Mr. Charles H. Judd
2015 E. Mission Rd.
Fallbrook, CA   92028

Dear Mr. Judd:

I am writing in response to your recent letter to President Carter which
was forwarded to the Nuclear Regulatory Commission (NRC). In your corre-
spondence, you expressed concerns regarding the delay in placing Three
Mile Island Nuclear Station, Unit No. 1, back into service, and 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 facility 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
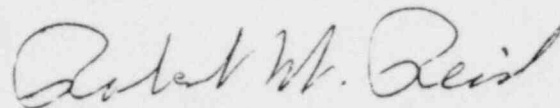is confident that Met Ed will not only survive but will regain its financial
health.

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