



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

1 JULY 25 1980

Docket No. 50-289

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THIS DOCUMENT CONTAINS
POOR QUALITY PAGES

Mr. Allen L. Sheffy
Cleona, Pennsylvania

Dear Mr. Sheffy:

I am writing in response to your letter dated April 1, 1980 in which 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.

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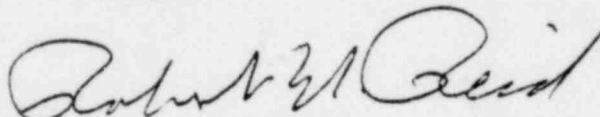
Finally, we emphasize that this order does not end our regulatory concern. The management investigation of the GPU Companies at Docket No. I-79080320 continues. Further, we will continue to closely monitor the operations of Met Ed, Penelec and the GPU Companies to assure the continued provision of safe,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

A handwritten signature in dark ink, appearing to read "Robert W. Reid". The signature is fluid and cursive, with the first and last names being more prominent.

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