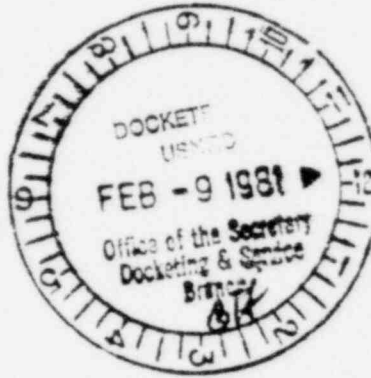




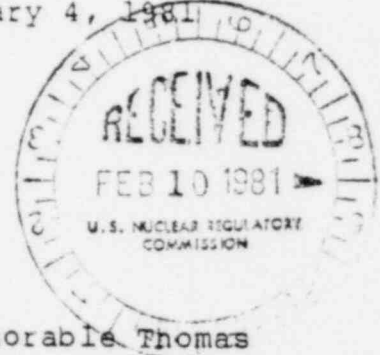
GENERAL
PUBLIC
UTILITIES
CORPORATION



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William G. Kuhns
Chairman
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February 4, 1981



The Honorable John F. Ahearne, Chairman
U. S. Nuclear Regulatory Commission
Washington, DC 20555

Dear Mr. Chairman:

General Public Utilities has retained the Honorable Thomas Ludlow Ashley, former Congressman from Toledo, Ohio, to negotiate and develop a solution to clean up Unit No. 2 at Three Mile Island. Mr. Ashley is being commissioned to attempt to obtain a consensus and agreement between Federal, State and local officials and elements of the nuclear power industry, as well as GPU and its subsidiaries, on an equitable sharing of the financial responsibility to clean up TMI.

During the past 25 years of the development and management of nuclear electric power in this country, several regulatory, commercial and financial institutional structures have evolved. The conflicting goals, interests, responsibilities and authority of these institutions, in relation to the TMI accident, have thus far prevented reaching a consensus on an equitable approach to the sharing of the cleanup costs.

Last year Theodore Barry & Associates, a New York management consulting firm, conducted a management and operations study of GPU at the request of the Pennsylvania Public Utility Commission and pointed out the necessity for bringing together the diverse constituencies and recommended establishing a mechanism for obtaining a consensus.

There is now one overriding task to be completed and that is to expeditiously clean up the plant at TMI-2 and remove any possible threat to public health and safety that remains. We believe that this cleanup is in the highest national interest. The plant cannot remain indefinitely in its current state, and GPU has been left without adequate financial resources or credit to do the job. We believe the solution lies in an equitable sharing of the financial burden of the costs of the cleanup that are currently estimated to be in the range of \$1 billion. Further delay will only increase the potential risks to public health and safety and the cost of the cleanup.

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We believe Mr. Ashley is uniquely qualified to accomplish this goal by his demonstrated ability and experience in finding solutions to difficult financing and energy problems in his 26 years in the U. S. House of Representatives. We are particularly encouraged by the high esteem and respect that Mr. Ashley enjoys in both government and private sectors. His service as Chairman of the House Ad Hoc Energy Committee is particularly notable. He not only negotiated the terms of complex energy legislation in the House, but was instrumental in securing the compromises between the U. S. Senate and the House of Representatives that resulted in a law that started this nation on a course toward energy sufficiency. We are gratified that he is willing to devote his time and effort to resolving the problems that are delaying the cleanup of TMI-2.

In agreeing to undertake this task, GPU is providing Mr. Ashley with the freedom of action necessary to work with all of the parties involved and has placed no preconditions or limitations on his authority to develop a solution. We have pledged to deal with him and each of the other parties in good faith for the full six month term of this effort. GPU has pledged to provide the resources required for staffing, experts and necessary out-of-pocket expenses incurred by Mr. Ashley. We cannot terminate this effort before the six month term has expired. Only Mr. Ashley has the discretion to terminate the effort if in his judgment insufficient progress is being made.

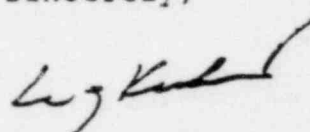
We have agreed with Mr. Ashley that each of the public and private entities involved, including GPU, its customers, owners and creditors, must come to a consensus -- a mutual agreement on their respective share of the financial resources required for the cleanup. No single company, agency or group of people has the sole responsibility nor therefore should any single group be charged with the whole cost. We are grateful for the efforts and understanding of the Federal, State and local officials and our Congressional delegations. Nevertheless, none of those efforts has produced a solution to the financial problem of the cleanup costs.

We have also engaged the services of Charls E. Walker Associates, a Washington consulting firm, as project manager for this effort. They are charged to assist Mr. Ashley fully in his efforts as he requires. Walker Associates will also have the responsibility to work with the Congress, the Reagan Administration, State officials and the industry to assist in implementing any agreements stemming from Mr. Ashley's efforts.

GPU has established a task force within the company to assure that its resources, both within and outside of the company, are fully available as needed. Mr. B. H. Cherry, Vice President for Planning, has been appointed to head up the task force and will work directly with Walker Associates and Mr. Ashley. He will report directly to me and will be available at the request of any public authorities to provide any information necessary in the conduct of their duties with regard to the cleanup.

We enter into this agreement with good faith and intent, and hope that all the other interests will find it beneficial to do the same. We recognize this is an extraordinary approach, but we believe it offers an opportunity to reach a mutual agreement on an equitable solution that no single interested party could achieve solely by its own efforts. We believe this additional step can bring us all to take the final steps necessary to reach an agreement so essential to completing the important and unprecedented cleanup effort.

Sincerely,



W. G. Kuhns

WGK/gbj

cc: Commissioner Peter A. Bradford
Commissioner Victor Gilinsky
Commissioner Joseph M. Hendrie