



Department of Energy  
Washington, D.C. 20461

APR 14 1981



Mr. Darrell G. Eisenhut  
Director  
Division of Licensing  
Office of Nuclear Reactor Regulation  
Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Mr. Eisenhut:

Enclosed is the Department's first monthly submission of data on the cost of delays in granting operating licenses for nuclear units which was requested in your memorandum of March 3, 1981.

This report is to be included as an attachment to NRC's monthly report submitted to the Subcommittee on Energy and Water Development of the House Committee on Appropriations. The report consists of tables and explanatory text. In order to avoid confusion or misrepresentation, it is essential that the tables and text be presented together and intact.

The report provides estimates of the cost of replacement power, based primarily on data obtained from the owners of the nuclear units. A preliminary in-house analysis indicated that these costs were generally reasonable, considering the likely sources or replacement power, although a few estimates may have been unduly pessimistic. This preliminary result may be regarded as an upper bound, since we expect that further analysis will lead to somewhat lower cost estimates. An earlier estimate of the cost of delay was done based on very conservative assumptions and showed a lower bound of almost \$1,000 million. These conservative assumptions included oil prices reported to FERC from \$9.35 to \$29.30 per barrel instead of the more likely range of \$32 to \$36 per barrel, included gas costs for replacing Comanche Peak power of 0.5 ¢/kwh, excluded TMI-1 and Susquehanna-2 units, and excluded capacity charges for long-term power purchases.

The report also estimates the monthly carrying costs of the completed units, but emphasizes that such costs would be incurred even if the units operated and are therefore not part of the direct costs of the delay. They are of interest because in most States they increase the financial burden on the utility, at least temporarily.

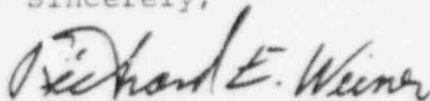
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This attempt at assembling information on costs of delay relied heavily on telephone conversations. Time did not permit a detailed investigation of the basis of each utility's estimate. Therefore, it is likely that these preliminary estimates are not all based on a totally consistent set of definitions and assumptions. In the following months, the cost estimates will be refined through more extensive interaction with the utilities and through independent in-house analyses.

If you have any questions, please contact me at 603-3900.

Sincerely,



Richard E. Weiner  
Director, Division of Power  
Supply & Reliability  
Office of Utility Systems  
Economic Regulatory Administration

Enclosure

cc: Harold Denton  
Ed Hanrahan  
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