



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

40-285
JAN 4 1981

Mr. Stewart E. Tarbert and Family
2003 Thelon Drive
York, Pennsylvania 17404

Dear Mr. Tarbert:

This is in reply to your letter of September 29, 1980, to President Carter about the effect of the accident in March 1979 at Three Mile Island Unit 2 on the cost of electricity to customers of Metropolitan Edison Co. and the need for federal assistance.

Enclosed is a copy of a letter of July 3, 1980, from the Assistant to the President for Domestic Affairs and Policy to the Chairman of the Pennsylvania Public Utility Commission. This states that there is no statutory authority for any form of direct federal financial aid to assist in clean-up and recovery costs associated with the accident at Three Mile Island. It does refer to proceedings at the Federal Energy Regulatory Commission (FERC) that would provide for a discount for Metropolitan Edison in purchasing power while the TMI plant is down. This was subsequently approved by FERC.

As you know, the accident at Three Mile Island Unit 2 also caused Unit 1 to be shut down until its safe operation can be assured and has necessitated the purchases of electric energy by Metropolitan Edison from other utilities. Enclosed is an item from a recent report of the U.S. Department of Energy that discusses these purchases. Special arrangements were made with utilities outside the PJM power pool to provide lower-cost power on an "as-available" basis. This is said to have saved the customers of the GPU System, of which Metropolitan Edison is a part, over \$114 million from the date of the TMI accident through May 1980, compared to prevailing contractual arrangements within the PJM power pool. However, at times during the summer heat wave in 1980, these special arrangements were cancelled to enable the supplying utilities to meet their own high demands for electric power.

The resumption of operation of Three Mile Island Unit 1 is the subject of a hearing by an Atomic Safety and Licensing Board of the Nuclear Regulatory Commission. That hearing started on October 15, 1980. The Commission has determined that satisfactory completion of certain short-term actions and resolution of various specified concerns are required to provide reasonable assurance that the facility can be operated without endangering the health and safety of the public. The Commission has also determined that certain long-term actions are required to be completed as

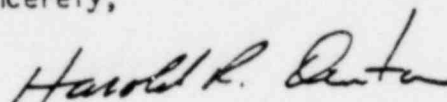
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Mr. Stewart E. Tarbert and Family

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promptly as practicable and that reasonable progress on the completion of such actions prior to restart is required in order to provide reasonable assurance that the facility can be operated safely over the long term. The Commission's primary commitment is to a fair and thorough hearing and decision. Given this overriding imperative, it is the Commission's expectation that the Board will conduct the proceeding expeditiously. The decision on resumption of operation will be made by the Commission after the hearing is completed.

Sincerely,



Harold R. Denton, Director
Office of Nuclear Reactor Regulation

Enclosures:

1. Ltr. of July 3, 1980
2. Recent Report of the
U.S. Department of Energy

THE WHITE HOUSE

WASHINGTON

July 3, 1980

Dear Madam Chairman:

The President has asked me to respond to your recent letter regarding federal financial assistance relative to clean-up and recovery costs associated with the March 28, 1979, accident at the Three Mile Island nuclear generating plant. In responding to this request, we have carefully considered the points raised in your letter suggesting federal responsibility for sharing the costs of this accident with the citizens of Pennsylvania.

In the first instance, there is no statutory authority for any form of direct financial aid to assist in clean-up and recovery costs. The Administration has however taken steps to provide for the monitoring of TMI-2 through efforts by the EPA. The Department of Energy will be examining the core and the studying of the effects of the accident on critical plants components upon clean-up.

Your letter notes the financial involvement of the Federal Government in the early stages of the commercialization of nuclear power including the Price Anderson Act and its renewal. This history indeed exists; however, once private industry was capable and willing to support the commercial deployment of nuclear reactors for the generation of electricity, the principal role of the Federal Government became one of enforcing the regulatory provisions of the Atomic Energy Act.

The Administration is closely following the progress of the proceedings you outlined currently underway before your commission; the companion case in New Jersey; and related proceedings at the Federal Energy Regulatory Commission. The FERC action would provide for a discount for Met Ed in purchasing power while the TMI plant is down. In addition, the Nuclear Regulatory Commission is conducting a licensing proceeding to decide whether or not TMI-1 should be allowed to resume operation.

We also understand that you have recently taken action which will allow Met Ed to remain solvent until a more detailed consideration of the case can be made.

The Administration shares your concern about this accident and its potential impact on the future of the utility industry. Within the limits of our legal authority, we believe that federal assistance at TMI has been sensitive to the needs of the State and the affected community. Please be assured that we will continue to help in any way that is appropriate.

Sincerely,

SIGNED BY Stuart E. Eizenstat

Stuart E. Eizenstat
Assistant to the President
For Domestic Affairs and Policy

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

UPDATE

NUCLEAR POWER PROGRAM
INFORMATION AND DATA

JULY/AUGUST 1980

EXCERPT

PREPARED BY
OFFICE OF NUCLEAR REACTOR PROGRAMS
U.S. DEPARTMENT OF ENERGY

IV. OPERATION

A. Utility Briefs

1. Summer Electric Energy Demands Higher Than Forecast

Electric energy demands this summer have been significantly higher than forecast because of record breaking temperatures throughout much of the U.S. Instances are:

- The week ending July 19 saw a 10.4% increase in electric energy output nationally over the corresponding week of 1979. The first three weeks of July 1980 show an output 8.4% over that of a year ago (EEI, 7/23/80).
- The Pennsylvania-Jersey-Maryland (PJM) Interconnection resorted to a 5% voltage reduction for the first time in six years on July 21. Nevertheless, PJM peaked at 34,300 MW versus the 33,180 MW peak forecast for this summer (Energy Daily, 7/23/80).
- Two General Public Utilities (GPU) operating companies, Metropolitan Edison and Jersey Central Power and Light, issued appeals to customers to voluntarily curtail use of non-essential electricity because of the high cost of purchased power - 12.5¢/KWh through PJM, compared to the 2.6¢/KWh average energy cost portion of bills paid by Metropolitan Edison customers. The GPU system experienced a new all-time summer peak of 6,163 MW at 2:00 p.m. on July 21 (GPU release, 7/22/80).

- Ontario Hydro sold 50 million KWh on July 21 to the U.S. Almost half of this was transmitted to Michigan, most of which was transmitted through the American Electric Power system to TVA and points farther south (Energy Daily, 7/23/80).
- Other systems that experienced new summer peaks on July 21: New York Power Pool - 21,846 MW; New England Power Exchange - 14,900 MW; Virginia Electric Power Company - 8,480 MW.

2. General Public Utilities: New All-Time Peak Demand

The General Public Utilities (GPU) System reported a new summer peak at 2:00 p.m. on Monday, July 21, of 6,163 megawatts, just 10 megawatts shy of GPU's all-time peak demand of 6,173 megawatts.

Also on July 21, GPU subsidiary Jersey Central Power & Light Co. (JCP&L) hit a new all-time peak demand between 2:00 and 3:00 p.m. of 3,023 megawatts. A previous JCP&L peak demand of 2,740 megawatts had been reached just the previous Thursday, July 17.

Another GPU operating company, Pennsylvania Electric Co. (Penelec) reported a new summer peak July 21 of 1,784 megawatts. The previous peak of 1,719 megawatts was reached in August of last year.

GPU's other Pennsylvania subsidiary, Metropolitan Edison (Met-Ed) reported a high demand of 1,431 megawatts, just 1 megawatt short of its all-time summer peak of 1,432 megawatts that it reached in August 1978.

Heavy demand throughout the entire GPU System, as well as throughout the Pennsylvania-New Jersey-Maryland (PJM) Interconnection, prompted two GPU operating companies (JCP&L and Met-Ed) to issue appeals to their customers to voluntarily curtail their use of non-essential electricity because of the high costs for purchased power which are eventually reflected in customers' bills.

Because the extreme heat conditions required all available generating facilities, the cost of purchased power through the PJM Interconnection rose significantly and remained at about 12.5 cents per kilowatt-hour through much of the afternoon July 21. This compares with 2.6 cents per kilowatt-hour Met-Ed customers are paying as the average energy cost portion in bills, and the 3.3 cents per kilowatt-hour Jersey Central customers are currently billed for energy costs. The increased costs above and beyond what customers are now paying will be reflected in future energy cost adjustments.

Short-term, less-costly power purchases from outside the PJM system were, for the most part, cancelled by the suppliers in order to meet their own customers' needs during the high demand periods brought on by the heat wave. Since the accident at Three Mile Island Unit 2 in March 1979, the GPU System has purchased lower cost replacement power from a number of companies outside the PJM pool on an "as-available" basis.

From the date of the TMI Unit 2 accident through May of this year, those purchases saved GPU System customers over \$114 million, compared to prevailing contractual arrangements within the PJM power pool.

July 21's heavy demand also set a new record high for the PJM system, and prompted a five percent voltage reduction throughout the grid for a few hours to further assure PJM system integrity.

Preliminary reports indicated that the public appeals to Met-Ed and MCP&L customers to curtail usage in an effort to hold down their energy costs met with some success. Met-Ed customers cooperated by reducing demand by an estimated 45 megawatts ... enough electricity to service about 30,000 homes. Jersey Central continued their customer conservation appeals the following day.

3. Public Service Electric & Gas Company: Nuclear Power Production Record

Salem Generating Station's Unit No. 1, which is operated by Public Service Electric and Gas Company, has set a record for nuclear power production in the United States for the first six months of this year and is among the leaders in power output in the free world.

The unit generated 4.25 billion kilowatt-hours of electricity from January 1 through June 30 and saved millions of barrels of oil in the process.

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N.R.C.

9/29/80

IF WE DO NOT GET HELP FROM THE FEDERAL GOVERNMENT TO HELP PAY THESE COSTS, THIS AREA WILL BECOME AN ECONOMICAL DISASTER.

I AM ESPECIALLY CONCERNED, I HAVE BEEN EMPLOYED BY MET-ED FOR 25 YEARS. SINCE THE ACCIDENT I HAVE BEEN HIT WITH NOT JUST HIGH ELECTRIC BILLS BUT SEVERAL OTHER WAYS AS WELL. MY GPU STOCK HAS GONE DOWN FROM \$20.00 A SHARE TO \$5.00. I NO LONGER RECEIVE A DIVIDEND. THE COMPANY STOCK INVESTMENT PLAN FOLDED. MY ALL ELECTRIC HEATING BILL HAS RAISED CONSIDERABLY. AND IT LOOKS LIKE I COULD LOSE MY JOB. THINGS LOOK PRETTY BLEAK. CHANCES OF EVER GETTING ANOTHER RAISE TO MEET THE EVER INCREASING INFLATION ARE SLIM.

PRESIDENT JIMMY CARTER
THE WHITE HOUSE
WASHINGTON D.C. 20500

DEAR MR. PRESIDENT

I AM WRITING TO YOU, TO ASK FOR FINANCIAL HELP FOR THE CUSTOMERS SERVED BY THE FINANCIALLY CRIPPLED METROPOLITAN EDISON CO., OWNERS OF THREE MILE ISLAND.

IT IS NOT FAIR THAT WE SHOULD BE PAYING FOR REPLACEMENT POWER COSTS BECAUSE THE NRC WILL NOT LET TMI-1 OPERATE.

WE SHOULD NOT PAY FOR THE CLEAN-UP OF TMI-2. THE NRC LICENSED AND OVERSEEN THE OPERATION OF TMI-2, SO THEY ARE ALSO RESPONSIBLE FOR THE

J. J. HEANT

I THINK THE FEDERAL
GOVERNMENT IS BEING UNFAIR
TO US IN THIS AREA SURROUNDING
TMI FOR NOT CALLING THE
ACCIDENT AT TMI A NATIONAL
DISASTER.

YOURS RESPECTFULLY

Stewart E. Tarbert
and family

STEWART E. TARBERT
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YORK, PA. 17404