

STATE OF ILLINOIS



PROPOSED RULE MISC (90-9)
(55FR 43231)

ILLINOIS COMMERCE COMMISSION

90 DEC 12 P3:00

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December 12, 1990

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

ATTENTION: Docketing and Services Branch

Dear Mr. Chilk:

The Illinois Commerce Commission is pleased to provide its comments on the Nuclear Regulatory Commission's (NRC's) Draft Policy Statement: Possible Impacts of Economic Performance Incentives (55 Fed. Reg. 43231-43243; October 26, 1990). Our Comments are attached.

Sincerely,

Terrence L. Barnich, Chairman
Illinois Commerce Commission

Attachment

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ICC COMMENTS REGARDING NRC DRAFT POLICY STATEMENT: POSSIBLE
SAFETY IMPACTS OF ECONOMIC PERFORMANCE INCENTIVES

55 Fed. Reg. 43231-43243: 10/26/90

December 11, 1990

Introduction

On October 26, 1990 the Nuclear Regulatory Commission (NRC) published a Draft Policy Statement in the Federal Register concerning the possible impacts on the safety of operations of economic incentive programs ordered by State regulatory commissions, and invited comments from interested parties.

The Illinois Commerce Commission (ICC) has jurisdiction over three electric utilities who, combined, own and operate 13 nuclear power plants. There are more commercial nuclear power plants operating in Illinois than in any other State in the nation. The ICC has a statutory responsibility to ensure the "provision of adequate, efficient, reliable, environmentally safe and least-cost public utility services ... and which are equitable to all citizens." (Sec. 1.102 of the Public Utilities Act), and takes this responsibility seriously. The ICC applauds your efforts to solicit the comments of state regulatory commissions as you develop policy affecting the utilities for which we share regulatory responsibility. We encourage your continued efforts to include state regulatory commissions in the process of developing NRC policy. Illinois is anxious to be of assistance in this regard. The ICC appreciates the opportunity to present its views to the NRC.

The ICC is supportive of the principals it believes underlie NRC's draft policy statement, i.e., safety of operations should not be compromised by the provision of inappropriate incentives to utility management. The ICC believes, that there is no necessary incompatibility between achieving goals of economic efficiency, and safe nuclear plant operation.

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Illinois Commerce Commission Examination of Issues

The ICC Staff is engaged in discussions with the Illinois Department of Nuclear Safety (IDNS) on the issue of how economic performance incentives to utilities can be designed to assure that safety requirements are fully complied with while providing the benefits of improved efficiency. Such discussion and cooperation between safety regulators and economic regulators at the federal and state level is important and beneficial to both, for it allows each an understanding of the other's perspectives, constraints and goals. This is a predicate to working successfully to identify the criteria and means by which safe and effective economic performance incentive programs can be designed and implemented.

Illinois Commerce Commission Position on NRC Draft Policy Statement

We interpret NRC's issuance of the Draft for comment as an invitation to communicate effectively on the issue of economic incentive programs. The Draft Policy Statement provides a good starting point for discussions between State Public Utility Commission (PUCs) and NRC. The ICC firmly believes that the public is best served by the cooperative efforts of state PUCs and the NRC as we strive to assure the safe and efficient operation of nuclear power plants. The exact methods for achieving this goal are not yet clear at this time. Effective and ongoing dialogue between us is, however, the appropriate means of identifying how our mutual goals of safety and efficient operation can be achieved.

We would like to take this opportunity to urge NRC to continue its dialogue with State Public Utility Commissions on this and other issues of mutual interest. The National Association of Regulatory Utility Commissioners (NARUC) provides one appropriate vehicle for such dialogue. The Illinois Commission would urge the NRC to use NARUC as a vehicle for communication, as well as continuing dialogue with individual state utility commissions, especially those with a substantial number of nuclear facilities, such as Illinois.