

July 19, 2006

10 CFR 50.12
10 CFR 50.68

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Palisades Nuclear Plant
Docket 50-255
License No. DPR-20

Extension of Duration of Exemption to 10 CFR 50.68

- Reference 1: Letter from NMC to U.S. Nuclear Regulatory Commission, "Exemption From 10 CFR 50.68(b)(1)," (TAC No. MC7366) dated June 21, 2005
- Reference 2: Letter from NMC to U.S. Nuclear Regulatory Commission, "Supplement to Exemption Request from 10 CFR 50.68(b)(1)," (TAC No. MC7366) dated August 25, 2005
- Reference 3: Letter from U.S. Nuclear Regulatory Commission to NMC, "Palisades Plant – Exemption from 10 CFR 50.68, 'Criticality Accident Requirements,' for Loading of Independent Spent Fuel Storage Installation Casks (TAC No. MC7366)," dated October 6, 2005.

On June 21, 2005, Nuclear Management Company, LLC (NMC) submitted an exemption request to the requirements of 10 CFR 50.68, "Criticality accident requirements," (Reference 1). On August 25, 2005, NMC submitted a supplement to the exemption request (Reference 2), which made the following commitment:

NMC will complete supporting criticality analyses and submit a license amendment request to allow credit for burnup to meet the requirements of 10 CFR 50.68(b)(1), in July 2006, or earlier.

On October 6, 2005, the U.S. Nuclear Regulatory Commission (NRC) issued an exemption to the requirements of 10 CFR 50.68, for the Palisades Nuclear Plant (PNP) (Reference 3). The above commitment was restated within the exemption as follows:

If NMC submits a LAR [license amendment request] by July 31, 2006, this exemption will remain in effect until such time as the NRC staff either approves or denies the LAR. In this case, the NRC staff finds it acceptable to leave the

exemption in effect because it will allow NMC to unload any previously loaded cask should it become necessary. However, if NMC does not submit a license amendment by July 31, 2006, this exemption will expire, and NMC will not be able to load, unload, or handle DSCs [Dry Storage Canisters] in the SFP.

NMC has been following the ongoing NRC staff efforts to address the regulatory inconsistencies between 10 CFR 72 and 10 CFR 50.68. At a March 14, 2006, public meeting discussing spent fuel storage and transportation issues (ADAMS Ascension Number ML060830210), the NRC staff indicated that a revision to 10 CFR 50.68 was under consideration as part of the 2006 fiscal year rulemaking plan. Subsequent industry interaction with the staff has indicated that rulemaking to revise 10 CFR 50.68 is in progress, with a direct-final rule expected in 2006. NMC's understanding is that the revision to 10 CFR 50.68 should alleviate the need for the present exemption. In consideration of this, NMC requests that the current exemption remain in effect until the revised rule takes effect. This will provide time for NMC to evaluate the proposed rule when it is published in the Federal Register for public comment, and determine if any additional submittals are required.

NMC completed the loading of seven dry storage canisters in the fall of 2005. The next loading campaign is not scheduled to occur until 2008. The need for extending the exemption duration is unchanged from that stated within the exemption request, i.e., to afford the ability, if necessary, to unload a previously loaded canister. This is consistent with the certificate of compliance requirement for the establishment of operating procedures for canister unloading. The exemption extension would not be used to load additional canisters.

This letter closes the commitment stated below, and requests the NRC to extend the duration of the present 10 CFR 50.68 exemption in consideration of the proposed rule change.

Summary of Commitments

This letter closes the following commitment:

1. NMC will complete supporting criticality analyses and submit a license amendment request to allow credit for burnup to meet the requirements of 10 CFR 50.68(b)(1), in July 2006 or earlier.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 19, 2006.

A handwritten signature in black ink, appearing to read 'Paul A. Harden', with a stylized, cursive script.

Paul A. Harden
Site Vice President, Palisades Nuclear Plant
Nuclear Management Company, LLC

CC: Administrator, Region III, USNRC
Project Manager, Palisades, USNRC
Resident Inspector, Palisades, USNRC