

September 13, 1995

Mr. James M. Taylor
Executive Director for Operations
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Mr. Taylor:

SUBJECT: HEALTH EFFECTS VALUATION

In your September 1, 1995 response to our letter of July 20, 1995, on the referenced subject, you stated that the staff continues to recommend retention of an undiscounted \$1000 per person-rem but may also include a discounted \$2000 per person-rem as a sensitivity parameter. The justification stated for this recommendation by the staff is that use of the discounted \$2000 per person-rem "would misleadingly suggest a level of precision which does not exist," and "would impose additional complications and staff burden, with no improved regulatory decisions."

We continue to recommend the use of a discounted \$2000 per person-rem for the following reasons:

- (1) Discounting is the technically correct approach for making cost comparisons. An undiscounted single-value surrogate is fundamentally incorrect, and its use can be very misleading. The NRC should not continue to use methods known to be incorrect in its regulatory activities.
- (2) The \$2000 value embodies an Office of Management and Budget recommended "value of a statistical life." Thus, it is very likely to be adopted by all other U.S. Government agencies in performing mandated cost/benefit analyses for their regulatory activities. There is considerable merit in promoting consistency in methodology across Government agencies.
- (3) The \$2000 value does not imply a different level of precision than does the \$1000 value.

We believe the change to \$2000 per person-rem is technically correct and adds to coherency in regulations. We look forward to discussing this matter with the staff in the immediate future.

Sincerely,

/s/

T. S. Kress
Chairman

References:

1. Letter dated September 1, 1995, from James M. Taylor,
Executive Director for Operations, NRC, to Thomas S. Kress,
Chairman, Advisory Committee on Reactor Safeguards, Subject:
Health Effects Valuation
2. Letter dated July 20, 1995, from T. S. Kress, Chairman,
Advisory Committee on Reactor Safeguards, to James M. Taylor,
Executive Director for Operations, NRC, Subject: Health
Effects Valuation

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