

RIC 2003: April 16, 2003

Reactor Oversight Process

“Deregulated Regulation”

presented by Eric Joseph Epstein,

Mr. Epstein is the Chairman of Three Mile Island Alert, Inc., a safe-energy organization based in Harrisburg, Pennsylvania and founded in 1977.

<http://www.tmia.com>

He is also the Coordinator of the EFMR Monitoring Group, a nonpartisan community based organization that monitors Peach Bottom and Three Mile Island nuclear generating stations. <http://efmr.enviroweb.org/>

The current regulatory protocol, the Reactor Oversight Process (ROP), was instituted by the Nuclear Regulatory Commission (NRC) in 1998 at the behest of the Nuclear Energy Institute (NEI). The Process has produced “deregulated regulation”. Based on a specious document, i.e., *The Martin Report* (1995), the ROP has aggressively reduced NRC staffing levels and dedicated inspection hours on average 10-15%. The Process has facilitated industry cross-subsidization through the NEI loan program, which is slated to double the number of participants this year. *The Martin Report* (1995) compared NRC staffing levels with that of their counterparts in Japan and France. While these countries appeared to maintain staffing levels at 50% of their American counterparts in the U.S., the Report did not account for: 1) The number of technical employees retained by the national government in support of operations; or, 2) The standardization of reactor models.

This process was implemented despite findings by the GAO that suggested more rigorous oversight and better training for licensee staff: “[The] NRC allowed safety problems to persist because it was confident that redundant design features kept nuclear plants inherently safe and because it relied heavily on assurance from operators about their intentions to make changes. Moreover, NRC lacks a process for ensuring the plant operator uses competent managers”

(Nuclear Regulation: Preventing Problem Plants Require More Effective NRC Action, GAO/RCED-97-145, May 30, 1997).

Nonetheless, the NRC’s budget for fiscal year 1999 was slashed by \$17 million by the Senate Appropriations Committee. The public has witnessed a net decrease of 600 dedicated inspector hours (3,100 to 2,500) at aging nuclear stations the are being relicensed and uprated.

- **Show of hands if you work for the nuclear utility or support industry services...**
- **Show of hands if your Company has been fined in the last year...**
- **Show of hands of those who represent a CBO...**
- **Show of hands if you represent the NEI...**
- **Show of hands if you are being compensated to attend this Conference...**
- **Show of hands if your Company has received a “Red” Finding...**
- **Show of hands of those who feel the ROP is working...**

Simply by doing nothing, the industry has prospered. Based on calculations prepared by the Nuclear Energy Institute, the average cost to respond to a Notice of Violation is \$50,000:

Peach Bottom: From June 1998 through February 11, 2003 Exelon racked up *twenty-eight Non-Cited Violation*. Total cost **avoidance**, or “**credit**” for this “unnecessary paperwork”: 28 Non-Cited Violations x \$50,000 = **\$1,400,000**.

Three Mile Island: From July 17, 1998, through December 31, 2002, the Nuclear Regulatory Commission issued *twenty-eight Non-Cited Violations* and one “**Apparent Violation**” to Three Mile Island Unit-1’s owners and operators: AmerGen. The NRC has saved AmerGen at least **\$1,450,000** .

- Show of hands of those of you that represent bus drivers, FEMA or PEMA employees or school teachers:

We are the only community forced to evacuate due to a nuclear accident, i.e., “precautionary evacuation” of preschool children and pregnant women living within five miles of TMI.

After 9/11, Three Mile Island Alert filed a formal Petition for Rulemaking with the Nuclear Regulatory Commission to include day-care centers and nursery schools in emergency evacuation planning. The NEI and most States opposed the Petition.

The NRC, through the ROP, has struggled to compel Exelon and AmerGen make their emergency plans work, i.e., sirens don't function, employees engage in criminal activity by disabling remote and inconvenient sirens, false alarms are confused with automobile alarms and initiated when an emergency worker accidentally hits a computer space bar with his elbow...

Despite the ROP's tracking process, the Commission overruled public opposition and approved the relocation of TMI's EOF to another area code even though TMI's sale this June may leave the community and new owners without an EOF...

- Show of hands if you represent a state, regional or local government, taxing authority or the Chamber of Commerce:

The Susquehanna Steam Electric Station (SSES) was valued at \$800 million in 1998-1999. PP&L was paying \$38 million annually. During the Restructuring Settlement Negotiations, PP&L recouped \$2.97 billion in stranded costs, i.e., nuclear expenses.

After Deregulation the actual valuation, according to PPL, plummeted to **\$56 million** for a plant that was valued at \$3 billion and yielded an annual profit of \$20 million. There is no replacement revenue for affected municipalities in Pennsylvania which is tough shit for us since the NRC doesn't have the authority to deal with rate making or revenue sharing. The ROP couldn't find a way to squeeze the impoverishment of local communities by their licensees into a color sequence.

- Show of hands if you represent a union:

The ROP doesn't deal with staffing levels, but I'd like to thank the NRC for voting unanimously against a safety conscious work environment contrary to the staff's recommendation.

On June 1, 2002, "Public Utilities Fortnightly" published a list of highest paid electric CEO's. PPL's William Hecht was ranked 31st at \$1,197,500. Eighteen days later, PPL cut its work force by 7%.

Year	Exelon + Contractor = Total Number of		
Employees			
2000	718	135	853
2001 (October)	687	146	833
2002 (October)	678	132	810

Exelon's Corbin McNeill and John Rowe were tied for ninth as the highest paid electric company CEOs: \$2,550,300.

Year	AmerGen	+ Contractor	= Total Number of Employees
1998			804
1999			704
2000	579	65	644
2001	517	81	598-618
2002	532-540	103	643

Incidentally, the TMI community was told at the NRC's Annual ROP Assessment meeting last Wednesday that the number of employees at TMI was 529. When the NRC was apprised that they were off by 114 employees, they reassured the community it didn't matter how many people worked at TMI based on the color code, PI sequence and late hour...Local residents persisted, and told the NRC that Performance Indicators for Non-Performance makes sense if TMI were located in North Korea, and we're still old fashioned enough to prefer Zero Tolerance to color-coded lollipops.

- Show of hands if you represent a Grange, Rural Co-op or regional water authority:

The NRC has no authority over water consumption at nuclear power plants, although the ROP is charged with evaluating safety grade cooling equipment. Once again, too bad for the local community!

In Pennsylvania, 24 counties were designated as “drought emergencies”, and another 31 were placed on “drought watch” on September 6, 2002 by Governor Schweiker. The Secretary of the Department of the Environmental Protection and the Chairman of the Public Utility Commission implored Pennsylvanians to conserve water everywhere...but at Pennsylvania’s five nuclear power plants...

PPL’s Susquehanna Steam Electric Station, located on the Susquehanna River in Luzerne County, loses 14.93 million gallons of water per unit as vapor out of the cooling tower stack - daily! Eleven million gallons per day are returned to the river as cooling-tower, basin blow down. **On average, 29.86 million gallons per day are taken from the river and not returned.**

Since 1979, our farmers have survived three droughts, two avian flu epidemics and consumer and state boycotts of our products because of an accident we were told was “Non-Credible.”

- Show of hands if you represent the FERC, PUC or the SEC:

The Administration's initiative to promote the construction of new nuclear reactors didn't mention the ROP; instead, the focus was on the Department of Energy's plan to implement the Nuclear Power 2010 program. The NRC and ROP don't deal with community investment, employee levels, plant sales, or tax valuations, but current Senate legislation proposes to subsidize new reactors through loan guarantees. Among the recommendations from the Business Case report to promote the construction of new nuclear power plants: power purchase agreements at above market price, subsidized federal loans, tax-exempt financing and taxpayer-backed insurance of last resort.

(That report, prepared by Scully Capital Services, Inc., a Washington-based investment banking and financial services firm, is entitled *Business Case for New Nuclear Power Plants: Bringing Public and Private Resources Together for Nuclear Energy.*)

Back on planet earth, the facts are much different: Grid expansion and over construction of base load on the PJM grid have forced prices downward. PJM's Marketing Monitoring Unit reported average prices dropped **13.8%** last year (Posted: March 5, 2003, www.pjm.org). Pennsylvania's estimated new base load construction in 2001 was 13,000 megawatts. Many of these facilities have already been canceled due to the relative inexpensive cost of energy. Bluewave Resources and Hill Associates recently concluded that the generation capacity glut will continue into the near future. (*A Guide to Winning Wholesale Power Markets*, www.hillandassoc.com).

But I guess you guys in Bethesda, DC and King of Prussia know what's best for us Pennsylvania bumpkins...

- Show of hands if you belong to the Star Trek Fan Club:

Perhaps a member of the Star Trek fleet rather than the ROP team could have grappled with security challenges at Exelon's Braidwood plant outside of Chicago on December 10, 2002: "A crazed Chicagoan, swearing to be an extraterrestrial alien, crashed his car through the gates of the Braidwood nuclear facility late Monday before speeding away only to be arrested for reckless driving in Wilmington minutes later..." Ten days later, another driver got past security, "But it's unclear if the trespass arrest of Wilmington's Christina Staley, Tuesday, will result in changes to the nuclear generating station's security apparatus..." (*The Daily Journal, Kankakee IL*)."*

Of course, Bill Travers' April 2, 2003 e-mail to staff did not discuss these "real events", but he did note "we were heartened to discover our planning efforts paid off [in relation to improved security]..."

The Moral of the Fairy Tale

The ROP's color-code system would not be tolerated in society-at-large; particularly in law enforcement. According to the NRC, shoplifting would be "colored in", but a formal reprimand against the wayward child is not issued until a burglary occurs. After an assault and battery, the NRC issues a Non-Cited Violation, and warns the good boy, who had a bad day, because all nuclear children are inherently good, if they are bad again, they will lose their right to reduced parental oversight, or be spanked with a warmer color. If the good kid is bad again, the offending Boy Scout is "invited" to participate in an "escalated enforcement conference" at the Principal's office, where the prodigal son successfully argues that there was no Violation only a poor communication relating to "old plant designs". However, if an armed bank robbery occurs, and the vice-principal has been missing for some 10 months, than the NRC issues a "yellow finding", but Sheriff Sam pardons the child for good intentions. Everyone, accept those in the community, live happily ever after. The end.