

PUBLIC SERVICE COMMISSION

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DEPARTMENT OF COMMERCE

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March 11, 1977

Mr. Marcus Rowden, Chairman  
U.S. Nuclear Regulatory  
Commission  
Washington, D.C.

Dear Chairman Rowden:

The U.S. Nuclear Regulatory Commission is considering a request from the Consumers Power Company to permit expansion of spent nuclear fuel storage pool at the Palisades nuclear power plant near South Haven, Michigan. Letters sent to you by the Michigan Department of Public Health and the Michigan Department of Natural Resources have emphasized their concern over safety aspects of the proposed fuel storage expansion. The issues raised are areas which I am sure your agency must resolve before taking action on the company's application. However, there is another important issue in this matter which behooves me to write you. The Palisades nuclear power plant represents an important base-load component of the system which supplies Michigan citizens with electrical energy at low fuel costs. This system is important not only to the safety and welfare of citizens, but also to the economic well-being of this state. Therefore, it is important to recognize that your Commission's safety decision should be made, if possible, so that continued plant operation is not unnecessarily jeopardized. If options are available that do not compromise the paramount need for adequate protection of the public safety, then I encourage you to consider those which will best assure the continuance of a reliable electric supply without undue impacts on ratepayers from outages and purchase power replacements. Available options not compromising safety may also be available which minimize fuel storage and shipping costs.

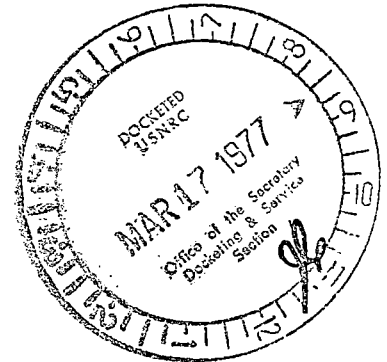
The Commission which I head is constantly faced with the increasing cost of electrical energy generation and the burden thus placed on electric ratepayers. An important aspect of utility regulation, which I am sure you share, is the burden placed on prompt decision-making. Decisions, whether they be for safety or rates, can compromise legitimate principles or become counter-productive if indeed they are not made in a timely fashion. The present issues surrounding Palisades is but one aspect of the difficulties brought on by the lack of a federal decision over what is to be the licensing practice for spent fuel



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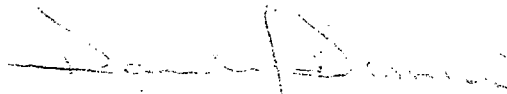


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element disposition. Palisades fuel storage expansion is not the first of recent issues to come before us as a result of federal indecision in the licensing or disallowance of nuclear fuel reprocessing. Recently, we have been faced with a decision on proper costs for the storage and disposal of radioactive materials from spent fuel elements without knowing even where the elements may be stored, let alone their ultimate fate. Although your Commission cannot seek resolution of this question totally on its own, it is nevertheless highly important, both to maximizing the public safety and credibility of your agency, and to minimizing financial impacts on ratepayers that a prompt decision be expeditiously obtained.

These comments have been offered in a constructive manner, and I hope they will be helpful to you in considering resolution of these important issues. If there is any assistance I or my staff can render you in your important work, we should be happy to oblige. I look forward to receiving word from you on the manner of safety resolution, timely decision, and consideration by staff of cost-effectiveness of your decision.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Daniel J. Demlow", written over a horizontal line.

Daniel J. Demlow, Chairman  
Michigan Public Service Commission

PA Browning  
Office of the Secretary of the Commission

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of )

CONSUMERS POWER COMPANY )

(Palisades Plant) )

) Docket No.s(s) 50-255  
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