

DOCKETED USNRC Route 1 Pleasant Valley Stoddard, WI 54658

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OFFICE OF SECRETARY DOCKETING & SERVICE BRANCH

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

DOCKET NUMBER PROPOSED RULE PR-50

34

(47 FR 27371)

SUBJECT: COMMENTS ON NUREG 0891

Dear Sir:

Due to the unavailability of this document, I was delayed until this time in my opportunity to comment.

I comment by item as follows:

(1) The amount of insurance should not be based on TMI recovery costs. Those costs were heavily inflated due to it being the first experience of this situation. The long delays for decision making would be reduced the second time around. The decision to decommission and remove from site or restart (with the attendant costs) should be left to the licensee, not mandated by the NRC based on TMI. The NRC should require each licensee to provide the technical bases for why its insurance is adequate.

(2) Power reactors should insure individually by presenting the bases to the NRC for why their amount is adequate. Requiring small reactors to take \$1.2 billion and pay premiums - when in a real accident they could decommission for a tiny fraction of that amount - is going beyond the power of the NRC. The insurance company would only pay actual costs. Therefore, a small reactor would never gain \$1.2 billion but would have to pay the full premium for such protection. The NRC should establish case-by-case basis for site decontaminating (not restart) only.

(3) The NRC should stay out of commercial decisions. It compromises their principal concern, which is health and safety. Professor Long seems to be convinced that insurance companies need great infusions of cash to be viable. This will raise their profits and accomplish nothing more than a retroactive assessment would.

(4) No. The NRC will totally undermine its position as the overseer of public health and safety if it mandates or regulates replacement power insurance. Your agency is not supposed to care about this kind of commercial decision. It compromises you.

In summary, you have enough insurance requirements now. Put Prof. Long's NUREG on file - that's all it deserves.

Very truly yours,

John D. Parkyn

John D. Parkyn

DS10

ADD: Robert Wood AR-5037

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9/29/82 emp

Acknowledged by card.....

YANKEE ATOMIC ELECTRIC COMPANY



1671 Worcester Road, Framingham, Massachusetts 01701

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

September 22, 1982

DOCKETED
USNRC

'82 SEP 24 A11:12

Secretary of the Commission
United States Nuclear Regulatory Commission
Washington, D. C. 20555

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

Attention: Docketing and Service Branch

Subject: Comments Pertaining to Mandatory Property Insurance for
Decontamination of Nuclear Reactors; Advanced Notice of Proposed
Rulemaking (47FR27371, 24 June 1982)

Dear Sir:

We are dismayed at the provisions of 47FR27371 regarding insurance coverage for nuclear power plants. The main reason for our dismay is that this document contains simplistic requirements purported to be applicable to all nuclear plants regardless of size, cost or site characteristics. No set of requirements that ignores these plant-specific factors can be meaningful; our bases for this statement are set forth below.

In this commentary it is not our intention to comment specifically on Professor Long's report concerning nuclear property insurance, other than to say that this document (like 47FR27371) is seriously flawed by generalizations. Yankee Atomic Electric Company is a member of the Utility Decommissioning Group, which will also submit detailed comments on 47FR27371 as well as on Professor Long's report. We are familiar with and we endorse the comments of the Utility Decommissioning Group.

In addition, we wish to make the following specific comments, which form the basis for the statements contained in the first paragraph above. As the owner of one of the smallest and oldest nuclear power plants in the country, we believe we are in a very unusual position, which requires specific, rather than generalized, consideration regarding insurance coverage.

1. Plant Size

There are presently licensed several first generation reactors with equipment much smaller and less complex than the more modern facilities. Because of these physical differences, a damaging incident at such a small plant cannot result in as much contamination and debris as a similar accident at a much larger plant.

DS10
ADD: Robert Wood
AR-5037

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A recent draft study of the costs of decontamination and debris removal for the Yankee plant (assuming an accident on the same scale as TMI-2) estimates total expense for such purposes of \$350 million in 1982 dollars. This amount is substantially less than the \$1 billion estimate for decontamination and debris removal at TMI-2.

2. No Return to Service

While there are a number of reasons why insurance coverage should be less for Yankee than for TMI-2, one of the major reasons is that because of its age and design the Yankee Plant would never be returned to service following an accident on the magnitude of TMI-2. We believe this to be equally true of the other older and smaller plants now in operation. A major accident in these smaller plants would put them in a decommissioning mode, rather than a repair mode, and decommissioning reserves are being provided other than through insurance coverage (see Item 4 below).

3. Property and Decontamination Insurance Should be Related to Insurable Values

The level of insurance coverage should bear a rational relationship to the value of the risk being insured against. Therefore, any regulatory requirement which treats all licensees equitably must require some site-specific analysis to relate the insurance coverage to the value of the plant.

For instance, the Yankee plant was completed in 1961 for an original capital cost of about \$40 million. As of June 30, 1982, Yankee's Electric Plant in Service, which includes nuclear fuel and all capital additions since 1961, had a net book value of approximately \$45 million.

Yankee carries property insurance coverage issued by American Nuclear Insurers and Mutual Atomic Energy Reinsurance Pool, in the amount of \$460 million. Therefore, in case of a damaging incident at the Yankee plant, the \$415 million difference between depreciated book value and property insurance coverage would be available for decontamination and debris removal, an amount which conservatively exceeds the estimated costs for such clean-up (\$350 million).

Were additional insurance to be required, it would be surplus and, therefore, its costs would be a penalty to Yankee's consumers. Clearly, there is a wide difference in levels of insurance which must be maintained by the owners of newer and older nuclear power plants. Newer plants have plant values in excess of \$1 billion and decontamination and debris removal potential in the range of TMI-2. The older nuclear power plants were constructed in the 1960's when the cost of construction was much lower. Additionally, for older plants depreciation reserves have now been accumulated against original construction costs which results in a small current net plant balance. Also for older plants, the decontamination potential is much smaller.

4. Decommissioning Reserves

In evaluating the amount of coverage necessary to protect against decontamination and debris removal costs, it is necessary to recognize the context in which the expense may arise at any given plant. Obviously, the scope of the clean-up will vary depending upon whether it is a prelude to renewed operation of the facility or the dismantlement of the facility. In this regard, any regulation contemplated by the Commission should recognize the reality that there exist certain older and smaller plants, like Yankee, which could not justify the expense of refurbishment following a significant incident and would be permanently decommissioned.

Therefore, in establishing a decontamination coverage requirement for such plants, the Commission should avoid requiring insurance coverage which duplicates other funding already in place and should take into account the other sources of funding which may be available for decommissioning.

A number of nuclear power plants have recently received regulatory approval to collect future decommissioning charges in their current rates. The Yankee plant has been authorized by the Federal Energy Regulatory Commission to establish a separate decommissioning fund outside of the control of the company and administered by an independent Trustee for the future decommissioning of the Yankee plant. The dollars accumulated in this separate trust fund would be available for decontamination and debris removal, and, therefore, should reduce the levels of insurance coverage required.

5. The NRC Should Not Regulate Replacement Power Insurance

Replacement power insurance is not a subject which falls within the jurisdiction of the Commission and, therefore, is not an appropriate subject for Commission regulation. Furthermore, it is a subject which is intimately related to a specific utility's needs, which cannot be adequately dealt with on a generic basis. Indeed, for plants such as Yankee's which are simply a generation source for other distribution utilities, replacement power insurance is totally inapplicable. Replacement power is a concern only to those utilities - not to Yankee. Any requirement for Yankee to carry replacement power insurance would merely impose an unnecessary cost burden on Yankee's customers.


6. NRC Should Not Impose the Use of Retroactive Assessments on Licensees

The Utility Decommissioning Group has already pointed out that neither the Commission's statutory charter nor its technical expertise qualify it to regulate the intricacies of the insurance provisions. It is sufficient for the Commission to determine what coverage it believes necessary and let the industry formulate the programs to meet those goals. The use of further retrospective assessments must remain an issue to be resolved between the insurance industry and the utilities because it has impact upon costs and financial exposure which can only be evaluated in light of individual circumstances.

September 22, 1982

Yankee management, like numerous other utilities, has made a judgement that it is not necessary, nor in the best interest of its stockholders and their ultimate consumers, for the company to be exposed to additional retroactive assessments. Yankee prefers to be insured through the payment of advanced premiums to ANI and MAERP. The potential of retroactive assessments could have a significant impact on the credit rating of a small single asset company, such as Yankee.

Very truly yours,

A handwritten signature in cursive script that reads "A. R. Soucy". The signature is written in dark ink and is positioned above the typed name and title.

A. R. Soucy
Treasurer

ARS/tan