



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

LOCAL PDR

JULY 25 1980

Docket No. 50-289

THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

Mr. Myron K. Stone
4 Oxbow Lane
Bloomfield, Connecticut 06002

Dear Mr. Stone:

I am writing in response to your letter to President Carter which was forwarded to the Nuclear Regulatory Commission (NRC). In your correspondence, you expressed concerns regarding the rate structure prescribed for the Metropolitan Edison Company.

As you may be aware, the NRC has ordered that a public hearing be conducted to determine whether the Three Mile Island Nuclear Station, Unit No. 1 should be operated and, if so, under what conditions. The public hearing is scheduled to begin this fall. During the hearing, the technical issues appropriate to assure public health and safety will be addressed. The NRC staff is currently involved in the on-going review of technical information concerning the restart of Unit 1. Based upon the current status of the proceedings, the development of a record on which the NRC can make a decision regarding restart is not expected before the early part of 1981.

The Pennsylvania Public Utility Commission (PUC) issued on May 23, 1980, a sequel to the PUC's June 19, 1979 Order regarding the allocation of the financial burden resulting from the March 28, 1979 accident at Three Mile Island Nuclear Station, Unit No. 2. The following excerpt from the May 23, 1979 Order may be of interest.

"The basic conclusion of the Commission in this order is that Met Ed should continue to operate as a public utility. The Commission will provide Met Ed the means of financial rehabilitation. However, we will write no blank checks on its ratepayers. We find that TMI-1 is no longer used and useful and that the base rates of both Met Ed and Penelec should be reduced. This order, with its provisions for a fully current recovery of energy costs and an accelerated amortization of deferred energy costs provides an adequate framework for Met Ed's recovery. Respondent must convince its bank creditors that it has the will and the ability to rehabilitate itself.

Above all, Met Ed must demonstrate candor and a willingness to address its problems and the initiative and ability to find solutions to those problems. The very real fears and concerns of its customers and neighbors must be allayed. Met Ed's cost must be reduced through load management and conservation-inducing rate structure change. Met Ed must aggressively pursue the return to service of TMI-1 or an early decision on its conversion to the use of an alternative fuel. If these things are done, the Commission is confident that Met Ed will not only survive but will regain its financial health.

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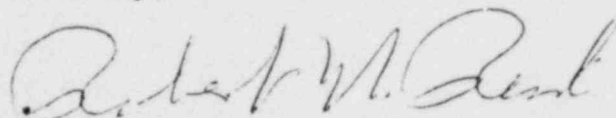
Finally, we emphasize that this order does not end our regulatory concern. The management investigation of the GPU Companies at Docket No. I-79080320 continues. Further, we will continue to closely monitor the operations of Met Ed, Penelec and the GPU Companies to assure the continued provision of safe, adequate and reliable service to Pennsylvania ratepayers at reasonable rates."

While we are, of course, concerned about financial impacts on consumers, the NRC's primary responsibility is the assurance of public health and safety. State public utility commissions and the Federal Energy Regulatory Commission have primary responsibility regarding the financial aspects of electric power generation.

The former Atomic Energy Commission (AEC) had a Congressional mandate to develop and promote nuclear energy. When the AEC was abolished in 1974, the NRC was created by Congress for the sole purpose of regulating the commercial production of nuclear energy. The U. S. Department of Energy (DOE) is now responsible for the Federal Government's nuclear research and development activities. Consequently, comments and questions about the future of this energy source should be directed to that agency.

Your comments and interest in these matters are appreciated.

Sincerely,



Robert W. Reid, Chief
Operating Reactors Branch #4
Division of Licensing

NRC

4 Oxbow Lane
Bloomfield, Ct. 06002
Feb. 29, 1980

The President of the United States
Washington, D. C. 20500

Dear Sir:

I am in receipt of a letter, dated Feb. 8, 1980 from William G. Kuhns, Chairman, Board of Directors, General Public Utilities Corp. in which he outlines the financial problems the company is having as a result of the Three Mile Island accident. A large part of the difficulty appears to be in the delay of rate decisions on the part of the Public Utility Commission of Pennsylvania and New Jersey. The most serious delay is stated as due to a decision based upon an erroneous assumption that unit 1 of Three Mile Island would be in operation on Jan. 1, 1980, when in fact, it appears it will be late in 1980 when this will become a reality. Corrective action has not been taken by either Commission despite obvious legitimate financial needs of the company.

It appears from the information contained in the letter that the P.U.C. of both States is not overly concerned with the legitimate financial needs of the company.

The risk assumed by an individual when he invests in a company is usually known and accepted. However, I do not think it reasonable to expect him, when he has taken a loss to carry additional production costs that rightfully should be borne by the consumer of the product.

It appears that this position on the part of the P.U.C. is punitive and based upon considerations other than the legitimate needs of the company.

I would like to be advised of the action your office can take to assist this company in obtaining rate and production to its legitimate requests. I would like to know if you are going to take the action and if so, when it can be expected.

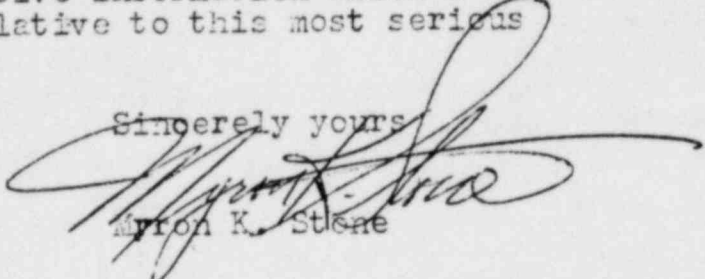
It appears that if proper remedial action is not taken utilities throughout the nation are going to find it difficult to obtain necessary finances and when they do the cost will be high and eventually passed on to the consumer, and based upon the experience of G.P.U. stockholders rightfully so.

In fact, from the experience of /G.P.U. it would appear questionable as to why anyone should consider investing in a public utility.

From the information contained in Mr. Kuhns letter it is doubtful that consideration is being given this serious matter and gives one the feeling that maybe the P.U.C. would like to see this company go out of business.. If this is the true desire on the part of the responsible public officials it is their duty to advise the stockholders of their position. If the information contained in Mr. Kuhns letter is not based on fact it is essential that you advise the stockholders and specifically set forth factual errors.

I look forward to the constructive information which I am sure you will be able to provide relative to this most serious matter.

Sincerely yours



Myron K. Stearns