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USNRC

Iowa Electric Light and Power Company

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J.B. REHNSTROM
SENIOR VICE PRESIDENT-FINANCE
AND SECRETARY

October 7, 1982

OFFICE OF SECRETARY
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BRANCH

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Mr. Samuel J. Chilk, Secretary
Office of the Secretary of the Commission
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555

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

RE: Comments on Advance Notice of Proposed Rulemaking Mandatory
Property Insurance for Decontamination of Nuclear Reactors
47 Fed. Reg. 27371 (June 24, 1982) and NUREG-0891

Dear Sir:

Iowa Electric Light and Power Company, 70% owner and operator of
Duane Arnold Energy Center, wishes to take this opportunity to comment on the
above captioned matter.

We believe that the utility and insurance industries have made
great strides in bringing about increased on-site coverages and that this
effort is continuing. We currently carry the maximum property insurance
coverage available from ANI/MAERP in both the primary and excess levels, plus
the maximum available from NEIL II in the excess level. It is anticipated
that the combination of the ANI/MAERP and NEIL II coverages will approach or
reach \$1 billion by January 1, 1983. We do not believe that Nuclear Regula-
tory Commission (NRC) involvement in the setting of limits would serve any
function and inadvertently could be an impedance. We believe, rather, that
the NRC should retain its current insurance requirements.

We strongly object to any suggestion that ANI/MAERP and NML be
somehow required to co-participate in the primary layer of property coverage
as we believe that the competition between these two sources of coverage has
been one of the driving forces which has brought about the increases in
capacity that have occurred in recent years.

As evidenced by our participation in both NEIL I and NEIL II, we
fully support the concept of retrospective premium insurance; however, we do
not agree with Professor Long's suggestion that all nuclear utilities be
required to obtain both ANI/MAERP and NML coverage. We believe that the
business decision should be available to utilities as to selection of the
fixed premium ANI/MAERP coverage or the retrospective premium NML coverage.

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Acknowledged by card. 10/15/82 amg

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add Robert Wood
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Mr. Chilk
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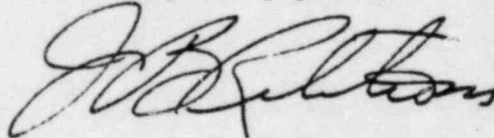
We do not believe that the NRC should attempt to regulate the structure, terms or conditions of property insurance nor to restrict the use of retrospective premium coverage as a means of attaining the capacity needed by the various utilities. As has been demonstrated, the efforts of both NML and NEIL II have been major factors in generating the needed increased property capacities.

We submit that NRC should not attempt to determine payment priorities for insurance proceeds in the primary layer. This coverage provides confidence to the financial community that their investments are properly protected. Such a prioritizing would only serve to drive up the cost of utility financing. It should be noted that NEIL II does intend to revise its coverage to give priority to decontamination and debris removal.

We believe that replacement power insurance coverage as provided by NEIL I is an important factor in protecting the nuclear utility, its customers and stockholders from the potentially severe financial impact of a long term plant outage. We emphatically believe that the NRC should not attempt to regulate this needed coverage. We also strongly believe that elimination of the current replacement power program would in no way augment further capacity in the property insurance program.

We appreciate the opportunity to comment on this matter.

Very truly yours,



J. B. Rehnstrom
Senior Vice President-Finance
and Secretary

JBR:blw