

MISC (90-9)  
(55FR 432 31)

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December 10, 1990

Mr. Samuel J. Chilk  
Secretary of the Commission  
U. S. Nuclear Regulatory Commission  
ATTN: Docketing and Service Branch  
Washington, DC 20555

Subject: Comments Concerning the Nuclear Regulatory Commission's  
Draft Policy Statement, "Possible Safety Impacts of  
Economic Performance Incentives, " (55 FR 43231).

Dear Mr. Chilk:

This letter is being submitted in response to the Nuclear  
Regulatory Commission's (NRC's) request for comments concerning  
the Draft Policy Statement, "Possible Safety Impacts of Economic  
Performance Incentives," published in the Federal Register (55 FR  
43231, dated October 26, 1990).

The Philadelphia Electric Company (PECo) appreciates the  
opportunity to comment on this draft policy statement. The NRC  
issued this draft policy statement as a result of concerns with  
economic performance incentive programs established by State  
regulatory commissions. The NRC believes that these programs  
should not create incentives to operate a plant when it should be  
shut down for safety reasons. We note, however, that incentives  
to maximize nuclear output are inherent in the public utility  
regulatory process and are not uniquely the by-product of  
so-called "economic performance incentives." For example,  
utilities without fuel adjustment clauses have the natural  
incentive to maximize nuclear output in order to keep their fuel  
costs as low as possible. Furthermore, economic performance  
incentives have been negotiated by utilities and public utility  
regulators in an effort to strike a regulatory balance which  
assures the public reasonably continuous nuclear output, without  
the burden of protracted litigation concerning the prudence of  
each plant outage. Thus, such mechanisms have value in avoiding  
litigation apart from the value of the actual financial  
incentives which they provide.

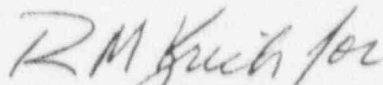
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PECO agrees in general with the draft policy statement and endorses the comments submitted by the Nuclear Management and Resources Council (NUMARC) and the Edison Electric Institute (EEI). With respect to the NRC's concern with potential safety implications of "short-term" measurement standards, we suggest that in addition to the duration of the measurement period, the NRC should consider the effect of the number of operating units for which output is included in the performance measurement. For example, a performance incentive clause covering a one-year period which measures the average output of six operating units may be a more reliable measure of performance than a clause which covers only one unit for a two-year period. In the alternative, we suggest that the NRC focus its consideration on the total operating hours included in a performance standard, rather than limiting its analysis solely to the effect of the duration of the period measured.

If you have any questions or require additional information, please contact us.

Very truly yours,



George A. Hunger, Jr.  
Manager, Licensing Section  
Nuclear Engineering and Services