

Offshore Power Systems

February 24, 1981

John F. Ahearne, Chairman
Victor Gilinsky, Commissioner
Peter A. Bradford, Commissioner
Joseph M. Hendrie, Commissioner
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Gentlemen:

A. R. Collier
President

Re: Policy on Proceeding with Pending Construction
Permit and Manufacturing License Applications

The Commission currently is considering whether the Offshore Power Systems application for a Manufacturing License should continue to be included within the scope of applicability of the rules presently under consideration for proceeding with pending Construction Permit and Manufacturing License applications. The Manufacturing License is included in the published Notice of Proposed Rulemaking (45 FR 65247); exclusion of the Offshore Power Systems application would constitute a material departure from that notice.

Offshore Power Systems believes that simple fairness as well as our right to equitable treatment under the Commission's regulations require that the standards which will be adopted for near-term Construction Permit applications should remain applicable to the Manufacturing License application, as originally proposed. Because of the importance of this question to the future of the standardized Floating Nuclear Plant concept, Offshore Power Systems is compelled to express its views to the Commission.

By any measure of licensing progress, the Manufacturing License application is properly included in the near-term group. Actions to obtain the Manufacturing License have been vigorously pursued since 1973. The public hearing record is complete, except for post-TMI matters, and presently stands at nearly 8000 pages of transcript. Proposed findings of fact have been submitted to the hearing board by both Offshore Power Systems and the Staff. Offshore Power Systems responses to the post-TMI requirement published in NUREG-0660 were

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submitted for Staff review in July 1980. In this important regard, the Offshore Power Systems application is one of the most advanced of the entire near-term group.

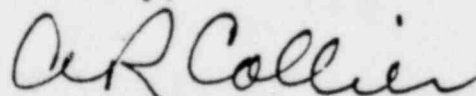
Offshore Power Systems has made a substantial investment in the Floating Nuclear Plant concept. To date 125 million dollars have been invested in the manufacturing facility at Jacksonville, Florida. In addition over 2000 man-years of effort and an additional 63 million dollars have been devoted to design and licensing of the Floating Nuclear Plant. These commitments were based in part on our belief that the standards which would be applied to the Manufacturing License are those which apply to other similar light water reactors with only such distinctions as are set out in 10CFR50, Appendix M. In our view, the question before the Commission suggests that you do otherwise.

Implicit in the eleventh-hour suggestion to segregate Offshore Power Systems from the other near-term applicants is an arbitrary standard of commercial success which is completely at odds with the Manufacturing License concept as embodied in the Commission's regulations (principally 10CFR50, Appendix M). Under the Manufacturing License concept, manufacturers are encouraged to license total plant designs for sale and ultimate manufacture. Having obtained Commission approval, in the form of a Manufacturing License, the manufacturer is able to offer a standardized product of proven viability. This is the manufacturer's incentive to make the substantial investment required to construct a manufacturing facility and license the product.

The Manufacturing License appears to be a pre-requisite for the sale of a Floating Nuclear Plant. Failure to apply the presently proposed standards to the Manufacturing License will delay a decision to the indefinite future and in our view is tantamount to denial of the license.

Offshore Power Systems will be pleased to provide any further information the Commission may desire in connection with this important matter including appearance at a Commission meeting if desired.

Sincerely,

A handwritten signature in cursive script, appearing to read "A. R. Collier".

A. R. Collier