

MR. BEVILL: What are the views of the Commission with regard to the use of financial incentives by public utility commissions to encourage plant performance above established levels?

CHAIRMAN CARR:

The incentive programs of state public utility commissions that are in place or have existed have resulted in only modest rewards for operation above target levels. Rewards at these levels thus far have not been a cause for substantial concern with regard to safe plant operation. This is because, without exception, under the Atomic Energy Act all utilities owning nuclear power plants are required to comply with NRC regulations and requirements whether incentive plans exist or not. These regulations, together with license conditions concerning operations and maintenance, specify an acceptable safety design and up to now, have helped to ensure that nuclear power plants are operated with attention to safety. Furthermore, the NRC, through its licensing and inspection activities, verifies that licensees are adhering to safe practices. Nevertheless, performance incentive programs have the potential to indirectly influence a licensee's approach to reactor safety issues in situations not addressed in license conditions.

The Commission believes that financial incentive programs should give equal weight to safety as to production. While financial incentives that reward production may not be an immediate threat to safety, these plans must be scrutinized carefully with a sensitivity to possible future safety risks. We are opposed to any incentive that will negatively impact safety, such as discouraging proper maintenance. For example, proper maintenance will ensure that corrective repairs should be brought to a minimum.

The Commission also believes that its indicators such as performance indicators and SALP evaluations should not be used by State regulators in determining their incentive programs.

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