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5TH DISTRICT, NEW JERSEY

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Congress of the United States
House of Representatives
Washington, D.C. 20515

NRC PUBLIC DOCUMENT 1001 August 17, 1979

Honorable Joseph M. Hendrie
Chairman
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555



Dear Mr. Hendrie:

Re: Public Service Electric and Gas Company
80 Park Place
Newark, New Jersey 07101
License -- Salem No.2 Generating Plant

For your information and guidance I am enclosing a communique and other data received from Mr. Robert I. Smith, Chairman of the Board of the Public Service Electric and Gas Company, Newark, New Jersey relating to the above subject matter.

In view of the vital import of this power generating facility, I would greatly appreciate hearing from you at the earliest date as to what the status of the licensing procedure is.

Appreciate your cooperation.

With all good wishes.

Sincerely,

Robert A. Roe
Member of Congress

POOR ORIGINAL

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Robert I. Smith
Chairman of the Board

Public Service Electric and Gas Company 80 Park Place Newark, N.J. 07101 201/430-5656

POOR ORIGINAL

June 20, 1979



The Honorable Robert A. Roe
2243 Rayburn House Office Building
Washington, D. C. 20515

Dear Congressman Roe:

On Thursday, June 14, I, together with John Feehan, President of Atlantic Electric Company, Lee Everett, President of Philadelphia Electric Company and William Price, Vice President of Delmarva Power & Light Company (co-owners of the Salem No. 2 Generating Plant) met with the five Commissioners of the Nuclear Regulatory Commission for the purpose of requesting that the Office of Nuclear Reactor Regulation proceed with the licensing of Salem No. 2 Generating Plant as soon as possible. It was urged that the license be issued without waiting for further review of the matters generated by the Three Mile Island study.

We discussed at our meeting on June 13, and emphasized at our meeting with the NRC, the high cost to our customers for each day the unit is not allowed to operate.

We also mentioned the amount of oil which must be burned to produce electrical energy as long as the Salem No. 2 plant is not in operation. This oil of course would be saved when the plant is in operation.

Enclosed is a copy of a letter which I have forwarded to the Chairman and the Commissioners of the NRC, along with a start-up schedule for Salem No. 2 plant. If the operating license is received by July 1, the various steps required to bring the plant into commercial operation on November 23 are outlined. Any delay in issuing the license sets the commercial operation date back correspondingly.

Also enclosed is a fact sheet as to the status of Salem No. 2 plant as of June 18, 1979.

Sincerely,

RB-2

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Robert I. Smith
Chairman of the Board

Public Service Electric and Gas Company 80 Park Place Newark, N.J. 07101 201/430-5656

June 19, 1979

Honorable Joseph M. Hendrie
Chairman
Nuclear Regulatory Commission
Washington, D. C. 20545

Dear Mr. Hendrie:

NUCLEAR POWER NEEDS OF PJM COMPANIES
MEETING WITH NRC COMMISSIONERS
JUNE 14, 1979

Thank you for the opportunity to meet with you and discuss the nuclear power needs of the PJM system, particularly as it relates to the licensing of Salem No. 2. I would also like to express our thanks to your staff for their help in arranging the meeting.

In order to be completely clear in our position, I want to state again that Salem No. 2 is ready for operation and we request that the Office of Nuclear Reactor Regulation proceed with the licensing of this unit as soon as possible. In our opinion, this can reasonably be done without waiting for further review of any matters generated by the Three Mile Island study.

As we discussed, the replacement fuel cost on the basis of full-load operation is about \$600,000 a day. Assuming an 80% availability between refuelings, this translates to \$480,000/day. Incidentally, while we were in the meeting, our oil prices were raised another 5%, continuing a trend which increases the cost penalty. Our oil price has now increased 40% since the first of the year. A one-year delay could conceivably raise utility rates by close to \$200 million for differential fuel cost alone. In addition, the 45,000 barrels of oil which will be used for each full-

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load day the unit is delayed represents nearly 10% of the national shortfall. We believe any delay in licensing Salem No. 2 is unconscionable since it is not in the best interest of our customers, or of the nation.

From a safety standpoint, there is no basis for delaying the issuance of the operating license. With regard to the Three Mile Island incident, we believe we have addressed all of the significant issues that have emerged. We have already made plant changes and believe we can accommodate other required short-term items before operation. Longer-term items that flow from our reviews or from your analyses can be handled in a timely manner once details are resolved and implementation schedules are prepared. Therefore, we see no reason to delay the operation of the plant due to TMI issues. We have requested a meeting with your staff to review our position on this matter.

In our meeting, we outlined the schedule for startup, testing and preliminary operation of Salem No. 2. Attached is a copy of that schedule for your information. Construction is complete. The inspections have been finished. Only final review by NRC remains to be done. We understand this review has not been performed because the staff has a present policy of deferring licensing action. Very few items requiring staff review remain in order to complete the processing of our license. We respectfully request that an exception to the present policy be made in this case.

Also attached is a fact sheet which has been developed and is being sent to the Congressmen from the State of New Jersey who have expressed an interest in the licensing of Salem No. 2. This condensed version of our concerns may be of assistance to you.

Thank you again for the opportunity to discuss our problems with the full Commission. If we can be of any further assistance, do not hesitate to contact us.

Very truly yours,

Enclosures

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CC Hon. John F. Ahearne
Hon. Peter A. Bradford
Hon. Victor Gilinsky
Hon. Richard T. Kennedy
Senator Harrison A. Williams, Jr.
Senator William Bradley
Hon. James A. Courter, M.C.
Hon. Millicent H. Fenwick, M.C.
Hon. James J. Florio, M.C.
Hon. Edwin B. Forsythe, M.C.
Hon. Frank J. Guarini, M.C.
Hon. Harold C. Hollenbeck, M.C.
Hon. James J. Howard, M.C.
Hon. William J. Hughes, M.C.
Hon. Andrew Maguire, M.C.
Hon. Joseph G. Minish, M.C.
Hon. Edward J. Patten, M.C.
Hon. Matthew J. Rinaldo, M.C.
Hon. Peter W. Rodino, Jr., M.C.
Hon. Robert A. Roe, M.C. ✓
Hon. Frank Thompson, Jr., M.C.
Mr. George H. Barbour, President, BPU
Mr. Joel R. Jacobson, Director, DOE

SALEM NO. 2 UNIT
STARTUP SCHEDULE
BASED ON AN OPERATING LICENSE
ON
JULY 1, 1979

Activity

1. Receive Operating License	July 1
2. Prepare for Core Load	July 1
3. Core Loading	July 8
4. Prepare for Criticality	July 12
5. Initial Criticality	August 16
6. Prepare for Generator Sync.	August 16
7. Initial Generator Sync.	August 29
8. 10% Power Testing	August 29
9. 30% Power Testing	September 4
10. 50% Power Testing	September 19
11. Planned Outage	September 28
12. Startup to 75% Power	October 9
13. 75% Power Testing	October 14
14. 90% Power Testing	October 31
15. 100% Power Testing	November 8
16. Commercial Operation Date	November 23

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OPERATION OF SALEM NO. 2

Unit

A 1,100,000-KW nuclear generator located at Artificial Island, Salem County, N. J. This is a duplicate of Salem No. 1 which has been in service for about two years.

Status

Construction was completed on May 1, 1979 at a cost slightly in excess of \$700,000,000. The unit is ready to load fuel and begin the generation of electricity.

Licensing

Several issues remain to be resolved which can be taken care of in a few weeks. NRC has said there will be a delay of at least three months in the issuance of a license. This is due to a lack of manpower within the Nuclear Regulatory Commission and a desire to resolve certain items resulting from the TMI accident before the license is issued. PSEG believes that all Three Mile Island short-term issues have been resolved and there is no justification for a delay in issuing the full-load license.

Cost to Customers

For each day the plant is delayed, customers will pay an additional \$600,000 due to the higher fuel cost in burning oil versus the cost of nuclear power when the unit is operating at full load.

In addition, in the long term, the customers will also have to pay about \$230,000/day for each day of delay in issuing the license. This additional cost is due to the carrying charge of the capital invested in the plant plus the cost of keeping the plant ready to begin operation.

For lengthy delays, the rates to customers would have to increase about \$20,000,000/month.

Effect on Oil Consumption

The delay in full-load operation of Salem No. 2 will result in our burning about 45,000 barrels of oil/day in order to generate the equivalent amount of electricity from older units. For extended delays, this would become about 950,000 barrels/month.

As a basis of comparison, Mr. Stuart E. Eizenstat, Assistant to the President for Domestic Affairs and Policies, recently said that the national oil shortfall is about 500,000 barrels/day. The delay in Salem would represent nearly 10% of this figure. Another basis for comparison is that the entire State of New Jersey consumes about 238,000 barrels/day of gasoline.