

Mr. David Most
240 Juniper Lane
Forked River, NJ 08731

September 11, 1998

50-219

Dear Mr. Most:

I have been asked to respond to your letter to Governor Whitman, dated July 6, 1998, regarding the possible closure of Oyster Creek Nuclear Generating Station (OCNGS) and the possible impact that closure may have on careers of OCNGS employees, the economy of the community, and the safety of the nuclear program as a result of the increased competition in a deregulated environment.

Primarily because of the established economic regulatory process, the U.S. Nuclear Regulatory Commission (NRC) has exercised limited financial oversight of electric utility licensees. The electric industry's move away from traditional rate-based regulation toward increased competition in a deregulated marketplace could have an adverse impact on the long-term ability of utilities to adequately finance safe operation and decommissioning of their nuclear power plants.

Although the NRC is not usually involved in economic or rate regulation, over the years the agency has recognized a possible relationship between adequate financing and safe operations. Licensees' efforts to reduce spending could result in smaller, less experienced workforces; reductions in maintenance and capital budgets; shorter refueling outages, during which certain maintenance is performed; and a decline in training resources. The NRC must ensure that economic pressures do not result in reduced safety margins at operating nuclear plants and do not impair a licensee's ability to fully finance decommissioning at a plant after it is shut down.

It also should be noted that the staff has historically not found a strong correlation between levels of operation and maintenance (O&M) and capital additions expenditure and measures of safety performance. Many plants have increased capacity factors and reduced O&M costs while demonstrating excellent safety performance. The NRC will continue to monitor OCNGS through the inspection process and other plant performance indicators used to assess safe plant operation.

With respect to your other issues and as indicated by your 9th District representatives in a letter to you dated August 19, 1998, there is considerable activity at the State level to develop long-term strategies to address the socioeconomic and environmental issues surrounding the OCNGS facility.

I hope this letter is responsive to your concerns regarding the safe operation of OCNGS until a final decision is made regarding the future operation of the facility.

Sincerely,

ORIGINAL SIGNED BY

Samuel J. Collins, Director
Office of Nuclear Reactor Regulation

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cc: NJ Delegation

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State Program

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ACTION

EDO Principal Correspondence Control

FROM: DUE: 09/16/98

EDO CONTROL: G980537
DOC DT: 08/19/98
FINAL REPLY:

Senator Leonard T. Connors, Jr.
Jeffrey W. Moran
Christopher J. Connors
State of New Jersey

TO:
David Most, NJ

FOR SIGNATURE OF : ** GRN **
Collins, NRR

CRC NO: 98-0806

DESC:
OYSTER CREEK NUCLEAR GENERATING STATION

ROUTING:
Callan
Travers
Thompson
Norry
Blaha
Burns
Bangart, SP
Miller, RI

DATE: 09/02/98

ASSIGNED TO: CONTACT:
NRR Collins

SPECIAL INSTRUCTIONS OR REMARKS:
All Action: DR PB: Gwoliniski
All received: September 2, 1998

All Routing: Collins / Miraglia
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ACTION
DUE TO NRR DIRECTOR'S OFFICE
BY 9/11/98

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

PAPER NUMBER: CRC-98-0806 LOGGING DATE: Sep 1 98
ACTION OFFICE: EDO
AUTHOR: JEF MORAN & CHRIS CONNORS
AFFILIATION: NEW JERSEY
ADDRESSEE: DAVID MOST
LETTER DATE: Aug 19 98 FILE CODE: IDR 5 OYSTER CREEK
SUBJECT: OYSTER CREEK NUCLEAR GENERATING STATION
ACTION: Direct Reply
DISTRIBUTION: CHAIRMAN, COMRS, SECY/RAS
SPECIAL HANDLING: SECY TO ACK
CONSTITUENT:
NOTES: OCM #14754
DATE DUE: Sep 16 98
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AFFILIATION:



14754

STATE OF NEW JERSEY

LEONARD T. CONNORS, JR.
SENATOR — 9TH DISTRICT

9TH DISTRICT LEGISLATIVE OFFICES
620 WEST LACEY ROAD
FORKED RIVER, NJ 08731
609-693-6700

JEFFREY W. MORAN
ASSEMBLYMAN — 9TH DISTRICT
CHRISTOPHER J. CONNORS
ASSEMBLYMAN — 9TH DISTRICT

August 19, 1998

Mr. David Most
240 Juniper Lane
Forked River, New Jersey 08731

Dear Mr. Most:

This brief note is to acknowledge a copy of your recent letter to Governor Christine Todd Whitman, received at our Legislative Office on August 17, 1998.

By way of this reply, our Delegation would like to reach out to convey to you our appreciation for your interest and concerns about the future of the Oyster Creek Nuclear Generating Station, the impact on your career and the effect of the possible decommissioning of this facility on your community. We completely share these and many other profound concerns. That is why we have pushed so hard for legislation to establish a Task Force for the decommissioning of this Nuclear Generating Station to develop long-term strategies to address the socioeconomic and environmental issues surrounding this facility.

As you know, the overall oversight of the Oyster Creek Nuclear Generating Station rests within the Federal Nuclear Regulatory Commission. The NRC has the responsibility to oversee this facility during its operation and eventual closure. In an effort to try to be of assistance to you in looking into your concerns as they pertain to the NRC, by copy of this reply, we are forwarding a copy of your letter to NRC Commissioner Shirley Ann Jackson. This conveyance formally requests Commissioner Jackson to thoroughly review the issues you raise.

In the area of state responsibility, you may rest assured that many efforts are underway to establish a deregulation process for the electric industry that both reflects the changing marketplace for electricity, as well as the needs of consumers, based upon federal laws and court decisions. You will also be encouraged to know that Lacey Township's state funding, in lieu of property taxes for this facility, has been safeguarded by recent changes in state law.

In an effort to obtain some perspective for you as to New Jersey's role in this process and what steps are underway here for electric deregulation, etc., by copy of this reply, we are sending a copy of your letter to Office of Legislative Services Director Glenn E. Moore, III. This transmittal authorizes Director Moore to assign a specialist at OLS to put together a comprehensive briefing on these very complex issues.

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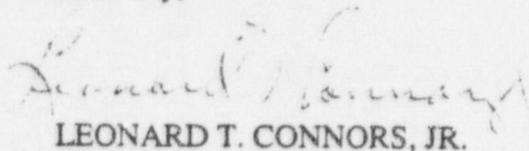
August 19, 1998
Mr. David Most
Page 2

Thank you, once again, for your proactive efforts as a concerned citizen and employee of Oyster Creek. We welcome this opportunity to work with you to obtain the latest available information on this evolving issue of concern to each and every citizen of our state.

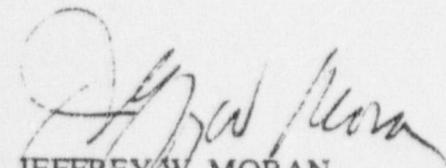
Please note, we will keep you apprised as findings are received from the NRC and OLS.

Best regards.

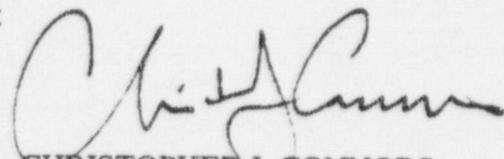
Sincerely,



LEONARD T. CONNORS, JR.
Senator - 9th District



JEFFREY W. MORAN
Assemblyman - 9th District



CHRISTOPHER J. CONNORS
Assemblyman - 9th District

LTCJR/JWM/CJC/gpl/cmn

c: Honorable Shirley Ann Jackson, Commissioner, Federal Nuclear Regulatory Commission
Director Glenn E. Moore, III, Office of Legislative Services
(With Enclosure)

Mr. Dave Most

240 Juniper Lane
Forked River, NJ 08731
(609) 971-1018

July 6, 1998

Governor Christine Todd Whitman
125 West State St.
P.O. Box 001
Trenton, NJ 08625

Dear Governor Whitman:

I am writing this letter in regard to the closure of Oyster Creek Nuclear Generating Station, with hope that you will visit our plant and realize the impact it will have on the state of New Jersey if Oyster Creek shuts down. Oyster Creek provides good employment opportunities for fulltime and contractor personnel. Oyster Creek employee's bolster Ocean County with millions of dollars in revenue. The employees of Oyster Creek play an integral part in their communities as leaders and volunteers. Oyster Creek is a viable clean source of energy. The capacity factor is high, and recently received a high INPO rating.

Recently, at Oyster Creek we have had several generation emergency alerts, which require us to reduce any work that would shut the plant down because of the large load demand. The problem of generation supply shortages are not unique to New Jersey. The Midwest and New England states too are short of generation and electric customers are being held hostage to inflated electrical costs when load demands are at their peak. Generator owners in the past were required to have a reserve for peak loads, this is no longer the case with deregulation. Our current administration has failed to address the Nuclear Base load issue. This is going to cause a domino effect for early plant closures, in turn causing a supply and demand issue. This could create brown outs and possibly black outs. Who will pay for these early-retired plants to decommission?

It seems apparent to me, as we erode our base load generation we also will have to increase production of our conventional plants such as coal and gas plants. Our energy program needs serious attention by our government. Currently there are no plans to build any nuclear base load plants in the United States. What generator owner would be so bold in this indecisive environment? The issue I am referring to is the irresponsibility of the government to fulfill its obligation to store the spent fuel. Also, the government has failed to recognize the benefit of a nuclear program to our environment. It is my opinion that nuclear plants competing against conventional plants are a grave mistake because safety is always paramount in a nuclear program. I am not advocating we let Nuclear plants run on a free leash when it comes to cost, I am saying lets implement a fair playing field.

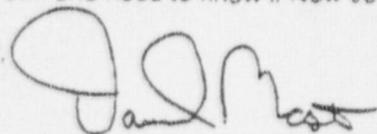
Just imagine when competition becomes fierce this will result in some kind of cut backs. Where will the cut backs be? Could the competition jeopardize the safety of the nuclear program?

As a proud republican I feel it is my duty to inform you of these issues so you can ensure the State of New Jersey has a well thought out strategy in respect to a deregulation plan that makes sense. Which will provide reliable safe and clean power to all, even the impoverished that reside in New Jersey.

In addition what will happen to Lacey Townships revenue from the state when Oyster Creek retires early and no longer is stigmatized of housing a nuclear plant? Do you think that our neighboring towns and county's will sit back and let Lacey Township receive that money when the fuel no longer sits in Forked River?

Governor, my fellow workers are concerned about their future at Oyster Creek and need to know if New Jersey can afford to loose another base load plant

Sincerely yours,



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