

September 30, 2005

Mr. Paul A. Harden, Site Vice-President
Nuclear Management Company, LLC
Palisades Nuclear Plant
27780 Blue Star Memorial Highway
Covert, Michigan 49043-9530

SUBJECT: EXEMPTION FROM 10 CFR 72.212 AND 72.214 FOR DRY SPENT FUEL
STORAGE ACTIVITIES - PALISADES NUCLEAR PLANT (TAC NO. L23887)

Dear Mr. Harden:

This is in response to your letter dated August 22, 2005, as supplemented on September 20, 2005, requesting an exemption from 10 CFR 72.212(a)(2), 72.212(b)(2)(i)(A), 72.212(b)(7), and 10 CFR 72.214, pursuant to 10 CFR 72.7. These regulations specifically require storage in casks approved under the provisions of 10 CFR Part 72 and compliance with the conditions set forth in the Certificate of Compliance (CoC) for each dry spent fuel storage cask used by an independent spent fuel storage installation (ISFSI) general licensee. The Transnuclear, Inc. (TN) NUHOMS® CoC provides requirements, conditions, and operating limits in Attachment A, Technical Specifications (TS). Nuclear Management Company, LLC (NMC or licensee), requests an exemption from the requirements of 10 CFR 72.212(a)(2), 72.212(b)(2)(i)(A), 72.212(b)(7), and 72.214 so that you may be able to use the revised fuel specifications and fuel tables prior to the effective date of the final rule change for the Amendment No. 8 to CoC No. 1004, approving the issuance of this amended CoC. The exemption will allow use of the revised fuel specifications and associated fuel tables for the TN NUHOMS®-32PT dry shielded canister (DSC) system in the proposed Amendment No. 8, as published in the Federal Register on September 20, 2005 (70 FR 55023). Specifically, the exemption would be from the limits of TS 1.2.1, "Fuel Specifications," that do not include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel for the NUHOMS®-32PT DSC.

We understand that you requested this exemption to begin the transfer of the Palisades Nuclear Plant (PNP) spent fuel pool contents to the PNP ISFSI in October 2005. NMC plans to load fuel assemblies with low enrichment/high burnup, assemblies with stainless steel plugging clusters, and reconstituted fuel from the spent fuel pool into the NUHOMS®-32PT storage system at PNP. Loading of these types of fuel assemblies would not be permitted based on the current TS for the NUHOMS®-32PT storage system. The proposed Amendment No. 8 to CoC No. 1004, which is in rulemaking, includes proposed changes to TS 1.2.1, "Fuel Specifications." The proposed changes include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel for the NUHOMS®-32PT DSC.

The cask loading campaign is scheduled to begin at PNP on October 10, 2005. PNP does not currently have a full core off-load capability in the PNP spent fuel pool. The strategy behind the number of casks to be loaded in the upcoming cask loading campaign is to re-establish full core off-load capability. To meet this strategy, seven NUHOMS®-32PT cask systems are planned for loading (224 assemblies). PNP currently has sufficient spent fuel assemblies qualified to

P. Harden

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the requirements of Amendment No. 7 to CoC No. 1004 to load two NUHOMS®-32PT casks, which would not provide adequate space in the spent fuel pool to support a full core off-load. The proposed action is necessary because the 10 CFR 72.214 rulemaking to implement the TN NUHOMS® CoC No. 1004, Amendment No. 8, will not be completed until late Fall 2005, which will not support the PNP fuel transfer and dry cask storage loading schedule.

The U.S. Nuclear Regulatory Commission (NRC) staff performed a safety evaluation of the proposed exemption and commitments. The enclosed safety evaluation concludes that the staff has reasonable assurance that allowing NMC to store spent fuel in the TN NUHOMS® - 32PTH system with the revised fuel specifications and fuel qualification tables will not pose an increased risk to public health and safety. For this action, an Environmental Assessment and Finding of No Significant Impact has been prepared and published in the Federal Register (70 FR 56496 , dated September 27, 2005). A copy of the Federal Register Notice was provided to you by letter dated September 20, 2005.

Based on the foregoing considerations, the NRC has determined that granting the proposed exemption from the provisions of 10 CFR 72.212(a)(2), 72.212(b)(2)(i)(A), 72.212(b)(7) and 10 CFR 72.214 is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest. Accordingly, the NRC hereby grants this exemption effective immediately, to remain in effect for 90 days following the effective date of the final rule change to 10 CFR 72.214 to incorporate TN CoC No. 1004, Amendment No. 8.

If you have any questions, please contact me or Raynard Wharton of my staff at 301-415-8500. Any future correspondence related to this action should reference Docket No. 72-7 and TAC No. L23887.

Sincerely,

/RA/

William H. Ruland, Deputy Director
Spent Fuel Project Office
Office of Nuclear Material Safety
and Safeguards

Docket Nos.: 72-7 (50-255)
TAC No.: L23887

Enclosure: Safety Evaluation
cc: Service List

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William H. Ruland, Deputy Director
Spent Fuel Project Office
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Docket Nos.: 72-7 (50-255)
TAC No.: L23887

Enclosure: Safety Evaluation
cc: Service List

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* See previous concurrence

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SAFETY EVALUATION REPORT

EXEMPTION FOR

NUCLEAR MANAGEMENT COMPANY

PALISADES INDEPENDENT SPENT FUEL STORAGE INSTALLATION

DOCKET NO. 72-7

1.0 SUMMARY

By letter dated August 22, 2005, as supplemented on September 20, 2005, Nuclear Management Company, LLC (NMC or the licensee) requested the U.S. Nuclear Regulatory Commission's (NRC) approval for an exemption from certain 10 CFR 72.212 and 72.214 requirements. These regulations specifically require storage in casks approved under the provisions of 10 CFR Part 72 and compliance with the conditions set forth in the Certificate of Compliance (CoC) for each dry spent fuel storage cask used by an ISFSI general licensee. The Transnuclear, Inc. (TN) NUHOMS® CoC provides requirements, conditions, and operating limits in Attachment A, Technical Specifications. NMC requests an exemption from the requirements of 10 CFR 72.212 and 72.214 so that you may be able to store fuel in the TN NUHOMS®-32PT dry storage canister (DSC) system prior to the effective date of the final rule change for the Amendment No. 8 to CoC No. 1004, approving the issuance of this amended CoC. NMC also requests an exemption from the requirements of 10 CFR 72.212(a)(2), 72.212(b)(2)(i)(A) and 72.212(b)(7) to allow use of fuel specifications and associated fuel tables for the NUHOMS®-32PT DSC in the proposed Amendment No. 8, as published in the Federal Register on September 20, 2005 (70 FR 55023). Specifically, the exemption would be from the limits of TS 1.2.1, "Fuel Specifications," that do not include provisions for low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel for the NUHOMS®-32PT DSC.

The licensee's justifications for the exemption are that: (1) the amendment to CoC No. 1004 revising fuel tables for the NUHOMS®-32PT system is currently in rulemaking and has been reviewed by the NRC staff as part of the TN NUHOMS® CoC No.1004, Amendment No. 8., and (2) the approval of the amendment via the 10 CFR 72.214 rulemaking will not support the initial cask loading scheduled to begin in October 2005 at PNP.

The NRC has evaluated the technical issues associated with this exemption request and concludes in the discussion below that the proposed additions and revisions do not pose any increased risk to public health and safety.

2.0 DISCUSSION

The licensee requested an exemption to allow storage of low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel from PNP under its 10 CFR Part 72 general license in the TN NUHOMS®-32PT DSC system prior to the effective date of the final rule change for the Amendment No. 8 approving the issuance of this amended CoC.

On April 21, 2004, as supplemented, TN submitted an amendment request for the NUHOMS® Storage System which described proposed changes to CoC No. 1004. The proposed changes associated with the 32PT Dry Shielded Canister (DSC) were to TS 1.2.1 and 1.2.15(a). Specifically, the changes were to revise: (1) the 32PT DSC Fuel Specification and Fuel Qualification Tables to include low enrichment/high burnup fuel, assemblies with stainless steel plugging clusters, and reconstituted fuel; and (2) the 32PT DSC Fuel Specification Tables to show minimum soluble boron loading concentration. Additionally, a clarification was made to provide operational flexibility for DSC surface decontamination.

This amendment request has been reviewed by the staff and is currently in rulemaking. The NRC staff prepared a Preliminary Safety Evaluation Report (SER) which was issued on September 20, 2005, when the direct final rule amending CoC No. 1004 to add Amendment No. 8 was published in the Federal Register (70 FR 55023). The Preliminary SER concluded that the NUHOMS system with the revised contents for the NUHOMS®-32PT meets the requirements of 10 CFR Part 72.

3.0 CONCLUSION

The staff reviewed the analyses provided by NMC in the exemption request, to allow use of revised the 32PT DSC Fuel Specification and Fuel Qualification Tables at PNP, prior to the effective date of the final rule change to 10 CFR 72.214. Based on the foregoing considerations, the staff has determined that granting the proposed exemption from the provisions of 10 CFR 72.212(a)(2), 72.212(b)(2)(i)(A), 72.212(b)(7), and 10 CFR 214 is authorized by law, will not endanger life or property or the common defense and security, and is otherwise in the public interest. Accordingly, the requested exemption does not pose an increased risk to public health and safety and is acceptable.

The exemption remains in effect for 90 days following the effective date of the final rule change to 10 CFR 72.214 to incorporate TN CoC No. 1004, Amendment No. 8.