

defense and security and are otherwise in the public interest.

Section 70.24(d) of 10 CFR states that

Any licensee who believes that good cause exists why he should be granted an exemption in whole or in part from the requirements of this section may apply to the Commission for such exemption.

Accordingly, the Commission has determined that good cause is present as defined in 10 CFR 70.24(d). The Commission has further determined that, pursuant to 10 CFR 70.14, the exemption is authorized by law and will not endanger life or property or the common defense and security and are otherwise in the public interest. Therefore, the Commission hereby grants Duke Power Company an exemption from the requirement of 10 CFR 70.24(a)(1), (2), and (3) for McGuire, Units 1 and 2, on the bases as stated in Section II above.

Pursuant to 10 CFR 51.32, the Commission has determined that granting of this exemption will have no significant effect on the quality of the human environment (62 FR 41101).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 31st day of July 1997.

For the Nuclear Regulatory Commission.

Samuel J. Collins,

Director, Office of Nuclear Reactor Regulation.

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NUCLEAR REGULATORY COMMISSION

Public Service Electric and Gas Company, Philadelphia Electric Company, Delmarva Power and Light Company, Atlantic City Electric Company, Salem Nuclear Generating Station, Units 1 and 2 and Public Service Electric and Gas Company, Atlantic City Electric Company, Hope Creek Generating Station; Exemption

[Docket Nos. 50-272 and 50-311; Docket No. 50-354]

I.

The Public Service Electric and Gas Company, et al. (PSE&G, the licensee), is the holder of Facility Operating License Nos. DPR-70, DPR-75 and NPF-57, which authorize operation of the Salem Nuclear Generating Station, Units 1 and 2, and Hope Creek Generating Station (Salem/Hope Creek). The licenses provide, among other things, that the licensee is subject to all rules, regulations, and orders of the Nuclear Regulatory Commission (the

Commission) now and hereafter in effect.

The facilities consist of two pressurized water reactors, Salem Units 1 and 2, and a boiling water reactor, Hope Creek, located at the licensee's site in Salem County, New Jersey.

II.

It is stated in 10 CFR 73.55, "Requirements for physical protection of licensed activities in nuclear power reactors against radiological sabotage," paragraph (a), "General performance objective and requirements," that "The licensee shall establish and maintain an onsite physical protection system and security organization which will have as its objective to provide high assurance that activities involving special nuclear material are not inimical to the common defense and security and do not constitute an unreasonable risk to the public health and safety."

It is specified in 10 CFR 73.55(d), "Access Requirements," paragraph (1), that "The licensee shall control all points of personnel and vehicle access into a protected area." It is specified in 10 CFR 73.55(d)(5) that "A numbered picture badge identification system shall be used for all individuals who are authorized access to protected areas without escort. . . ." It also states that an individual not employed by the licensee (i.e., contractors) may be authorized access to protected areas without escort provided the individual "receives a picture badge upon entrance into the protected area which must be returned upon exit from the protected area. . . ."

The licensee proposed to implement an alternative unescorted access control system which would eliminate the need to issue and retrieve badges at each entrance/exit location and would allow all individuals with unescorted access to keep their badge with them when departing the site.

An exemption from 10 CFR 73.55(d)(5) is required to allow contractors who have unescorted access to take their badges offsite instead of returning them when exiting the site. By letter dated January 17, 1997, the licensee requested an exemption from certain requirements of 10 CFR 73.55(d)(5) for this purpose.

III.

Pursuant to 10 CFR 73.5, "Specific exemptions," the Commission may, upon application of any interested person or upon its own initiative, grant such exemptions in this part as it determines are authorized by law and will not endanger life or property or the common defense and security, and are

otherwise in the public interest.

Pursuant to 10 CFR 73.55, the Commission may authorize a licensee to provide measures for protection against radiological sabotage provided the licensee demonstrates that the measures have "the same high assurance objective" and meet "the general performance requirements" of the regulation, and "the overall level of system performance provides protection against radiological sabotage equivalent" to that which would be provided by the regulation.

At the Salem/Hope Creek site, unescorted access into protected areas is controlled through the use of a photograph on a combination badge and keycard. (Hereafter, these are referred to as a "badge"). The security officers at the entrance station use the photograph on the badge to visually identify the individual requesting access. The badges for both licensee employees and contractor personnel who have been granted unescorted access are issued upon entrance at the entrance/exit location and are returned upon exit. The badges are stored and are retrievable at the entrance/exit location. In accordance with 10 CFR 73.55(d)(5), contractor individuals are not allowed to take badges offsite. In accordance with the plant's physical security plan, neither licensee employee nor contractors are allowed to take badges offsite.

Under the proposed system, each individual who is authorized for unescorted access into protected areas would have the physical characteristics of their hand (hand geometry) registered with their badge number in the access control system. When an individual enters the badge into the card reader and places the hand on the measuring surface, the system would record the individual's hand image. The unique characteristics of the extracted hand image would be compared with the previously stored template in the access control system to verify authorization for entry. Individuals, including licensee employees and contractors, would be allowed to keep their badges with them when they depart the site and thus eliminate the process to issue, retrieve and store badges at the entrance stations to the plant. Badges do not carry any information other than a unique identification number.

All other access processes, including search function capability, would remain the same. This system would not be used for persons requiring escorted access, i.e., visitors.

Based on a Sandia report entitled, "A Performance Evaluation of Biometric Identification Devices" (SAND91-0276

UC—906 Unlimited Release, Printed June 1991), and on the licensee's experience with the current photo-identification system, the licensee stated that the hand geometry system performance is comparable to, or superior to, that of the current system. The biometric system has been in use for a number of years at several sensitive Department of Energy facilities. The licensee will implement a process for testing the proposed system to ensure continued overall level of performance equivalent to that specified in the regulation. The Physical Security Plan for Salem/Hope Creek will be revised to include implementation and testing of the hand geometry access control system and to allow licensee employees and contractors to take their badges offsite.

The licensee will control all points of personnel access into a protected area under the observation of security personnel through the use of a badge and verification of hand geometry. A numbered picture badge identification system will continue to be used for all individuals who are authorized unescorted access to protected areas. Badges will continue to be displayed by all individuals while inside the protected area.

Since both the badges and hand geometry would be necessary for access into the protected areas, the proposed system would provide for a positive verification process and the potential loss of a badge by an individual, as a result of taking the badge offsite, would not enable an unauthorized entry into protected areas.

For the foregoing reasons, pursuant to 10 CFR 73.55, the NRC staff has determined that the proposed alternative measures for protection against radiological sabotage meet "the same high assurance objective," and "the general performance requirements" of the regulation and that "the overall level of system performance provides protection against radiological sabotage equivalent" to that which would be provided by the regulation.

IV

Accordingly, the Commission has determined that, pursuant to 10 CFR 73.5, an exemption is authorized by law, will not endanger life or property or common defense and security, and is otherwise in the public interest. Therefore, the Commission hereby grants an exemption from those requirements of 10 CFR 73.55(d)(5) relating to the returning of picture badges upon exit from the protected area such that individuals not employed by the licensee, i.e., contractors, who are

authorized unescorted access into the protected area, may take their picture badges offsite. This exemption is granted on the condition that the licensee implements a process for testing the proposed system and revises the security plan for each site as discussed in Section III above.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will have no significant effect on the quality of the human environment (62 FR 40551).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 31st day of July 1997.

For the Nuclear Regulatory Commission.

Samuel J. Collins,

Director, Office of Nuclear Reactor Regulation.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, 450 Fifth Street, NW, Washington, DC 20549.

Extensions:

Rule 11a-3, SEC File No. 270-321,

OMB Control No. 3235-0358

Rule 17g-1, SEC File No. 270-208,

OMB Control No. 3235-0213

Rule 206(4)-3, SEC File No. 270-218,

OMB Control No. 3235-0242

Rule 206(4)-4, SEC File No. 270-304,

OMB Control No. 3235-0345

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below.

Rule 11a-3 under the Investment Company Act of 1940 is an exemptive rule that permits open-end investment companies ("funds"), other than insurance company separate accounts, and funds' principal underwriters, to make certain exchange offers to fund shareholders and shareholders of other funds in the same group of investment companies. The rule requires a fund, among other things, (i) to disclose in its prospectus and advertising literature the amount of any administrative or redemption fee imposed on an exchange

transaction, (ii) if the fund imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years, and (iii) give the fund's shareholders a sixty day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer (unless the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load or redemption fee payable at the time of an exchange).

The rule's requirements are designed to protect investors against abuses associated with exchange offers, provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers, and enable the Commission staff to monitor funds' use of administrative fees charged in connection with exchange transactions.

It is estimated that approximately 2,500 funds may choose to rely on the rule, and each fund may spend one hour annually complying with the recordkeeping requirement and another hour annually complying with the notice requirement. The total annual burden associated with the rule is estimated to be 5,000 hours. The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the Form N-1A registration statement for funds.

Rule 17g-1 under the Investment Company Act of 1940 governs the fidelity bonding of officers and employees of registered management investment companies ("funds"). Rule 17g-1 requires, among other things, that:

(i) *Fidelity Bond Content Requirements.* The fidelity bond must provide that it shall not be cancelled, terminated or modified except upon a 60-day written notice by the acting party to the affected party. In the case of a "joint bond" covering several funds or certain other parties, the notice also must be given to each fund and to the Commission. In addition, a joint bond must provide that a copy of the bond, any amendments to the bond, any formal filing of a claim on the bond, and notification of the terms of any settlement on such claim, will be furnished to each fund promptly after the execution.

(ii) *Independent Directors' Approval Requirements.* At least annually, the independent directors of a fund must approve the form and amount of the fidelity bond. The amount of any premium paid for any joint bond also must be approved by the independent directors of a fund.

(iii) *Joint Bond Agreement Requirement.* A fund that is insured by a joint bond must enter into an agreement with all other parties