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December 4, 1990

The Secretary of the Commission  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555  
Attn: Docketing and Services Branch

Re: Draft Policy Statement - Possible Safety Impacts of Economic Performance  
Incentives. (55 Fed. Reg. 43231-43243; October 26, 1990.)

The Illinois Department of Nuclear Safety (IDNS) hereby submits its comments on the above identified draft policy statement concerning the possible safety impacts of economic performance incentive programs established by State Commissions regulating electric utilities. IDNS is the lead agency in Illinois for furthering actions in cooperation with the Nuclear Regulatory Commission (NRC) which reduce the likelihood and severity of accidents at nuclear facilities.

The draft policy statement acknowledges that properly designed economic performance incentive programs can play an important role in improving the economic performance of electric power plants. It further states that such programs can also have an impact on the safety of nuclear power plants. IDNS agrees with both of these statements. We believe, however, that the final policy statement should also recognize that even without specific economic performance incentive programs, prudently managed and operated plants develop their own economic rewards through efficiency of operation, lower fuel costs, high effective availability, avoidance of large repair and maintenance costs, reduced replacement power costs, and lower risk of accident liability. Many public utility commissions already examine prudence of management and operation and provide concomitant financial adjustments in areas such as allowance for replacement fuel costs.

In addition, the draft policy statement provides general statements concerning potential impacts of economic performance incentive programs, identifies potential adverse impacts on plant operation, and describes some features that cause NRC concern. IDNS believes that potential safety impacts of these programs may not be obvious or easily recognized by state public utility regulators. In our opinion, the draft policy statement falls short of offering sufficient practical guidance to assist state regulators in designing

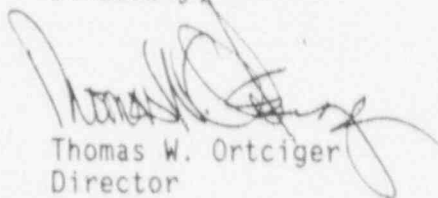
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or modifying performance incentive programs to ensure a positive safety impact. IDNS believes that more comprehensive guidance coupled with NRC's monitoring incentive programs, should ensure that if economic performance incentive programs are used the desired goal of safe and economical nuclear power plant operations will be achieved.

Sincerely,



Thomas W. Ortziger  
Director