

July 17, 1996

EDO -

The Commissioners have reviewed and concurred in the proposed response to Senator John McCain's letter dated June 4, 1996 concerning a constituent's request for an investigation of the TVA program.

Doris Mossburg, SECY

9607240151 960717
PDR ADDCK 05000390
H PDR

The Honorable J. McCain

- 2 -

relative to a licensee's overall financial health rather than assess the magnitude of accounting data for specific plants. The financial information, in combination with other performance indicators, may warrant additional NRC inspection activity at specific sites. The NRC staff believes that NRC's inspection program will be effective in this regard in identifying potential operational safety problems. The NRC staff intends to use this approach with TVA, as necessary.

With respect to the potential need for a bailout of TVA, we do not believe that the levels of TVA's debt necessarily indicate that TVA has, or will have, serious financial problems. Unlike its neighboring utilities, which are investor owned and can, therefore, issue stock, TVA must rely on debt or internally-generated cash to provide funds for financing capital projects. The NRC notes that Moody, a major debt-rating company, has consistently rated TVA's bonds as "Aaa." (See, for example, Moody's Public Utility News Reports, November 7, 1995, p. 4882.) This is Moody's highest rating and indicates that it believes that TVA has substantial underlying financial strength adequate to be able to repay the principal and interest on its bonds.

Ms. Birnie provided no information that suggested that the attendance of Ms. F. Young and Ms. J. Honicker at the TVA board meeting involved any safety-related aspects pertaining to operation of Watts Bar Unit 1. Accordingly, we consider those events to be beyond the scope of the NRC's regulation of the Watts Bar Nuclear Plant.

I trust this information is useful in responding to Ms. Birnie's concern. Please do not hesitate to contact us if you have any questions on this matter.

Sincerely,

James M. Taylor
Executive Director
for Operations

DOCUMENT NAME: G:\WBN\GT96474.GRN

*SEE PREVIOUS CONCURRENCE

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	PDII-3/PM	PDII-3/LA	PDII-3/D	TECH ED	D:DRPE	PGE*
NAME	BMartin	BClayton	FHebdon	BCalure	SVarga	DMatthews
DATE	07/3/96	07/3/96	07/3/96	07/3/96	07/ /96	07/03/96
OFFICE	ADP	D/NRR	EDO	OCA	OCM	
NAME	RZimmerman	WRussell	JTaylor		SJackson	
DATE		07/ /96	07/ /96	07/ /96	07/ /96	

OFFICIAL RECORD COPY

Please do not hesitate to contact us if you have any questions on this matter.

Sincerely,

James M. Taylor
Executive Director
for Operations

DOCUMENT NAME: G:\WBN\GT96474.GRN

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	PDII-3/LA		PDII-3/PM		PDII-3/D		TECH ED		D:DRPE		PGEB	
NAME	BClayton		RMartin		FHebdon		<i>S. Caluso</i>		SVarga		DMatthews	
DATE	07/ /96		07/ /96		07/ /96		07/3/96		07/ /96		07/ /96	
OFFICE	ADP		D/NRR		EDO		OCA		OCM			
NAME	RZimmerman		WRussell		JTaylor				SJackson			
DATE			07/ /96		07/ /96		07/ /96		07/ /96			

OFFICIAL RECORD COPY

DISTRIBUTION for letter to Senator McCain dated _____.

Docket File, 50-390 (w/original incoming)

PUBLIC (w/incoming)

PD II-3 Reading File

EDO#96474

EDO Reading File

JTaylor

JMilhoan

HThompson

JBlaha

WRussell/FMiraglia

AThadani

RZimmerman

BGrimes

SVarga

JZwolinski

DMatthews

SEbnetter, RII

JJohnson, RII

FHebdon

RMartin

PMilano

CNorsworthy

BClayton

KBohrer, NRR Mailroom (EDO#96474 w/incoming)

OGC

OPA

OCA

NOlson

SECY 96-0652

Reid 6/27

80

Hebdon

ACTION

EDO Principal Correspondence Control

FROM: DUE: 07/10/96 EDO CONTROL: GT96474
DOC DT: 06/04/96
FINAL REPLY:

Sen. John McCain
(6/17/96 DOE Referral)

TO:

Forrister, DOE

FOR SIGNATURE OF :

** GRN **

CRC NO: 96-0652

Executive Director

DESC:

ROUTING:

ENCLOSES LTR FM PATRICIA BIRNIE, GE STOCKHOLDERS'
ALLIANCE RE TVA'S WATTS BAR

Taylor
Milhoan
Thompson
Blaha
Ebnetter, RII

DATE: 06/26/96

ASSIGNED TO:

CONTACT:

NRR

Russell

SPECIAL INSTRUCTIONS OR REMARKS:

Put EDO and Chairman on for concurrence.
Chairman's Office to review response prior
to dispatch.

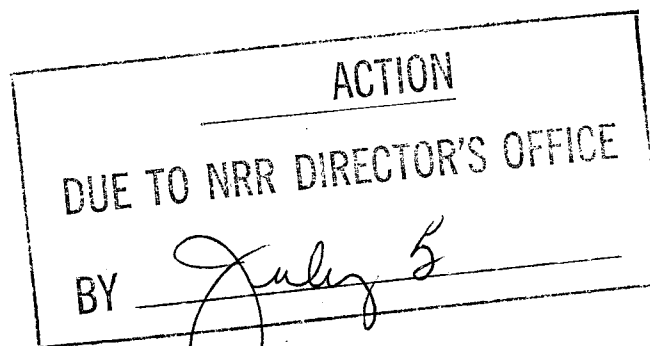
Mark envelope ATTN: Bridget Lanouette.

NRR RECEIVED:
NRR ACTION:

JUNE 26, 1996
DRPE:VARGA

NRR ROUTING:

RUSSELL
MIRAGLIA
THADANI
ZIMMERMAN
GRIMES
BOHRER



OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

PAPER NUMBER: CRC-96-0652 LOGGING DATE: Jun 20 96

ACTION OFFICE: EDO

AUTHOR: SEN JOHN MCCAIN
AFFILIATION: U.S. SENATE

ADDRESSEE: FORRISTER, DOE

LETTER DATE: Jun 4 96 FILE CODE: IDR-5 WATTS BAR

SUBJECT: TVA---WATTS BAR

ACTION: Signature of EDO

DISTRIBUTION: CHAIRMAN

SPECIAL HANDLING: OCA TO ACK

CONSTITUENT: PATRICIA BIRNIE

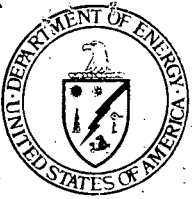
NOTES: DOE REFERRAL DATED 6/17/96 FROM SHEILA BROOKS
"CHAIRMAN SHOULD REVIEW RESPONSE PRIOR TO DISPATCH)

DATE DUE: Jul 5 96

SIGNATURE: DATE SIGNED:

AFFILIATION:

EDO -- GT96474



Department of Energy

Washington, DC 20585

JUN 17 1996

The Honorable John McCain
United States Senate
Washington, D.C. 20510

Dear Senator McCain:

This will acknowledge your recent letter in which you referred a letter from your constituent:

Ms. Patricia Birnie
Chair
GE Stockholders' Alliance for a
Sustainable Nuclear-Free Future
1302 West Ajo Way, #313
Tucson, AZ 85713

Because the subject of your constituent's letter does not fall within the purview of the Department of Energy, we have forwarded your letter to:

Mr. William M. Beecher
Director
Office of Public Affairs
Nuclear Regulatory Commission
Washington, D.C. 20555

Sincerely,

A handwritten signature in cursive script, reading "Sheila L. Brooks", is written over the typed name.

Sheila L. Brooks
Work Group Leader
Correspondence and Records Management
Office of the Executive Secretariat



JOHN MCCAIN

ARIZONA

COMMITTEE ON ARMED SERVICES

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

COMMITTEE ON GOVERNMENTAL AFFAIRS

COMMITTEE ON INDIAN AFFAIRS

United States Senate

June 4, 1996

241 RUSSELL SENATE OFFICE BUILDING
WASHINGTON, DC 20510-0303
(202) 224-2235

1839 SOUTH ALMA SCHOOL ROAD
SUITE 375
MESA, AZ 85210
(602) 491-4300

2400 EAST ARIZONA
BILTMORE CIRCLE
SUITE 1150
PHOENIX, AZ 85016
(602) 952-2410

450 WEST PASEO REDONDO
SUITE 200
TUCSON, AZ 85701
(520) 670-6334

TELEPHONE FOR HEARING IMPAIRED
(202) 224-7132
(602) 952-0170

Dirk Forrister
Assistant Secretary for Congressional Public
and Intergovernmental Affairs
Department of Energy
1000 Independence Avenue
Room 7A145
Washington, DC 20585

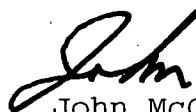
Dear Mr. Forrister:

I have enclosed an inquiry which I have received from
Patricia Birnie of Tucson Arizona.

I would greatly appreciate it if you would review this
material within the existing rules, regulations and ethical
guidelines. Please provide me with a prompt response addressing
this issue.

PLEASE MARK THE ENVELOPE TO THE ATTENTION OF: BRIDGET
LANOUILLE in my Washington office, 241 Russell Senate Office
Building, Washington, D.C. 20510. Thank you very much for your
kind assistance.

Sincerely,



John McCain
United States Senator

Enclosure
JM/dtw

Brought

GE Stockholders' Alliance

for a sustainable nuclear-free future

95 OCT 10 AM 11:09

1302 W. Ajo Way, # 313
Tucson, AZ 85713-5727
(520) 573-0658 Phone
(520) 573-0681 Fax

September 30, 1995

Senator John McCain
241 Russell Senate Office Building
Washington, D.C. 20510

Chair

Patricia T. Birnie

Board of Advisors

Greg Bischak
National Commission for
Conversion & Disarmament

Donnell W. Boardman, M.D.
Center for Atomic
Radiation Studies

E. Cooper Brown
National Committee for
Radiation Survivors

Michael Closson
Center for Economic Conversion

Scott Denman
Safe Energy
Communication Council

Kay Drey
Missouri Coalition
for the Environment

Valerie Heinonen, OSU
Interfaith Center on
Corporate Responsibility

Judith H. Johnsrud, Ph.D.
Environmental Coalition on
Nuclear Power

Charles Komanoff
Komanoff Energy Associates

Admiral Gene LaRocque
Center for Defense Information

Paul L. Leventhal
Nuclear Control Institute

Michael Mariotte
Nuclear Information and
Resource Service

Grigsby Morgan-Hubbard
Energy Consultant

Miles H. Robinson, M.D.
Citizens for Health Information

J. Andy Smith, III, Ph.D.
National Ministries
American Baptist Churches, USA
CERES

William Winpisinger
International Association of
Machinists and Aerospace Workers

Faith Young
Energy People, Inc.

Affiliations for Identification
Purposes Only

Re: INVESTIGATE TVA BOONDOGGLE

Dear Senator McCain:

According to the enclosed informative article, the U.S. taxpayer may soon be forced to provide a massive bailout to rescue TVA from bankruptcy and subsidize TVA's wasteful and non-productive nuclear power program.

The August 1995 GAO report states that TVA is \$26 billion in debt in addition to \$14 billion in non-producing assets tied to its nuclear power program. Watts Bar I reactor has cost \$6.8 billion so far, and is still not complete. If finished, its costs will cause rate shock to users and further complicate a serious economic hemorrhage which TVA mis-management has caused.

I urge you to insist on an independent and thorough investigation of mismanagement of the whole TVA program with special emphasis on their nuclear components, including Watts Bar. A study commissioned by Greenpeace offers a solution: Scrap Watts Bar I and switch to wind and/or natural gas to meet any new power needs. TVA could become a showcase of how to turn red ink into black and still provide low cost power to users.

If the treatment of the two grandmothers mentioned in the article is any reflection of how TVA is being run, then we are in deep trouble. It is outrageous that the two women (and the son of one) were treated so viciously. It makes a mockery of our supposedly democratic system.

Please don't let the taxpayers pay for another scandal. Please help turn TVA around and stand on its own feet.

Sincerely,

Patricia Birnie

Patricia Birnie, Chair



The Nuclear MONITOR

A Publication of the Nuclear Information & Resource Service

Vol. 10, No. 10

September 18, 1995

WATTS BAR FUEL LOAD DELAYED UNTIL OCTOBER OR LATER; EVIDENCE MOUNTS OF SEVERE ECONOMIC PROBLEMS FOR TVA; TVA RESPONDS BY ARRESTING GRANDMOTHERS

The Nuclear Regulatory Commission last week told the Tennessee Valley Authority that there is still considerable work to do before the NRC will approve fuel loading for TVA's Watts Bar-1 reactor--the last nuclear plant under construction in the U.S.

Although the NRC does not believe any of the problems Watts Bar faces are insurmountable--and fuel loading permission is likely during the Fall--TVA has not completed a substantial amount of paperwork needed to demonstrate that the reactor meets NRC regulations.

Still outstanding are confirmations about critical issues such as fire protection, penetration seals, and other basic safety issues.

The NRC's action buoyed a rapidly-growing coalition of Watts Bar opponents, led by whistleblowers and local citizens, and supported by Greenpeace.

Meanwhile, two new reports suggest that operating Watts Bar could put TVA into bankruptcy, or force a taxpayer bailout of the once-shining federal agency.

The U.S. General Accounting Office, in a lengthy

report prepared for several Congressmembers, charged that TVA is \$26 Billion in debt and has another \$14 Billion in "non-producing" assets tied to its nuclear power program.

Concluded GAO, "As a result, TVA has far more financing costs and deferred assets than its likely competitors have, which gives TVA little flexibility to meet competitive challenges. To the extent that TVA cannot compete effectively and improve its financial condition, the federal government is at risk for some portion of TVA's debt.

"TVA's troubled financial condition has been largely caused by construction delays, cost overruns, and operational shutdowns in its nuclear program. Because TVA has excluded the costs of its nonproducing nuclear assets from its electricity rates for a long period, its current rates are too low to recover all relevant costs. To complete its nuclear construction activities and modernize its coal and hydroelectric plants, TVA will have to spend billions of dollars more, adding further pressure to increase electricity rates."

But raising rates to pay off its debt, GAO noted, would make TVA's rates less competitive in a deregulated utility economy, "thus aggravating its long-term financial health."

In short, TVA has spent itself nearly into bankruptcy on its nuclear power program, relying on the federal government to protect it from its own profligate ways. But the day of reckoning is near; about the only question is who will bail the agency out--its ratepayers or taxpayers generally.

Greenpeace offers at least a partial solution. It commissioned an economic study prepared by MSB Energy Associates, which was released September 4, 1995.

The study notes that TVA's fundamental assumptions about Watts Bar-1 are flawed. For example, TVA estimates Watts Bar will operate a whopping 76% of the time, and at a lower cost than any other TVA reactor ever has operated. Moreover, TVA has not included decommissioning costs in its economic analysis of Watts Bar-1, nor has the agency even factored in the \$6.8 Billion Watts Bar-1 so far has cost to build.

The result, the study finds, is that it would be far

continued on page 4

Watts Bar, continued from page 1

cheaper for TVA to scrap Watts Bar now--even considering the construction costs--and switch to wind and/or natural gas to meet any new power needs. Otherwise, warns Greenpeace, large electric rate increases are in the offing if Watts Bar-1 operates--perhaps as much as 46%--and even then taxpayers may still have to bail out the agency.

Attempting to make these point, long-time activists Jeanine Honicker and Faith Young attended a TVA board meeting in Knoxville August 30. With them was a basket full of lemons. Deadly, vicious lemons, to TVA--at least that's how the agency treated the women.

When Ms. Young got up to speak and to explain about the basket of lemons (which were meant to demonstrate the economic consequences of Watts Bar), she was arrested.

Ms. Honicker, with her broken arm in a cast, rose to protest. She was arrested too, with a security guard grabbing her broken arm.

Her son, Cliff Honicker rose to protest the manner in which his mother was being treated. He too was arrested.

Actually, at first, none were arrested, they were merely led from the room. But shortly afterwards, while still under custody, word came down--apparently from TVA Board Chairman Craven Crowell--that the three were to be arrested and sent to jail.

The Honickers were set free on bonds of \$500; Ms. Young's bond was \$2,000.

After their release, Cliff Honicker wrote a long, impassioned letter to their family's old friend and fellow Tennessean, Vice President Al Gore.

Honicker detailed the abusive treatment his mother and Ms. Young received, and concluded by demanding a full investigation into TVA and Watts Bar.

A few days later, NIRS and Greenpeace joined this effort in letters to Gore and Congress.

"Frankly," said NIRS' executive director Michael Mariotte, "TVA hasn't shown they're capable of running a public meeting, much less another nuclear reactor. It's time for TVA to permanently end its entire nuclear program.

"I've always had a special place in my heart for TVA," added Mariotte. "TVA was once a great beacon of hope for millions of Americans; now it is an albatross around their necks and a drag on their economies. Franklin Roosevelt would be ashamed to see what TVA has become--but not nearly as ashamed as Craven Crowell and the Clinton/Gore administration should be today."

WHAT YOU CAN DO

Write your elected representatives and demand a full investigation into TVA, its finances, and Watts Bar-1. Send a copy of your letter to Vice President Albert Gore.

If you don't want to pay for TVA's nuclear excesses, the time to act is now.

The Greenpeace report, "Deadly Dollars: The Economic Fallout from TVA's Watts Bar Unit 1," is available from Greenpeace, 202-462-1177.

The GAO report, "Tennessee Valley Authority: Financial Problems Raise Questions About Long-term Viability" (GAO/AIMD/RCED-95-134, August 1995) is available from GAO, 202-512-6000.

If possible, NIRS will place either or both reports on NIRSNET.

Copyright 1995 by NIRS

The Nuclear Monitor is published biweekly (monthly in July and August) by the Nuclear Information and Resource Service, 1424 16th Street NW, Suite 601, Washington DC 20036. 202-328-0002; fax: 202-462-2183; e-mail: nirsnet@aol.com
Subscription rates: \$250/year; \$50/year public and academic libraries; \$35/year environmental activists. ISSN# 0889-3411.

The Nuclear Monitor

A Publication of the Nuclear Information & Resource Service

Editor: Michael Mariotte

Staff: Diane D'Arrigo, Cindy Folkers,
Paul Gunter, Shoshana Beth Konstant,
Mary Olson

2 The Nuclear Monitor, 9/18/95