



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

May 7, 1980

Ms. Susan M. Shanaman, Chairman
Pennsylvania Public Utility Commission
Commonwealth of Pennsylvania
Harrisburg, PA 17120

Dear Chairman Shanaman:

In your letter dated March 21, 1980, you asked two questions relating to the possibility of financial failure of the Metropolitan Edison Company. The first concerned NRC statutory powers and the second NRC contingency plans in the event of such a failure.

Financial failure of a licensee would provide grounds for immediate revocation of the license under Section 186(a) of the Atomic Energy Act, 42 U.S.C. 2236(a). Subsection (c) of this section would then empower the NRC to enter upon and operate the licensed facility. Although, as indicated below, the Commission has not determined the specifics of how this authority would be exercised, the Commission reads this section as authorizing any action necessary to protect public health and safety, including repair or decontamination of a damaged facility. The NRC has further authority to operate a facility under Section 188 of the Atomic Energy Act, 42 U.S.C. 2238. Under this section, the NRC could continue to operate a facility until a new license is issued. However, we must point out that current authorizations for the NRC do not include any funds for such operation. Provision of the necessary funding would present a major policy question requiring action by the Congress and the Administration, a matter that could not be expected to be speedily resolved.

In response to your second question, the NRC has not completed any specific contingency plans to cover the possibility of financial failure of Metropolitan Edison, but such plans are now under development. We have no reason to believe that a failure is imminent, though we will, of course, continue to monitor the situation closely. Should the financial condition of Metropolitan Edison worsen to the extent that it may be unable to carry out its responsibilities as licensee for the Three Mile Island Station, the Commission will take whatever steps are necessary to ensure that the public health and safety will be protected.

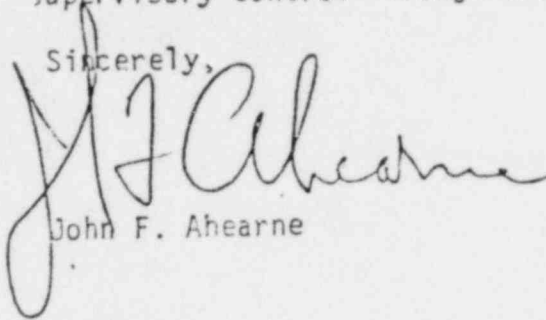
Prior to the completion of such planning, a preliminary observation can be made about our current thinking on the matter. In the event of bankruptcy, we would expect that a receiver or trustee would be appointed immediately to continue the essential services being provided by Metropolitan Edison. We would expect the receiver or trustee to assume Metropolitan Edison's responsibilities as

8007230/08

P

licensee for Three Mile Island, including continuation of cleanup operations at the site. The NRC would then exercise supervisory control through the receiver.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. F. Ahearne". The signature is written in dark ink and is positioned above the printed name.

John F. Ahearne