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June 20, 1984

Chairman Nunzio J. Palladino
Commissioner James K. Asselstine
Commissioner Frederick Bernthal
Commissioner Victor Gilinsky
Commissioner Thomas M. Roberts
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

50-289

Dear Commissioners:

The transcript of the Commission's May 30 meeting with the NRC Advisory Panel on TMI-2 Cleanup, indicated to me that there may be some misunderstanding or uncertainty on the part of the Commission regarding what GPU is doing relative to the cleanup project at TMI-2. The purpose of this letter is to provide a current picture of the status and our plans.

The transcript includes a comment by one of the Commissioners as to what he understands GPU "priorities" for its nuclear plants to be. The brief comment during a discussion of cleanup funding is very liable to be misinterpreted.

We do not set a relative priority amongst our nuclear plants and then allocate or budget funds on that basis. All of our nuclear plants and particularly the activities required to protect the health and safety of the public and our workers are of the highest priority. Funding levels for each plant are developed by careful assessment of what work should and can be done. For us, as for most organizations, this is an iterative process. Our allocation of funds reflects our acceptance of our responsibilities to protect the public health and safety and to provide reliable electric power.

We believe that continued viability of the GPU System is fundamental to our ability to cleanup TMI-2, as well as to discharge those other responsibilities. Our viability requires that total system expenditures be restricted to the funds available from revenues and external cleanup funds (DOE, State, etc.). The allocation of these limited funds must maintain public safety and provide reliable electric service using economic sources of energy. Funds expended on fulfilling our total responsibilities should not be viewed as being held back from cleanup; they are necessary to fulfill our total public service obligations.

Looking specifically at 1984, the GPU original budget was established in the Fall of 1983. Continuing to keep TMI-2 safe and proceed with cleanup was

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considered vital. However, largely as a result of the still unresolved whistleblower incident, the ability to proceed with meaningful progress was seen as uncertain and probably limited. The TMI-2 budget was established accordingly. Restart of TMI Unit 1 was recognized as necessary to provide reliable electric power at a reasonable cost and ensure financial viability of the system. We were committed to restarting and operating it safely. Its budget was established to do that.

In early 1984, we recognized that we would be able to effectively proceed at a faster rate of cleanup. We then decided to advance an additional \$10 million in 1984 for the cleanup. Our revised cleanup program also resulted in additional funds being made available from DOE for 1984. The resulting \$93 million, including the Japanese contribution, represents the level of funds which can be used effectively this year.

We accept our responsibility to cleanup TMI-2. No one is more anxious to complete the cleanup than are we. The delays to date are not primarily due to lack of funding, lack of commitment on our part, or some internal GPU priorities. They involve many complex technical and institutional issues which are not controllable by GPU.

We are proceeding with deliberate speed with the cleanup. We have established a taut schedule and tight internal milestones for the next major step--that of removing the damaged fuel from the reactor vessel and piping. That schedule calls for commencement of defueling in about one year. To that end we have selected a simple, straightforward defueling system, one which will allow us to commence the operation, and thus to further reveal the condition of the core, at the earliest practicable date. As you know, basic arrangements for transporting the fuel offsite have been worked out and a contract to that end signed with the DOE.

We believe there has been considerable progress made in the cleanup. In particular, the risks to the general public from TMI-2 have been greatly reduced. The total decay heat is 15 kw; therefore, no external core cooling is required. The primary system is being maintained at a temperature of about 85 degrees Fahrenheit and a pressure of less than 100 pounds per square inch. Thus, the normal mechanisms for fission product release (heat and stored energy) and the most controlling isotope (iodine) are essentially gone. The primary coolant contains over 5,000 parts per million of boron providing substantial margin against recriticality. These factors, plus the shipment offsite of the great majority of activity which was in the water in the containment basement and fuel handling building have greatly reduced the risks to the public and our workers.

The TMI-2 Safety Advisory Board, chaired by Dr. James Fletcher, stated in its May 1984 Annual Report:

"The members of the SAB are unanimous in their opinion that TMI-2 does not currently pose a significant risk to public or worker health and safety."

June 20, 1984

I believe that from the point of view of both schedule and provision of funding, we are moving responsibly to carry out the project as fast as practical.

One important element in proceeding with cleanup as fast as practical is to modify licensing requirements and the ways they are administered so as to assure continued safety yet recognize the unique conditions at TMI-2. We will continue to work with the NRC staff to identify and provide a technical basis for such modifications.

We continue to aggressively pursue funding for future years, with a strong emphasis on 1985. Most responsible parties have accepted the Thornburgh Plan as a basis for funding planning. That Plan relies on Restart of TMI Unit 1 as a source of reliable economical power to assure GPU System viability and obtain rates which provide customer funds for cleanup. Under the existing rate orders, the full rate payers' portion in Pennsylvania is contingent on Restart of the undamaged TMI Unit 1.

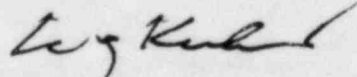
There are two major elements of the Thornburgh Plan not yet in place; the industry portion and the Federal Government portion to the full extent envisioned in the Plan. My recent testimony to the House of Representatives, which is attached, outlines in more detail the funding status and our recommendations on proceeding with cleanup.

We are aggressively seeking fulfillment of the EEI voluntary program. Many industry leaders are supporting the effort. A major result of these efforts were the decisions by the EEI Executive Committee on June 18 to remove the \$100 million threshold and by the Pennsylvania and New Jersey utilities to provide additional R&D funds to supplement the voluntary program. As a result, we expect funds to be available starting January 1, 1985 at the rate of \$25 million per year.

We are not in a position to guarantee the future. However, I assure you that we will continue to do everything we can to assure the safe and timely cleanup of TMI-2. I also assure you that we can and will deal with and provide funding to put the plant into a stable, safe condition should it be necessary for any reason to delay the steady course of the cleanup.

I recognize the importance the Commission places on cleanup of TMI-2. Therefore, I respectfully request an opportunity for both me and GPU Nuclear's management to appear before the Commission to discuss in more detail the status and plans for cleanup, including provision of the needed funding, and to respond to your questions.

Sincerely,



William G. Kuhns

Attachment

cc: P. R. Clark, President, GPU Nuclear Corporation

STATEMENT
OF
WILLIAM G. KUHN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
OF
GENERAL PUBLIC UTILITIES CORPORATION

SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION
COMMITTEE ON SCIENCE AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES

TUESDAY, MAY 22, 1984

MADAM CHAIRMAN AND MEMBERS OF THE COMMITTEE:

We appreciate the opportunity to meet with the Committee today to discuss the changes we have made in our nuclear activities since the accident at TMI-2 and report the progress and problems in the cleanup of TMI-2.

First, let me say that, as the owners of TMI-2, we accept particular responsibility to respond fully and effectively to all the lessons from that event, and we believe we have done so. We are also deeply committed to safe and timely cleanup of the damaged TMI-2 plant so as to remove the risks it poses to the public.

General Public Utilities Corporation has completely restructured and strengthened its nuclear activities. We have established a separate company, GPU Nuclear Corporation (GPUN), responsible for all of our nuclear activities and for nothing else. We have provided a substantial degree of separation of that nuclear company from our other activities by providing full-time management and by obtaining four outside members for the GPUN Board of Directors -- including an outside Chairman of the Board. We have also established a Nuclear Safety & Compliance Committee of that Board composed entirely of outside members.

The President and Chief Executive Officer of GPU Nuclear, Philip R. Clark, is with me today and will summarize our response to the items in your letter. Also with me today is Edwin E. Kintner, GPUN Executive Vice President. Both of these men joined GPU since the accident as part of a major increase in our managerial and technical resources applied to nuclear activities. Biographies of these individuals are attached to our testimony. We will all be available to answer your questions.

Let me address first, however, one important aspect of the cleanup -- the funding.

Since July, 1981, the focus for efforts to provide cleanup funding has been the Plan proposed by Governor Thornburgh of Pennsylvania. Considerable progress has been made in obtaining many elements of the funding envisioned in that Plan.

The major element not yet in place and accordingly from which no funds have been supplied, is the U.S. electric utility industry portion. The plan called for \$190 million from the industry. The investor-owned utilities under the leadership of EEI have undertaken a voluntary effort to provide up to \$150 million. These funds would start to flow to us once \$100 million has been pledged. To date, about \$83 million has been pledged by 41 of EEI's 126 members.

We and the EEI leadership are intensifying our efforts to obtain additional industry pledges. We know that others, including Governor Thornburgh, Chairman Palladino, and Secretary Hodel, have also been urging the industry to participate.

Many of the utilities which have not yet pledged have significant problems of their own. In some cases, this involves pressure or direction from the public utility commissions or from other state officials opposing participation. It is unfortunate that adverse political attitudes about nuclear power seem to be interfering with the self-interest of the nuclear plant owners in learning the many remaining lessons from the cleanup of TMI-2. The decision by the Japanese to participate is direct recognition of the value to industry of these lessons.

In addition to renewed efforts relative to the investor-owned utilities, we are seeking ways to obtain support from non-utility industries. In that regard, I should mention that Bechtel, our prime contractor on cleanup, has been working at TMI-2 at reduced rates which, to date, represents a contribution of about \$10 million. This is projected to increase to a total of about \$20 million during the course of cleanup. While this arrangement was counted on in developing the \$1 billion cleanup cost estimate, which is the basis for the Thornburgh Plan, it should be recognized as a real industry contribution.

The other element of the Thornburgh Plan where the funding has not yet reached the planned level is the Federal government R&D support. This was targeted in the plan at \$190 million. To date, DOE has budgeted a total of \$159 million for R&D on TMI-2. Much of that total has been, and is to be, spent on R&D efforts related to TMI-2 but carried out off-site. That portion of the funds, while useful, was not reflected in the TMI-2 cleanup costs dealt with in the Thornburgh Plan and thus provides no funding for those costs. Up to about half of the identified DOE funding is now expected to be spent by the end of 1985 in ways that both constitute R&D and contribute directly to cleanup progress.

There is a great deal of R&D value in work to be done after 1985. Assistant Secretary Brewer's letter of April 17, 1984, to EEI states, "The DOE believes the cost benefit of R&D activities at TMI to be enormous." GPU believes that Federal R&D funding in later years is warranted and urges that DOE consider it. We suggest that such continued support be based on assuring completion of identified R&D efforts of national interest. We also believe that there is significant R&D value to NRC safety programs to be obtained from TMI-2. We understand that, to date, the NRC has not devoted any of its R&D funds to learning directly from the accident.

In order to increase momentum in the cleanup, GPU has just accelerated the work planned for 1984 by advancing \$10 million. This, plus an additional \$5 million in 1984 from the DOE and \$3 million from the Japanese, gives us \$93 million in 1984. This is 20 percent greater than the funding in 1983 and will allow us to proceed effectively toward removal of the fuel core.

The total funding required for 1985 is not yet assured. In fact, since our insurance funds will be exhausted in 1984, continued progress in 1985 requires that other funding sources be in place. We promise continued efforts to that end. In that regard, under existing rate-making orders, restart of TMI Unit 1 would increase funding of the cleanup by GPU's Pennsylvania customers to the full Thornburgh Plan level. It would also improve the financial condition of GPU, and permit us to consider advancing additional funds again in 1985.

Now, Mr. Clark will summarize our response to the requests in your May 11th invitation to this Hearing.