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October 31, 1978

Mr. R. S. Boyd, Director
Division of Project Management
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
7920 Norfolk Avenue
Bethesda, Maryland 20852

Dear Mr. Boyd:

RE: DOCKET NO. STN 50-437; Manufacturing License
Application Update Review

Your letter of October 12, 1978, advised Offshore Power Systems that an update review of the Plant Design Report will be required prior to issuance of the manufacturing license. The purpose of this letter is to outline the intended schedule and content of our responses to the review requirements expressed in your letter. The following comments are directed first to the general issues raised by the proposed update review and then to the specific matters identified in the enclosures to your October 12, 1978, letter.

General

The scope of the update review suggested in the opening paragraph of your letter goes well beyond that discussed during our meeting on September 29, and is tantamount to beginning the Floating Nuclear Plant review anew. Such an effort at the eleventh hour is both novel and unnecessary.

The need for an update review can arise only by reason of plant design changes or regulatory requirement changes since the SER baseline date. In August, 1977, Offshore Power Systems filed the comprehensive Amendment 24 which updated the Plant Design Report to reflect design progress since 1975. Subsequent to this filing, meetings were held with Staff reviewers and questions were received concerning the content of Amendment 24. These questions were answered

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first by letter early this year and then in PDR Amendment 25, filed in June. Plant design changes having recently been described, there remain only regulatory requirement changes as the potential cause for an update review. New and revised regulatory requirements, which are limited in number and conveniently compiled in the "RRRC" list, certainly do not occasion the extensive update review suggested in your letter.

Our application is in the final stages of what is analogous to a construction permit proceeding. After the Manufacturing License is issued, Offshore Power Systems must still obtain approval of the final plant design. Therefore, ample time remains to address new review matters and to incorporate necessary design changes during the final design and approval process. The point is that at this late stage in the preliminary design review, there is no compelling need to require that new matters be completely resolved prior to issuance of the Manufacturing License.

We, therefore, believe that the scope of Plant Design Report update review can and should be limited to certain matters as discussed in detail below.

Enclosure 1

Category I matters are defined in your letter as those which "are to be applied to applications, filed after a specific cutoff date." Even though cutoff dates are not given in Enclosure 1, it appears that none of the matters applies to the Manufacturing License application since not one of the listed items was in existence at the time of Plant Design Report docketing. Further, since the Staff states that little or no design change is likely to result from Category I matters, there is no need to address these matters in a hurried manner prior to issuance of the Manufacturing License. We, therefore, propose to describe the extent of the Floating Nuclear Plant conformance to each of these matters during the final design.

Enclosures 2 and 3

With a possible few exceptions where a letter response may be more appropriate, Offshore Power Systems will address the Category II and Category III matters in an amendment to the Plant Design Report; we expect to file this amendment before the end of 1978.

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Some of the Category II and III matters are very recent developments. In such instances, it is unreasonable to require that complete information be developed prior to issuance of the Manufacturing License. It is obvious that such a procedure can result in a situation in which an applicant continually progresses part way to the award of a license...with never-ending, last minute reviews forever barring the applicant from receiving the sought after license. In order to prevent such a scenario, some cutoff date must be established. Consideration of new review matters which arise after this cutoff date will be deferred to the final design review stage. We believe that a cutoff date of January 1, 1978, is reasonable and request your concurrence.

In some cases the Category II or III matter involves a generic issue which is primarily in the scope of the NSSS vendor. In those cases our response may be in the form of a commitment to incorporate during final plant design whatever resolution is forthcoming.

Enclosure 4

By the Staff's own definition, Category IV review matters are "matters which the Staff is preparing for RRRC consideration and are considered to be of such safety significance that they must be addressed during the review". The Staff appears to be usurping an RRRC function by prejudging the significance of these matters and requiring them to be addressed prior to issuance of the Manufacturing License. The matters contained in Subcategory C of Category IV have not yet been published in the form of Regulatory Guides, Standard Review Plans, or even Branch Technical positions. The substance of the Subcategory C matters has, for the most part, not been defined other than in the brief titles listed in Enclosure 4. Under these circumstances, a requirement to address Category IV matters prior to issuance of the Manufacturing License is premature and unreasonable. Offshore Power Systems proposes to address each of these matters, when and if they are categorized by RRRC, during the final design approval phase.

Enclosure 5

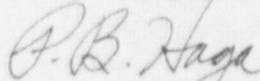
In a letter dated November 17, 1977, the NRC notified construction permit applicants referencing RESAR-3 of several deficiencies in the content of RESAR-3. It was further stated that consideration of the matters identified could

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reasonably be deferred to the operating license review. This letter was not transmitted to OPS in November, 1977, because the Staff had determined at that time that the Plant Design Report had already been reviewed against current requirements. Your present letter requires not only that Offshore Power Systems now address these issues but that they be addressed prior to issuance of the manufacturing license. Offshore Power Systems considers this requirement to be unnecessary and unreasonable. We propose to address these matters to the extent which may be necessary during the final design approval phase.

In summary, it is our intent to file a Plant Design Report amendment prior to January 1, 1979, in response to the Category II and III RRRC matters. (In some cases a letter response may be more appropriate.) We propose to defer those matters arising after January 1, 1978, to the final design review. It is our further intent to address Category I, Category IV and RESAR-3 matters, to the extent they have not become moot issues, during the final design review. We wish to emphasize that the final design of the Floating Nuclear Plant will be developed with full consideration of each review matter identified in your October 12, 1978, letter which is in force and applicable at the time of final design review. We do object to the additional delay which would result from a general Plant Design Report re-review and from certain demands for information, both of which we see as unnecessary and unreasonable at this late stage in the Manufacturing License review.

Very truly yours,



P. B. Haga, Chief Engineer
Mechanical and Nuclear Engineering

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CC: V. W. Campbell
A. R. Collier