

December 5, 1990

USNRC

COMMENTS OF OHIO CITIZENS FOR RESPONSIBLE ENERGY, INC. ("OCRE")
ON DRAFT POLICY STATEMENT, "POSSIBLE SAFETY IMPACTS OF ECONOMIC
PERFORMANCE INCENTIVES," 15 FED. REG. 43231, OCTOBER 26, 1990. 90 DEC -7 P5:07

OCRE supports this policy statement. The NRC has correctly identified the types of economic incentive programs employed by some state regulatory agencies which can adversely impact safety. It is important to note that some state regulatory agencies, such as the Public Utilities Commission of Ohio, are very cognizant of and concerned about the safety impacts of rate regulation.

However, it is unclear what the NRC intends to do with the information it is collecting on these programs. Additional clarification would be useful. For example, would the NRC devote its inspection resources to plants regulated under programs which would have a negative impact on safety? Would the NRC attempt to influence the state regulatory programs in some manner? It is doubtful that the NRC has the legal authority to interfere with those state regulatory programs having a negative effect on plant safety. It is certainly important, though, to make state regulatory agencies aware of the possible impacts of their actions on plant safety, even if they do not have jurisdiction over safety matters. Increased communication between the NRC and agencies having ratemaking jurisdiction over nuclear issues is important so that these agencies can become aware of the impacts of their programs and avoid those types of incentives which can have a negative effect on plant safety, and so that the NRC can be aware of which plants are being regulated in this manner.

OCRE would ask whether this policy statement signals a de facto reinstatement of financial qualifications review for electric utilities. If so, the NRC should establish objective criteria for evaluating the financial health of electric utilities and provide opportunities for public involvement in its regulatory program. Unfortunately, the NRC's decision to abolish financial qualifications review meant that the public participants in operating license proceedings for the plants which are the most likely to be affected by economic incentive programs were unable to litigate these issues. The instant policy statement acknowledges that economic regulation can adversely impact safety, while the reason given for abolishing financial qualifications review was that economic regulation of electric utilities virtually guarantees that they will have sufficient funds to assure safety.

Respectfully submitted,

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