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 50-369 William B. McGuire Nuclear Station, Unit 1, Duke Powe 05000369
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SUBJECT: Requests exemption from 881004 deadline to comply w/amended 10CFR50.54(w)(5)(i) re insurance reporting requirements.

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September 30, 1988

Docket Nos. 50-269
50-270
50-287
50-369
50-370
50-413
50-414

Re: 10 CFR 50.54(w) (4)

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555

Gentlemen:

Oconee Nuclear Station
Mc Guire Nuclear Station
Catawba Nuclear Station
Insurance Reporting Requirements
10 CFR 50.54 (w) (4)

The Nuclear Regulatory Commission 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 (52 Fed. Reg. 28972). The final rule imposed a requirement contained in 10 CFR 50.54 (w) (4) that the proceeds of property damage insurance to be subject to the decontamination priority in 10 CFR 50.54 (w) (3) and be made payable "to a separate trust established for the sole purpose of paying for costs incurred in decontaminating the reactor and removing radioactive debris." Pursuant to 10 CFR 50.54 (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

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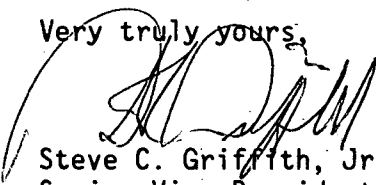
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October 4, 1988 deadline while addressing the requests contained in the petitions.

On September 19, 1988, the NRC published in the Federal Register (53 Fed Reg 36338) a proposed rule that would suspend the October 4, 1988 deadline for 18 months, to April 14, 1988. 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 Duke 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 Duke not file a request for a specific exemption from the scheduler requirements of 10 CFR 50.54 (w) (5).

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

Very truly yours,



Steve C. Griffith, Jr.
Senior Vice President
& General Counsel

SCG/sjr

cc: J. Nelson Grace. Administrator, NRC Region II