



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555

OFFICE OF THE  
CHAIRMAN

September 3, 1982

Mr. Ronald K. Peterson  
Assistant Director for  
Legislative Reference  
Office of Management and  
Budget  
Washington, D.C. 20503

Dear Mr. Peterson:

This responds to your request for the Nuclear Regulatory Commission's position on S.1606 as reported, the "Electric Utility Nuclear Accident Cost Allocation Act."

The purpose of the bill is to distribute a portion of the uninsured cost of the cleanup of Three Mile Island Unit 2 (TMI-2) among those electric utilities with an ownership interest in one or more nuclear power plants which are licensed to operate. This would be accomplished by an assessment of an annual fee on such utilities of approximately 28 cents per kilowatt of nuclear power which is available during calendar years 1982 through 1987, provided that the annual fee imposed upon any single nuclear utility shall not exceed \$1.6 million. The total TMI-2 cleanup fee from this source is estimated to be from \$177 million to \$181 million.

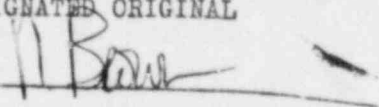
The Commission's expertise does not lie in the area of utility financing and ratemaking and therefore the Commission will not comment on the details of the financial measures proposed. Our principal concern is the protection of the public health and safety. We support taking prompt steps to overcome the financial problems which are hindering the cleanup of TMI-2 in order to ensure that the public health and safety is not threatened. In my October 20, 1981 testimony before the Senate Committees considering S.1606 as introduced, I said:

"We view the conditions persisting at that site since the accident as very serious. Most disturbing is the uncertainty about the availability of resources combined with the increasing potential for hazard to the public as time passes with little progress being made."

As we have all become aware, one of the major consequences of the March 28, 1979 accident at Three Mile Island has been the failure of the TMI licensees to develop a plan to provide the finances to meet the large costs estimated to be necessary to safely decontaminate the TMI-2 reactor. The NRC is very concerned that this problem continues to exist and believes that its prompt resolution is required to eliminate a potential threat to the health and

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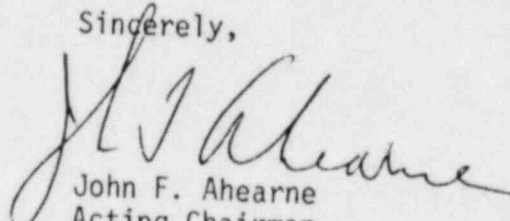
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safety of the public and the environment. The General Public Utility Corporation (GPU) and its operating subsidiaries - Metropolitan Edison Company, Pennsylvania Electric Company, and Jersey Central Power and Light Company - have the legal obligation to clean up the reactor site. It has become increasingly obvious that under the current situation GPU does not have adequate financial resources to proceed expeditiously.

While maintaining the basic independence of nuclear regulation mandated by Congress, the Commission intends to support federal and state initiatives to expedite the cleanup of TMI-2. Although the Commission takes no position on the specific methods of obtaining funds for TMI-2 cleanup, the approach encompassed in S.1606, as reported, is a possible step to assist in the resolution of this problem which has been with us far too long and one that, as time goes by, threatens only to increase in magnitude.

The additional comments of Commissioner Gilinsky are enclosed.

Sincerely,



John F. Ahearne  
Acting Chairman

Enclosure:  
As stated

COMMISSIONER GILINSKY'S ADDITIONAL COMMENTS  
TO OMB ON S. 1606

I am in agreement with the position expressed in the Commission's testimony on S. 1606, the "Nuclear Power Plant Property Damage Insurance Act of 1981." However, I would like to raise two additional points for your consideration. First, I would think that, before committing itself to support a statute under which the government would, in effect, tax nuclear plant operators to underwrite part of General Public Utilities' costs of cleaning up the TMI-2 accident, the Administration would want to be satisfied with the competence of GPU's management. Secondly, I think that any statutory scheme which provides financial assistance to the clean-up of TMI-2 should explicitly consider the possible ramifications of the \$4 billion lawsuit which GPU is in the process of filing under the Federal Tort Claims Act charging the Government with responsibility for the accident.