

SOUTH CAROLINA ELECTRIC & GAS COMPANY

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DOCKETED
USNRC

O. W. DIXON, JR.
VICE PRESIDENT
NUCLEAR OPERATIONS

October 11, 1982

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Mr. Samuel J. Chilk
Secretary of the Commission
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

46

DOCKET NUMBER

PROPOSED RULE

PR-50

(47 FR 27371)

Subject: Virgil C. Summer Nuclear Station
Proposed Rule, "Mandatory Property
Insurance for Decontamination
of Nuclear Reactors"

Dear Mr. Chilk:

South Carolina Electric and Gas Company (SCE&G) has reviewed the subject proposed rule and the report on property insurance prepared by Professor J. D. Long (NUREG 0891). Concurrent with our review, a study was conducted and subsequent comments submitted to the Commission by the Edison Electric Institute (EEI). This document reflected exhaustive research, and SCE&G endorses their views.

In particular, the following significant points were discussed in the EEI report and should be emphasized:

1. It is recommended that the NRC avoid assuming any regulatory posture which could hinder the developments made by nuclear utilities and insurance companies in providing higher limits of insurance protection without the proportionately higher premiums. It would appear that since much of the nuclear insurance participation culminates from the conjoined efforts of the nuclear insurance pools with foreign reinsurance pools, the intervention of the NRC might cause some of these participants to withdraw their support, creating an adverse effect on the advancements made by the industry.
2. It is recommended that the NRC not impose a precedence requirement, as suggested by Professor Long, concerning the dominant application of insurance proceeds to decontamination and debris removal expenses. Such a practice could jeopardize the trust gained with investors and utility financial institutions in that it could be interpreted as a breach of contract.

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add: Robert Wood
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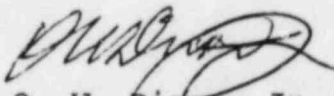
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3. The procurement of maximum amounts of both primary and excess insurance coverage should remain a matter of choice by individual utilities and their investors. Utility governing bodies must exercise sound judgment in obtaining maximum levels of insurance, but it should not be a requirement levied by the NRC.

As highlighted above, it is SCE&G's recommendation that the insurance problems remain a responsibility of the utilities, and that the NRC not impose any mandates in this area.

Very truly yours,



O. W. Dixon, Jr.

RBC:OWD/fjc

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