

March 11, 2001

The Honorable George V. Voinovich, Chairman
Subcommittee on Clean Air, Wetlands,
Private Property and Nuclear Safety
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In 1998, pursuant to Section 170p. of the Atomic Energy Act, the Nuclear Regulatory Commission (NRC or Commission) submitted to the Congress NUREG/CR-6617, "The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress."

In that report the NRC recommended renewal of the Price-Anderson Act because that Act provides a valuable public benefit by establishing a system for the prompt and equitable settlement of public liability claims resulting from a nuclear accident. That remains today the strongly held position of the Commission.

The Report also included, among others, a recommendation that the Congress consider amending Section 170b(1) to increase the maximum annual retrospective premium installment that could be assessed each holder of a commercial power reactor license in the unlikely event of a nuclear accident. The NRC suggested that consideration be given to doubling this ceiling from the current sum of \$10 million to \$20 million per year per accident. The total allowable retrospective premium per reactor per accident would remain unchanged at \$63.9 million in 1988 year dollars (now \$83.9 million as adjusted for inflation). The maximum retrospective premium assessments constitute the mandated secondary layer of insurance, above and beyond the primary liability insurance that licensees must maintain.

The Commission recommended consideration of an increase to \$20 million because it then appeared likely that in the coming decade a number of reactors would permanently shut down. The effect of these shutdowns would be to reduce the number of contributors to the reactor retrospective pool. Fewer contributors would in turn reduce the funds that, in the event of a nuclear accident, would become available each year to compensate members of the public for personal or property damage caused by the accident. Increasing the maximum annual contribution available from each reactor licensee would increase the amount of "up front" money to assist the public with prompt compensation.

Acting on the Commission's renewal recommendations, this session several sponsors introduced bills in the Senate which would renew the Price-Anderson Act. Each of these bills would raise the retrospective premium to \$20 million per year per licensee.

Recent events have led the Commission to reevaluate its 1998 recommendations. There is now a heightened interest in extending the operating life of most, if not all, of the currently operating power reactors, and some power generating companies are now examining

whether they wish to submit applications for new reactors or complete construction of reactors that have been mothballed. In view of these developments, the Commission does not believe that there is now justification for raising the maximum annual retrospective premium above the current \$10 million level. Accordingly, the Commission withdraws its recommendation that the Congress should consider raising the maximum annual retrospective premium to \$20 million and recommends, instead, that the premium remain at the current \$10 million level.

The Commission appreciates your early interest in renewing the Price-Anderson Act and hopes that these views will assist you in your consideration of Price-Anderson Act renewal legislation.

Sincerely,

/RA/

Richard A. Meserve

cc: Senator Joseph I. Lieberman
Senator James M. Inhofe

March 11, 2001

The Honorable Joe Barton, Chairman
Subcommittee on Energy and Air Quality
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In 1998, pursuant to Section 170p. of the Atomic Energy Act, the Nuclear Regulatory Commission (NRC or Commission) submitted to the Congress NUREG/CR-6617, "The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress."

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that have been mothballed. In view of these developments, the Commission does not believe that there is now justification for raising the maximum annual retrospective premium above the current \$10 million level. Accordingly, the Commission withdraws its recommendation that the Congress should consider raising the maximum annual retrospective premium to \$20 million and recommends, instead, that the premium remain at the current \$10 million level.

The Commission appreciates your early interest in renewing the Price-Anderson Act and hopes that these views will assist you in your consideration of Price-Anderson Act renewal legislation.

Sincerely,

/RA/

Richard A. Meserve

cc: Representative Rick Boucher

March 11, 2001

The Honorable W. J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In 1998, pursuant to Section 170p. of the Atomic Energy Act, the Nuclear Regulatory Commission (NRC or Commission) submitted to the Congress NUREG/CR-6617, "The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress."

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Richard A. Meserve

cc: Representative John D. Dingell

March 11, 2001

The Honorable Bob Smith, Chairman
Committee on Environment and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In 1998, pursuant to Section 170p. of the Atomic Energy Act, the Nuclear Regulatory Commission (NRC or Commission) submitted to the Congress NUREG/CR-6617, "The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress."

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Richard A. Meserve

cc: Senator Harry Reid

March 11, 2001

The Honorable Frank Murkowski, Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

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Sincerely,

/RA/

Richard A. Meserve

cc: Senator Jeff Bingaman

March 11, 2001

The Honorable Sonny Callahan, Chairman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

In 1998, pursuant to Section 170p. of the Atomic Energy Act, the Nuclear Regulatory Commission (NRC or Commission) submitted to the Congress NUREG/CR-6617, "The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress."

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cc: Representative Peter J. Visclosky

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Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

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