



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

NOV 26 1979

Docket Nos.: STN 50-528/529/530

Mr. Bobbie J. O'Brien
3274 East 26th Street
Tucson, Arizona 85713

Dear Mr. O'Brien:

This letter is in reply to your letter of April 5, 1979 regarding concerns you have with the Palo Verde plant, which is under construction in Arizona, as a result of the accident at the Three Mile Island facility.

I am sorry that this reply has been delayed. As you may know, the NRC has been occupied with continued support of the efforts at Three Mile Island, appearances before the President's Commission and various committees of Congress that are investigating the Three Mile Island accident, and the realignment of our own resources and priorities to give immediate attention to the problems resulting from the accident.

With regard to your statement regarding the cause of the Three Mile Island accident, human error was determined to be a contributing factor. Other factors, such as equipment malfunctions and design deficiencies, also contributed in varying degrees to the ultimate consequences of the accident.

Over the past several months following the Three Mile Island accident, the NRC staff has been conducting an intensive review of the design and operational aspects of nuclear power plants and the emergency procedures for coping with potential accidents. The purpose of these efforts was to identify measures that should be taken in the short-term to reduce the likelihood of such accidents and to improve the emergency preparedness in responding to such events. To carry out this review, efforts within the NRC Office of Nuclear Reactor Regulation were established in four areas: (a) licensee emergency preparedness, (b) operator licensing, (c) bulletins and orders followup (primarily in the areas of auxiliary feedwater systems reliability; loss of feedwater and small break loss-of-coolant accident analysis; emergency operating guidelines and procedures) and (d) Short-Term Lessons Learned.

Letters have been sent to all plants, including the Palo Verde plant, setting forth requirements established to date as a result of these efforts. Additional requirements may be developed as the staff's Lessons Learned Task Force completes its Long-Term Requirements. In addition, Commission review of the results of other investigations, including the Presidential Commission and the NRC's Special Inquiry Group, can be expected to lead to additional requirements.

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In your letter, you raise questions regarding the health hazards resulting from the Three Mile Island accident. In this regard, the NRC staff has performed an evaluation of this matter. The results of this evaluation indicate that the projected number of excess fatal cancers due to the accident that could occur over the remaining lifetime of the population within 50 miles of the plant is approximately one. Had the accident not occurred, the number of fatal cancers that would be normally expected in a population of this size over its remaining lifetime is estimated to be 325,000. The projected total number of excess health effects, including all cases of cancer (fatal and non-fatal) and genetic ill health to all future generations (which includes unborn children), is approximately two.

You comment on insurance liabilities for nuclear plants. Under the Price-Anderson Act, there is a system of private funds and governmental indemnity totalling up to \$560 million to pay public liability claims for personal injury and property damage resulting from a nuclear incident. The maximum amount of private insurance currently available from private nuclear liability insurance pools is \$140 million. These licensees are also required to execute an indemnity agreement with the NRC. This indemnity agreement provides a maximum of \$500 million in government indemnity to satisfy public liability claims.

On December 31, 1975, Public Law 94-197 was enacted. This law extended the Price-Anderson provisions for ten years to August 1, 1987, and provides for the phasing out of Government indemnity through a mechanism whereby the utility industry would collectively share in the risk of damages from a nuclear incident exceeding the primary layer of financial protection (private liability insurance available) through the payment of a retrospective premium. Public Law 94-197 also provides that the present \$560 million limit on liability for a single nuclear incident be retained until the combined primary and retrospective insurance layers reach the \$560 million level. Then the limit on liability would rise corresponding to increases in the primary and retrospective insurance layers.

You ask about when the hearing on the safety of nuclear plants will begin. The law requires that a public hearing be held to consider both safety and environmental issues before a construction permit may be issued for a nuclear power plant. For the Palo Verde plant such a hearing was held in 1976. In its decision following this hearing, the Atomic Safety and Licensing Board found the proposed Palo Verde plant acceptable for both safety and environmental considerations.

A public hearing is not mandatory with respect to an operating license application. However, soon after acceptance for review of the operating license application, the Commission publishes notice that it is considering issuance of

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the license. The notice provides that any person whose interest might be affected by the proceeding may petition the NRC for a hearing. A decision on whether a hearing is held will be made by the Atomic Safety and Licensing Board after reviewing the petitions which may be filed.

An application for operating licenses for the Palo Verde plant has recently been tendered. However, due to our continued support of the efforts regarding the Three Mile Island accident, our review of this application has not yet started. After we do determine that the application is acceptable for review, the Commission will publish a notice as stated above.

During our review of the Palo Verde operating license application, we will again consider both safety and environmental aspects. The review will also appropriately consider all of the requirements resulting from the various investigations of the Three Mile Island accident. Our goal in this review will be to assure a minimum of risk to the public health and safety from the operation of the Palo Verde plant.

I am pleased to have had this opportunity to respond to your letter.

Sincerely,



Steven A. Varga, Acting Assistant Director
for Light Water Reactors
Division of Project Management
Office of Nuclear Reactor Regulation

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