

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of )

COMMONWEALTH EDISON COMPANY )

(Byron Station, Units 1 and 2) )

Docket Nos. 50-454  
50-455

AFFIDAVIT OF JIM C. PETERSEN ON WAIVER OF  
OR EXCEPTION TO FINANCIAL QUALIFICATIONS REGULATIONS

I, Jim C. Petersen, being duly sworn state as follows:

1. I am employed as a Senior Licensee Relations Analyst in the Office of State Programs, U.S. Nuclear Regulatory Commission. I participated in the development of the new financial qualification regulations and I was the financial reviewer for the Byron facility prior to promulgation of the rule. A copy of my professional qualifications is already on the record.
2. The purpose of this affidavit is to respond to the DAARE/SAFE request of July 30, 1982 for waiver of or exception to the financial qualifications regulations.
3. In its petition, DAARE/SAFE incorporates by reference the entirety of the July 6, 1982 petition by Intervenor Rockford League of Women Voters (the League) for waiver of or exception to NRC's financial

qualifications regulations. DAARE/SAFE relies heavily on the League's petition and exhibits for its own request.

4. I prepared an affidavit dated July 26, 1982 in response to the League's petition. Since DAARE/SAFE's arguments are essentially the same as the League's, I incorporate by reference my earlier affidavit herein.
5. Although DAARE/SAFE's arguments regarding financial qualifications do not differ in substance or go beyond in scope those of the League, DAARE/SAFE does expound on the Byron cost estimate arguments of the League's petition. The staff review (under the previous financial qualifications rule) of Commonwealth Edison's (C.E.) financial qualifications to operate and eventually decommission Byron included a consideration of the amortization of Byron capital costs through the depreciation component of total operating costs. Increased construction costs show up later on during commercial operation in the form of higher depreciation charges. Such charges are a legitimate cost of an operating utility plant and are routinely passed on to consumers through rates. I know of no case in which an NRC licensee has been unable to recover through rates any significant amount of depreciation charges for an operating nuclear power plant.
6. With regard to DAARE/SAFE's concern that actual Byron construction costs will exceed current estimates, I refer to paragraph 7 on

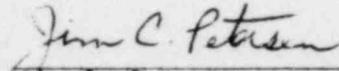
pages 4 and 5 of my July 26 affidavit. Repeating my position in part, it is reasonable to assume that C.E. management would take ameliorative steps if the ongoing construction costs of Byron actually exceeded the company's financial capability. During the years in which the staff reviewed utilities' financial qualifications, it was repeatedly shown that a utility could both experience financial constraints and continue a successful construction program. In some cases certain projects would be delayed, suspended or cancelled. It is reasonable to assume that C.E. management would make necessary adjustments in aspects of C.E.'s overall construction program in response to the realities of financial constraints. In its review of similar actions taken by numerous NRC power reactor licensees, the staff is not aware of any cases where health and safety problems were caused by the financial situation or cost escalation. Indeed, this awareness was central to NRC's decision to promulgate the new financial qualifications rule. Nothing presented by DAARE/SAFE or by the League indicates that CE's financial condition in relation to Byron raises any exception to the experience that led to the new rule.

7. The NRC response to the QA/QC issues raised by the petition is contained in the affidavit of William L. Forney. With regard to the financial problems that DAARE/SAFE claims are related to QA/QC, it fails to show a connection between alleged QA/QC deficiencies and CE's alleged need to press the plant into service. Merely citing QA/QC problems and then noting the financial advantages of

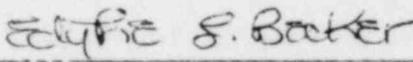
placing a plant into service does not demonstrate or prove a causal relationship between the two.

8. In conclusion, the staff believes that neither the DAARE/SAFE petition nor the contents of the exhibits demonstrate that "special circumstances" specific to the Byron facility exist such that an exception to NRC's financial qualifications regulations should be granted.

The foregoing is true and correct to the best of my knowledge.

  
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Jim C. Petersen

Subscribed and sworn to before me  
this 17 day of August, 1982.

  
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My commission expires: July 1, 1986