

January 7, 2002

The Honorable Timothy Johnson  
United States House of Representatives  
Washington, DC 20515

Dear Congressman Johnson:

This letter is in response to your letter to Secretary Abraham of the Department of Energy (DOE) regarding correspondence received from Dale L. Holtzschler, a constituent, concerning the insurance coverage of nuclear power plants under the Price-Anderson Act for terrorist acts. DOE referred your letter to the NRC.

The Price-Anderson Act does presently cover damages from acts of terrorism committed against nuclear power plants and any other reactors provided that the terrorist activity is not determined to be an "act of war." An "act of war" is expressly excluded from Price-Anderson Act coverage (See Atomic Energy Act, Section 11.w.). All power reactors that are either operating or in the decommissioning process have been and continue to be indemnified under the Act. For large commercial nuclear power reactors, the Act provides approximately \$9 billion in insurance to cover the cost of claims arising out of either a terrorist or any other incident (again, provided that the incident is not an "act of war"). The funds are provided under a two-part insurance system. The first consists of primary nuclear liability insurance provided by American Nuclear Insurers. That insurance is presently \$200 million for each large power reactor site. This primary insurance is supplemented by the second part of the Price-Anderson insurance system. In the event of a nuclear incident causing damages exceeding \$200 million, each licensed nuclear power reactor would be assessed an equal share of damages in excess of the primary insurance coverage not to exceed \$83.9 million per reactor per accident. With 106 commercial reactors currently under this system, the available funds would approximate \$9 billion as stated above.

As your constituent correctly indicates and as I have noted above, the Price-Anderson Act does not apply to claims for bodily injury or property damage due to an "act of war." An "act of war" is not defined in the Atomic Energy Act.

We hope this information is of assistance in answering your constituent's question.

Sincerely,

*/RA/*

William D. Travers  
Executive Director  
for Operations

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William D. Travers  
Executive Director  
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