PDA application is docketed, although the five year approval period is from the date of PDA issuance.

As a final important point, I would like to dispel any misunderstanding, as suggested in Mr. Hutchinson's letter to me, that any of the current issues under discussion between us, e.g., what was termed a "low priority" assigned to the GIBBSSAR project, or difficulties which have been experienced in scheduling the GIBBSSAR review, or delay of the prospective GIBBSSAR PDA date, should be interpreted as in any way signaling a change in emphasis by this agency on development of the standardization program. In a number of public statements and policy pronouncements over the last several years, beginning as early as April 1972 and as recently as August 1978, the Commission has stated and reaffirmed its support of standardization. The recent creation of the new Standardization Branch within this office, as a focal point for development of standardization policy and better coordination of review of applications involving standardized designs, is yet another indication of that commitment and continuing emphasis. The resource commitments by Gibbs & Hill and a number of other firms within the industry, in supporting and participating in the standardization program have been quite significant to date; and it is acknowledged that the program cannot continue to develop without continuing support and commitment from the industry in that regard.

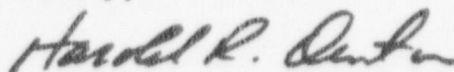
I wish to assure you that all of the factors mentioned by Mr. Hutchinson in his letter to me have been fully considered in establishing the priority ranking for the GIBBSSAR project, and in developing recently a revised schedule for completion of that review. That revised schedule, which is currently undergoing management review, was also discussed with your representatives at the meeting on October 23, 1978. In developing that revised

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schedule, cognizant project management personnel were instructed to project major milestones as realistically as possible to better assure that no further significant slippage will occur in the GIBBSSAR schedule in the future. On that basis, the revised prospective PDA date for GIBBSSAR was projected for mid-January 1980. The possibility of improving on that schedule was discussed at some length at our meeting on October 23, and suggestions were made regarding specific measures which might result in significant improvement in that regard. These included the possibility of compressing the Q-1/Q-2 sequence in the critical technical review areas involved (1) by resolving as many review questions as possible at the draft stage through frequent meetings between cognizant NRC staff and Gibbs & Hill personnel, and by stating as many formal Q-1's as possible in the "Position" format, (2) by accelerating Gibbs & Hill's responses to questions/positions not resolved at the draft stage and transmitted formally, and (3) by Gibbs & Hill personnel reviewing Category II, III & IV items identified by the Regulatory Requirements Review Committee and the Director, NRR, in advance of their receipt in formal questions/positions, and modifying the GIBBSSAR content unsolicited where applicable to the extent possible. It was agreed that both Gibbs & Hill personnel and NRR technical review and project management personnel involved in the GIBBSSAR review would make a serious effort to implement such measures in the remaining GIBBSSAR review process. GIBBSSAR review status will be re-reviewed periodically as required by the Licensing Schedule Review Committee to help assure that the revised schedule approved by this office is maintained, and to monitor the success of efforts to improve upon it as suggested above.

I hope that you find this fully responsive to the concerns expressed in Mr. Hutchinson's letter to me; if there are any questions regarding any of the above, please do not hesitate to contact me.

Sincerely,



Harold R. Denton, Director
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cc: Mr. Charles Gogolick
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