

December 31, 2003

Ms. Dorothy R. Horner, RMC
Township Clerk - Township of Ocean
50 Railroad Avenue
Waretown, NJ 08758

Dear Ms. Horner:

I am responding on behalf of the Nuclear Regulatory Commission (NRC) to your Township Committee of Ocean Resolution No. 2003-317. The resolution addressed concerns by the Township Committee about operation of the Oyster Creek Nuclear Generating Station (OCNGS), owned and operated by AmerGen Energy Company, LLC (AmerGen), in Lacey Township, New Jersey, and requested that the plant be decommissioned in April 2004.

OCNGS is licensed by the NRC to operate until April 9, 2009, when the current license expires. The NRC requires that AmerGen (the licensee) comply with all the conditions set forth in the license as well as all applicable NRC regulations. NRC ensures that the licensee fully complies with the conditions in the license and all applicable regulations through our Reactor Oversight Program, and documents findings in inspection reports and other assessment documents. In our most recent summary assessment of Oyster Creek in August 2003, we found that plant performance for the most recent quarter was within the Licensee Response Column of the NRC Action Matrix. This classification indicates that Oyster Creek has operated safely and merits no regulatory attention beyond our baseline inspection program. Information on our Reactor Oversight Program, including additional information on Oyster Creek performance, can be found on the NRC's website at www.nrc.gov/NRR/OVERSIGHT/ASSESS/index.html.

In your resolution, you raised concerns about the age of OCNGS. NRC requires plant operators to continuously test and monitor the condition of safety equipment and to keep equipment in top condition. While OCNGS has been in operation since December 1969, over the years, the licensee has replaced many pieces of equipment and performed overhauls of other plant equipment. The licensee has also installed new, more modern systems to replace or supplement original systems that are obsolete or no longer considered adequate. Thus, while the plant is thirty-four (34) years old, it has dramatically changed over its operational lifetime. Unless the NRC concludes that the licensee is not operating with adequate safety margins or in accordance with the terms of the license, it is a business decision on the part of AmerGen whether it elects to decommission the facility prior to the end of its operating license.

When the operating license for OCNGS expires, it will be AmerGen's responsibility to decommission this nuclear plant in accordance with applicable NRC regulations and using the financial resources AmerGen has accumulated in accordance with 10 CFR 50.75 to fund decommissioning. Alternatively, AmerGen may opt to apply to renew the operating license before its expiration date for a period of up to twenty (20) years. At this time, AmerGen has not informed the NRC of its intention to decommission or seek renewal of the operating license for Oyster Creek.

Ms. D. R. Horner

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Regarding the issues raised in your resolution about alternative energy sources, the NRC does not have jurisdiction over this matter. The conversion to other sources of electrical energy would be an economic and policy decision made by other entities such as the Department of Energy, the Public Service Commissions, private investors, etc. If you have any further questions regarding this matter, please call the NRC Project Manager for OCNCS, Mr. Peter Tam, at 301-415-1451.

Sincerely,

/RA Donna M. Skay for/

Cornelius F. Holden, Jr, Director
Project Directorate I
Division of Licensing Project Management
Office of Nuclear Reactor Regulation

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