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December 9, 1985

Nunzio J. Palladino, Director  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Mr. Palladino:

I have attached a copy of a Boston Globe news article which addresses directly the concern I expressed in my letter to you dated December 5, 1985.

The decision in 1985 by FP&L and the NRC to initially postpone the safety shutdown for refurbishing after 10 years of on-line operations at the Hutchinson Island nuclear powerhouse and the subsequent waiver by the NRC of the safety shutdown in 1986 directly impact on the financial condition of the Florida Power and Light Company. Needless to say, the postponement and subsequent waiver of a safety requirement which would entail an 18 to 24 month shutdown of the nuclear powerhouse for repairs and refurbishing will dramatically reduce the costs and, as a result, increase FP&L's profits from its operations in Florida. The State of Florida's Public Service Commission has been approving rate schedules for FP&L based on its costs including the cost of such a shutdown at this plant. Your waiver has resulted in three deleterious impacts on the consumer of electrical power:

1. The rate structure charged over the last 10 years has been inflated to an unjustifiable level since the costs of the shutdown are fictitious.
2. The safety of consumers has been ignored in favor of strictly economic considerations of a short run nature.
3. The political viability of nuclear power as an alternative source of energy has been threatened due to this sanctioned, unsafe operating condition. Another Three Mile Island incident, or worse, would be more than the public would accept.

If action is taken by the NRC to enforce all safety

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requirements for all nuclear operations, there would be two significant accomplishments:

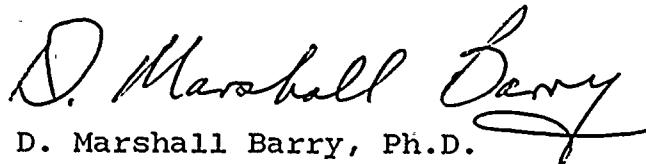
1. The eroding public confidence in the NRC as a protector of the "public interest" would be restored, at least in part. The accepted view that the NRC serves as merely an industry representative and apologist would be reversed.

2. The hiatus in public regulation of nuclear power which currently exists would be filled. Using Florida as an example, the State's Public Service Commission only regulates the provision and pricing of electrical power to consumers within the state. It is understaffed and strained to fill this role given its limited resources. It must operate under the assumption that the NRC is ensuring the safety of nuclear powerplants in both the construction and operations phases. It approves utility rates based on data submitted by private utilities as justification for rate increases. These data include the costs of NRC safety requirements. Your waiver of this major safety requirement has exposed Florida to needless risks as well as inflated costs for electric service.

Finally, please send me a copy of the NRC staff memoranda mentioned in the Globe article.

Thank you in advance for your prompt action to reverse your waiver and to remove the resulting safety hazard.

Sincerely,

  
D. Marshall Barry, Ph.D.

cc: Senator Edward M. Kennedy  
Senator John Kerry  
Representative Barney Frank  
Representative Edward J. Markey  
Representative Michael Bilirakis  
John R. Marks, III  
Chairman, Public Service Commission  
State of Florida

## US-World

# NRC staff ties firms' finances, plant safety

By John Robinson  
Globe Staff

WASHINGTON — The safety of nuclear power plants can be directly related to the financial health of their parent companies, according to internal staff memoranda of the Nuclear Regulatory Commission.

Acknowledgement of the link is the first time since the NRC stopped reviewing the finances of operating nuclear facilities in 1982 that plant safety and financial viability as related issues have caused official concern within the regulatory agency. One NRC staffer pointed to the Public Service Co. of New Hampshire and its Seabrook nuclear plant as an example of a project that raises such concerns.

William J. Dirks, NRC executive director for operations, wrote in a memoran-

dum dated July 22, 1985 that "financial strain" on the resources of Arkansas Power & Light Co. could potentially have an impact on the safety of the company's reactors.

In a subsequent memo Dirks raised concerns about state regulations that "in the interest of short-term economics, pressures may cause utilities to hurry work, take short cuts or delay action in order to meet a deadline, a cost limitation or other factor."

Dirks said the regulations, known as performance incentives, "may affect the balance between aspects conducive to safety and aspects that could erode safety."

The issue of financial viability and safety has been a matter of litigation between nuclear power companies and anti-nuclear environmentalists, who contend

that utilities cannot get sufficient funds through the rate setting process to ensure safe maintenance and operation of their nuclear facilities.

The NRC, since eliminating its financial review process, believes there is no connection between reviews and safety.

But Peter Bradford, a former NRC commissioner who voted against dropping the review rule, said yesterday an examination of the Three Mile Island nuclear plant accident demonstrated that financial considerations "might force a utility to take steps that would be inconsistent with safe operations."

A NRC staff member who asked not to be identified by name, said the growing concern inside the agency was that utilities, especially relatively small ones like Public Service of New Hampshire, would cut back on experienced staff and neces-

sary maintenance when faced with financial choices.

"Seabrook represented a very large increase, a doubling, of Public Service of New Hampshire's capital assets. It became clear as they went along they could not afford the rapid growth. The danger is a company like that will say, 'Let's cut back.' Unfortunately, with a nuclear power plant, it all boils down to safety."

In a letter released yesterday to NRC chairman Nunzio J. Palladino, Rep. Edward J. Markey wrote, "I firmly believe that a utility's financial situation should not be permitted to justify or excuse any threat to public health and safety."

Markey, chairman of the House subcommittee on energy conservation and power, asked that the commission provide "specific process and criteria" for public assessment of a nuclear licensee's financial qualifications.



NUNZIO PALLADINO  
Letter from Markey asks action

## CORRESPONDENCE CONTROL TICKET

D. Marshall Barry

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AUTHOR: D. Marshall Barry

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