

TEXAS UTILITIES GENERATING COMPANY

2001 BRYAN TOWER - DALLAS, TEXAS 75201

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USNRC

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MICHAEL D. SPENCE  
PRESIDENT

OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCH  
September 22, 1982

Office of the Secretary  
of the Commission  
U. S. Nuclear Regulatory Commission  
Washington, D. C. 20555

DOCKET NUMBER  
PROPOSED RULE PR-50  
(47 FR 27371)

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Dear Sir:

Re: 10 CFR 50, Proposed Rulemaking, Mandatory  
Property Insurance for Decontamination of  
Nuclear Reactors, 47 Federal Register  
27371 (June 24, 1982)

Texas Utilities Generating Company submits the following comments in response to the Advance Notice of Proposed Rulemaking of the Nuclear Regulatory Commission (NRC) entitled "Mandatory Property Insurance for Decontamination of Nuclear Reactors", 47 Federal Register 27371 (June 24, 1982). Texas Utilities Generating Company is the agent/operator of Comanche Peak Steam Electric Station. This two unit facility is owned by Dallas Power & Light Company, Texas Electric Service Company and Texas Power & Light Company, members of the Texas Utilities Company System, plus several minority owners. Unit One of the 2300 MW station is scheduled for commercial operation in 1984 followed by Unit Two in 1985. We are vitally interested in any insurance rules promulgated by the NRC which may affect the financial security of this venture.

We have studied Dr. Long's report, as well as proposed comments on the NRC Advance Notice by various industry groups. In general, the Long report accurately describes the development of nuclear property insurance but arrives at some conclusions for future action which we feel are not in the best interest of the public, electric utility ratepayers, or stockholders. Texas Utilities Generating Company supports the comments made by the Edison Electric Institute to questions presented in the Advance Notice. There are, however, two subjects which are of such concern as to warrant additional comment.

The proposal requiring application of insurance recoveries to decontamination before claims of creditors and owners are satisfied is of particular concern. The primary function of property insurance is to provide funds for repair or replacement of revenue producing

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ADD: Robert Wood  
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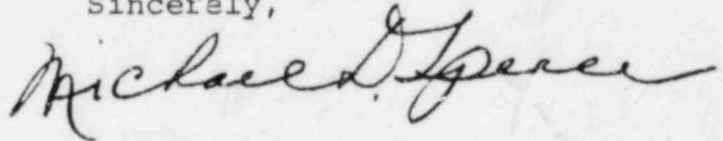
assets after an accident. The loss of property insurance coverage for equipment repair expenses is likely to have an adverse effect on the cost of funds available to utilities. Such a result would be detrimental to all concerned. We believe that primary insurance coverage (up to \$500 million) should continue to be offered under the present conventional terms and that decontamination should not be given preference over other insured perils.

The second proposal causing concern relates to the combining of primary insurance markets. Competition between primary insurance companies is important to the utility industry. As we prepare for permanent insurance on our nuclear plant, we see this spirit of competition at work to our advantage. Requiring insurance coverage from both existing carriers would eliminate competition resulting in higher rates, more restrictive policy forms and ultimately less overall insurance capacity.

We believe that the electric utility industry in cooperation with existing insurance markets, through traditional insurance negotiations, can and will provide adequate nuclear property insurance at the most reasonable price. In our opinion, the interim final rule for Mandatory Nuclear Insurance published in the Federal Register March 31, 1982, adequately protects the public health and safety and should be made final without further amendment.

We appreciate the opportunity to respond to the Advance Notice and request that you give our comments your serious consideration.

Sincerely,



MDSpence/jk