mapa citizens advisory board
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February 6, 1980

Mr. Peter B. Erickson
Operating Reactors Branch #4
Division of Operating Reactors
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Erickson:

Enclosed please find a letter addressed to the Omaha Public Power District regarding the public meeting held in Omaha on January 16, 1980 to consider the issues raised by OPPD's Application to NRC for Amendment to its Facility Operating License to increase the licensed power level from 1420 MWT to 1500 MWT, to switch over to fuel rods manufactured by Exxon Nuclear Corp, and to use Exxon analytical techniques. While our Committee, which is an officially constituted working committee serving in an official, but independent advisory capacity to the Metropolitan Area Planning Agency on matters of concern to the Omaha region, sufficiently resolved its desire for a public forum to permit withdrawl of its earlier formal request for a public NRC hearing, and sufficiently resolved its environmental concerns to permit it to withhold unfavorable comment on the facility's pollution discharge permit, you may note with some interest that the Committee has recommended to the OPPD Board of Directors that, notwithstanding license modification to permit operation at 1500 MWT, Fort Calhoun should continue to be operated at 1420 MWT, its presently licensed capacity, in order both to prolong the fuel cycle and to avoid lingering questions of safety and risk which cannot apparently be resolved until NRC develops risk factor analysis regulations some time in the future. The Committee has come to this conclusion in the belief that OPPD has failed to establish a demonstrated need for additional generating capacity, except on a contingency basis, since power demand has been just about constant and well below forecasts. Since this is not a factor which the NRC considers in license modification proceedings, the Committee has addressed its recommendation to the OPPD Board and not NRC.

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In going over its lessons learned, however, the Committee was most concerned about the machinations required to obtain a public forum at which ratepayers and other interested parties would have the opportunity to receive information, pose questions, obtain answers and make comments whenever a license modification proceeding is pending before the NRC. Because of this concern, the Natural Resources Committee and its parent, the Citizens Advisory Board, has resolved that it submit to the NRC a Petition for Rule Making requesting that the NRC 1) promulgate rules to require an informal public meeting in each instance of license issuance, amendment, or modification such hearing to be substantially similar to the one we had here in Omaha; 2) promulgate rules to permit in all cases, informal participation by interested parties throughout a proceeding for license issuance, amendment or modification, as delineated by 10 C.F.R. §2.715; and 3) promulgate rules to clarify that a request for a formal hearing can be made independent of intervention.

On behalf of the Committee, and the Citizens Advisory Board, I want to express my thanks and appreciation for your participation in the January 16th meeting, for the time and effort that you took in preparing for the public meeting, for your willingness to subject yourselves to the numerous questions that were asked, and for the spirit of cooperation and public responsiveness which you evidenced. In addition, for myself I wish to add my thanks for your several courtesies and for the assistance in facilitating my attendance at technical meetings. As I stated publicly earlier, public meetings can only go so far in resolving individual concerns about nuclear energy, and ultimately we laymen must place our trust in those in your position to ensure that everything is done by the numbers. To the extent, however, that you have helped to resolve a multitude of questions on behalf of myself and numerous others, we were certainly glad that you were able to attend.

Very truly yours,

Alan H. Kirshen
Associate Professor of Law &
Chairman, Natural Resources
Committee

AHK:cgf
Enclosure

cc: Joseph R. Gray, Esq.
Betty Peake
Kenneth J. Morris

Customer Efforts to Use Less Could Increase OPPD Rates

By John Taylor
World-Herald Staff Writer

Customers of the Omaha Public Power District may face a rate increase this year because they are using less electricity than they have traditionally used, and less than OPPD managers had predicted.

The situation is due to a combination of factors, OPPD officials said, including relatively mild weather, a slowdown in the economy and energy conservation.

OPPD's problem, called "short-term" by district officials, is that sales of energy during the last two years have lagged behind what the district had projected, and actual increases have grown at a slow rate. OPPD attributes most of the slowdown to the weather, but officials said conservation may play a part in lower-than-anticipated use.

OPPD's Options

The resulting slow growth of revenues is forcing OPPD to consider several options to catch up. In order of priority, the are:

—Selling excess capacity to other utilities.

—Increasing sales to the present OPPD market.

—Cutting back expenses.

—Increasing rates.

There are complex reasons for the situation. Some members of the OPPD board and of the district's management say one reason is that the public demanded more and more energy over the years, and utilities added more equipment to satisfy that demand.

When demand slowed, they say, the utilities were left with equipment that still had to be paid for.

Energy Conservation

Some OPPD critics have pointed to OPPD's advertising slogan, "Use electricity for all it's worth, but use it wisely," and the district's use of a declining block rate structure based on "the more you use, the cheaper it gets," as evidence that the district emphasizes consumption over conservation.

OPPD spokesmen disagree with the critics. "The largest single expenditure in our advertising budget is energy conservation," said Fred Petersen, division manager for public relations.

Declining block rates, he said, aren't to encourage usage but "are designed so that each customer pays what it costs OPPD to provide service to that class of customer.

"The decision of whether or not to conserve has to be made by the consumer," Petersen said. "We are required by law (to serve customer demand). If we don't do it, we are in default of our basic laws that brought public power and OPPD into being."

Promote Winter Use

OPPD is a summer-peak utility. The largest demand on its system occurs during a one-hour period in the summer when air conditioners are running full-blast.

It must find ways to serve that load and one way has been to build expensive power plants. Much of its generating capacity is not used to full potential a good part of the year.

Petersen said OPPD is considering promoting use of electricity during the winter.

"If OPPD could increase its revenues during the winter months to help pay for its equipment, it would help everybody," he said. "We're looking at the possibility of going out and trying to promote some off-peak load. There is a way to do that and do it in conjunction with energy conservation, and that is with the heat pump.

"If a new home is built out in West Omaha, it is going to have a heating and cooling system and we want the heating system to be electric."

Until recent years, OPPD's peak demand — the maximum amount of electricity used in a one hour period — grew at a somewhat predictable annual rate, generally 7 percent. Total energy sales — total kilowatt hours sold to customers during the year — also rose at about a 7 percent rate.

Forecasts Off

As the energy crunch hit, the economy slowed and conservation took hold, the rate of growth slowed. Peak demand in 1977 and 1978, for example, grew at rates below 3 percent; energy sales growth also has been running below the 7 percent traditional rate.

During the last few years, OPPD forecasts of future power use continued to miss the mark.

The latest figures underscore the trend, especially those dealing with total energy sales, and have set OPPD managers to thinking of ways to make up revenue they had expected the district to get, but didn't.

In 1979, OPPD sold 5,015,484,300 kilowatt hours of energy. That represented a six-tenths of 1 percent increase over sales of 4,990,930,500 kilowatt hours in 1978.

The actual energy sales last year contained were 4.5 percent below the 5,251,669,000 kilowatt hours the district had forecast would be sold.

$18 Million Off

It was at least the second straight year that energy sales had fallen below what OPPD had projected.

In 1978 OPPD forecast of energy sales was 1.4 percent off the mark. As a result of the 1979 energy sales, OPPD found that actual revenues ran $18 million behind projections, according to district figures. A compensating factor is that fuel costs were about $9 million below projections because of the decline in demand.

OPPD enters 1980 looking for ways to improve its cash flow. Eldon C. Pape, an OPPD assistant general manager, said he and other managers will be talking to the district's board in the first quarter, outlining the problem and explaining the options open to the district.

"The slow amount of growth from 1978 to 1979 we attribute to the very mild summer weather we experienced, as well as the very mild early winter weather," Pape said. "In addition to weather, we feel there is an impact from conservation on our customers' part. We don't have a way to measure that.

Weather Big Factor

"If the weather was the dominant factor in 1979, a return to normal Nebraska weather would then bring sales, as well as revenue, back into the range we anticipated."

However, Pape said, if the slow-growth trend continues for more than two or three years, OPPD would have to find additional revenue to finance the high level of fixed costs, which include interest payments on borrowed money.

Pape said selling excess power to other utilities may be difficult, because OPPD is not alone in experiencing lower demand; other utilities in the region also are feeling effects of slow growth.

Unless the district can expand its present market and cut costs sufficiently, OPPD may be in the position of having a 132,000 kilowatt surplus at the same time it is increasing rates.

POOR ORIGINAL

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03/13/80

February 6, 1980

Mr. Lloyd C. Shalla
General Manager
Omaha Public Power District
1623 Harney Street
Omaha, NE 68102

Dear Mr. Shalla:

On behalf of the Natural Resources Committee of the Citizens Advisory Board of the Metropolitan Area Planning Agency, which committee, as you know, is an officially constituted working committee which serves in an official, but independent advisory capacity in matters of concern to the Omaha region, I wish to express my sincere appreciation to OPPD for your cooperation in the implementation of the public meeting on OPPD's proposal to increase the licensed power level at Fort Calhoun Nuclear Power Station from 1420 MWt to 1500 MWt, and to concurrently switch to fuel rods manufactured by the Exxon Nuclear Corp. While some participants perhaps were still left with lingering questions, we were most gratified with the opportunity afforded all interested persons to pose questions and make comments regarding "stretch power" and its environmental and safety implications. We were particularly pleased that our mutual concerns regarding decorum and relevance at the public meeting were not realized, and that questions and comments remained germane throughout. Because this was so, our Committee hopes that in the future it will not be necessary to go to the lengths required in this case to get OPPD to participate in such a public forum. To this end, we have resolved to request two rule changes by the Nuclear Regulatory Commission which would not only facilitate public meetings in a format similar to that which we adopted, but would facilitate informal public participation in the NRC license modification proceedings as well. These resolutions are being transmitted directly to the NRC for consideration under their rulemaking procedures.

On January 22, 1980, the Natural Resources Committee convened to again consider the question of stretch power at Fort Calhoun in the light of information obtained at the public meeting. While the Committee considered its goal of obtaining a public forum on this issue to be sufficiently satisfied as to permit withdrawl of its formal Request for Hearing addressed to the NRC, and while the Committee considered environmental implications of stretch power to be, <u>under normal operating conditions</u>,

sufficiently slight as to avoid unfavorable comment on OPPD's application to the Nebraska Department of Environmental Control for modification of its National Pollution Discharge Elimination System (NPDES) permit for Fort Calhoun, the Committee nonetheless felt that OPPD has failed to establish a demonstrated need for additional generating capacity, particularly in view of the fact that power demand has been at or below forecast levels, and rose a minimal 0.5% in 1979, well below forecast. Accordingly, the Committee voted to commend to the OPPD Board of Directors the proposition that, while licensed capacity of Fort Calhoun may increase to 1500 MWt, barring unforeseen circumstances of demand the plant ought to continue to be operated at its cycles licensed capacity, 1420 MWt, this prolonging the operational interval between reloads by a significant amount and also avoiding the questions of adverse safety implications of stretch power attendant upon the increased likelihood of some incident ("transient") susceptible of exacerbation due to operator error, analysis of which must abide adoption of risk factor analysis regulations by the Nuclear Regulatory Commission.

By copy of this letter to each of the OPPD directors we are herewith transmitting our recommendation to the Board for their consideration. We should be happy to discuss this matter further with either the Board or with your staff, and earnestly hope that our proposition will receive serious consideration.

Very truly yours,

Alan H. Kirshen
Associate Professor of Law and
Chairman, Natural Resources
Committee

AHK:cgf

cc: Joseph R. Gray, Esq.
Harry H. Voight Esq.
Stephen G. Olson, Esq.
Frank J. Hogan
Sam Jensen
Robert K. Corn
Mary Alice Race
Gene Spense
Michael Egan
Dan T. Drain
Peter B. Erickson
Betty Peake

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cab

03/13/80

February 6, 1980

Mr. Dan T. Drain
Director
Nebraska Department of Environmental Control
Box 94877, State House Station
Lincoln, NE 68509

Re: NPDES Permit No. 0000418

Reference is made to a letter to you from the Natural Resources Committee of the Citizens Advisory Board of the Metropolitan Area Planning Agency dated July 23, 1979, enclosing a resolution of disapproval of an application by the Omaha Public Power District (OPPD) for a modification of its NPDES permit to allow increased thermal discharge from its Fort Calhoun Nuclear Power Station. This application was in connection with OPPD's proposal to utilize "stretch power" at its facility, i.e. increase its generating capacity by the use of a different type of fuel rod assembly. In your letters of July 26, 1979, and August 15, 1979, you indicated that many of the concerns expressed by our Committee about the stretch power proposal were better addressed to the Nuclear Regulatory Commission, and that you would defer action on OPPD's proposal pending NRC action.

On January 16, 1980, a public meeting was held in Omaha at which all interested persons had the opportunity to attend, ask questions not only of OPPD, but of NRC and OPPD's vendors and consultants as well. At the hearing, all of the Committee's concerns regarding thermal discharge and the NPDES permit modification were addressed and discussed at length. As a result, our committee herewith advises that its earlier Resolution dated July 18, 1979, is no longer operative. While the committee is satisfied that, under normal operating conditions, the impact of the discharge modification will be relatively slight, we nonetheless continue to have questions about the safety implications of stretch power which cannot be resolved with present NRC analytical methodology, but must abide development of new regulations dealing with risk factor analysis. Accordingly, the Committee will give neither favorable nor unfavorable comment on the NPDES permit application.

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03/13/80

We very much appreciate your cooperation and indulgence in the handling of this matter, and hope that our concerns have not created any untoward difficulties in the processing of this matter by your Department. Hopefully, most A-95 reviews can be processed in a less troublesome manner.

Very truly yours,

Alan H. Kirshen
Associate Professor and
Chairman, Natural
Resources Committee

AHK/jkk

cc: Kenneth J. Morris
Betty Peake