

VIRGINIA ELECTRIC AND POWER COMPANY
RICHMOND, VIRGINIA 23261

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USNRC

January 5, 1990

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PROPOSED RULE **PR 50**
(54 FR 46624)

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Secretary
United States Nuclear Regulatory Commission
Attention: Docketing and Service Branch
Washington, D. C. 20555

Serial No. 89-799
OFFICE OF
DOCKETING & SERVICE
BRANCH

Gentlemen:

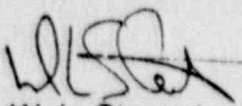
VIRGINIA ELECTRIC AND POWER COMPANY
COMMENTS CONCERNING PROPOSED RULE
10 CFR 50

Virginia Electric and Power Company has reviewed the proposed rule under 10 CFR 50, Stabilization and Decontamination Priority, Trusteeship Provisions, and Amount of Property Insurance Requirements, which was published in the Federal Register Notice dated November 6, 1989. In Section VI, Regulatory Analysis, the NRC states that "Although the effect of these formulas, if developed and adopted, would be to increase the required amount of insurance for some licensees, there should be little impact on insurance costs to licensees because almost all licensees buy the maximum amount of insurance available." This may have been true in the past, however we do not agree with this assessment. In fact, we did not automatically purchase the maximum amount of insurance available this year following an increase in available coverage.

In addition, the amount of insurance required of licensees should not be subjected to automatic indexing. Since there is no way to predict the limits of insurance coverage capacity that will be available in the nuclear property insurance marketplace, it would not be prudent to dictate in advance the amount of insurance to be carried by licensees in future years. Doing so could create a situation in which the market for and pricing of nuclear property insurance would be artificially driven by governmental regulations. Rather, we recommend that the amount should be reviewed at five year intervals to ensure that an appropriate amount of insurance is required for licensee coverage.

In the event that indexing is imposed, we would recommend use of the indexing method used in the Price-Anderson Act. Thus, the escalating liability of owners of nuclear plants would be determined based on the aggregate change in the Consumer Price Index (CPI). This method offers consistency and simplicity despite the NRC's belief that the CPI is too general.

Very truly yours,



W. L. Stewart
Senior Vice President - Nuclear

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