

NORTHEAST UTILITIES



THE CONNECTICUT LIGHT AND POWER COMPANY
THE HARTFORD ELECTRIC LIGHT COMPANY
WESTERN MASSACHUSETTS ELECTRIC COMPANY
HOUSYOK WATER POWER COMPANY
NORTHEAST UTILITIES SERVICE COMPANY
NORTHEAST NUCLEAR ENERGY COMPANY

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DOCKET NUMBER
PETITION RULE PRM-140-2
(45 FR 26973)

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June 23, 1980
WGC-80-G-413

WILLIAM G. COUNSIL
VICE PRESIDENT
NUCLEAR ENGINEERING AND OPERATIONS

Mr. S. J. Chilk
Secretary of the Commission
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Subject: Comments on Docket No. PRM-140-2

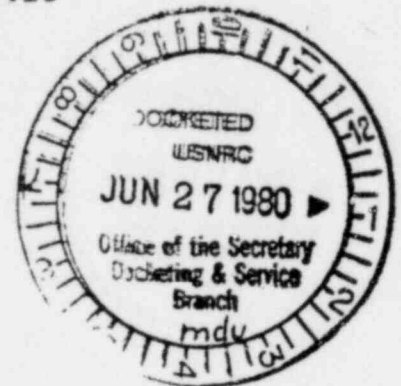
Attention: Docketing and Service Branch

Dear Mr. Chilk:

These comments on the petition for rulemaking filed by the Public Citizen Litigation Group are being submitted by Northeast Utilities Service Company (NUSCO) on behalf of the Connecticut Yankee Atomic Power Company located at Haddam, Connecticut, and the licensees of Mil stone Unit Nos. 1, 2, and 3 located at Waterford, Connecticut.

The rationale for the petitioner's conclusion that the present liability insurance is not the maximum insurance available is premised on a faulty analysis of the insurance market.

The existence of property insurance available in the amount of \$300 million has no bearing on whether individual insurers making up the insurance pool would be able to increase the amount of liability insurance they would underwrite, absent the property insurance. Each insurance company, including those comprising the various insurance pools, make individual decisions as to the type and amount of risk they are willing to insure with respect to any facility. These evaluations are done on the basis of their available assets, their liquidity position, their corporate policy as to the amount of allowable concentration in any one type of activity, their confidence in the actuarial basis for the premium charged, the terms of their re-insurance treaties, and numerous other factors. We know of no knowledgeable source that can demonstrate that additional liability insurance capacity is available. Since the implementation of the Price-Anderson Act, the maximum amount of insurance available has risen



Acknowledged by card. 6/27/80. mdu

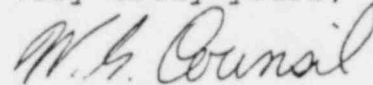
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from \$60 million to its present \$160 million based on the industry's evaluation of the factors previously mentioned.

The effort underway by many electric utilities to form a mutual insurance company tentatively called Nuclear Electric Insurance, Ltd. will provide for some of the costs of replacement power associated with a protracted nuclear plant forced outage. The conclusion by the petitioner that this demonstrates that additional liability insurance could be provided by a similar mechanism demonstrates a lack of understanding of the Price-Anderson Act provisions. As detailed more fully in the General Counsel's response, Congress has examined this issue in depth and determined that the present Price-Anderson liability insurance limit and structure are appropriate. As the General Counsel also points out, insurance must be available at reasonable costs and on reasonable terms. There is no indication that any additional liability insurance is available which can meet those criteria and the statutory requirements.

Very truly yours,



W. G. Council
Senior Vice President

WGC/ld