

DOCKETED
USNRC

DOCKETED
USNRC

AFFIDAVIT OF JOHN G. GRAHAM :54

OFFICE OF SECRETARY
DOCKETING & SERVICE
BRANCH

The undersigned, John G. Graham, being duly sworn,
deposes and says:

1. I am Treasurer of General Public Utilities Corporation ("GPU"), Vice President - Financial Planning and Treasurer of GPU Service Corporation ("GPUSC"), and Treasurer of GPU Nuclear Corporation ("GPUN"). In those capacities, I am responsible for the financial planning and cash management of GPU and its subsidiaries.

2. GPU is a public utility holding company registered as such with the Securities and Exchange Commission ("SEC") under the Public Utility Holding Company Act of 1935 ("Holding Company Act"). The SEC has found that the present electric utility properties of GPU's public utility subsidiaries (referred to in

B505300500 B50524
PDR ADOCK 05000289
G PDR

paragraph 3 of this affidavit) are an integrated public utility system as defined in the Holding Company Act, namely, utility assets which are physically interconnected and under normal conditions may be economically operated as a single interconnected and coordinated system confined in its operations to a single area or region not so large as to impair the advantages of localized management, efficient operation and the effectiveness of regulation. GPUSC provides engineering, financial planning, accounting and similar services to GPU and its subsidiaries. GPUN is the Nuclear Regulatory Commission ("NRC") - licensed operator of Three Mile Island Nuclear Generating Station Unit, No. 1 ("TMI-1").

3. GPU has three public utility subsidiaries, Jersey Central Power & Light Company ("Jersey Central"), Metropolitan Edison Company ("Met-Ed") and Pennsylvania Electric Company ("Penelec") which collectively provide electric service to the more than 4 million residents of their service areas which comprise approximately one-half the land area of the States of New Jersey and Pennsylvania. Such service areas embrace a 24,000 square mile region extending from the Northwestern corner of Pennsylvania on Lake Erie, at Erie, Pennsylvania to the Southeastern portion of New Jersey on the Atlantic Ocean at Asbury Park, New Jersey. A map of the GPU System service area is annexed as Appendix A. The largest communities served are Erie, Pennsylvania and Long Beach, New Jersey; other communities served include Altoona, Easton, Johnstown, Reading and York, Pennsylvania and Asbury Park, Morristown, and Philipsburg, New Jersey.

4. Met-Ed, Jersey Central and Penelec are the NRC-licensed owners, as tenants-in-common, of TMI-1, with Met-Ed owning a 50% tenant-in-common undivided interest and Jersey Central and Penelec each owning a 25% tenant-in-common undivided interest. Since July 2, 1979, TMI-1 has been shut down by an immediately effective order of the NRC suspending the authority to operate TMI-1 under the operating license granted in 1974 until that suspension should be lifted by a further order of the NRC. As a consequence of that July 2, 1979 Order, the TMI-1 owners have been required to purchase electric power and energy to replace that which would have been provided by TMI-1 if it had been permitted to operate. Moreover, because the NRC has not permitted TMI-1 to be operated, the Pennsylvania Public Utility Commission ("PaPUC") and New Jersey Board of Public Utilities ("NJBPU"), which have rate-making jurisdiction over the rates charged by Met-Ed, Penelec and Jersey Central to their retail customers, have excluded from such rates all of the TMI-1 capital costs and all but a small part of the TMI-1 operating costs.

5. Applications have been filed with the NRC requesting that, if the NRC should issue an order authorizing the restart of TMI-1, the NRC should stay the effectiveness of such an order. This affidavit is submitted in opposition to such applications, on the ground that such a stay would substantially harm other parties interested in these proceedings and would be contrary to the public interest.

6. The operation of TMI-1 will reduce pro rata the need of the TMI-1 owners to meet the requirements of their customers by purchasing more expensive replacement power from other utilities and by operating their own higher cost generating facilities. Under outstanding rate orders of the PaPUC, as soon as the NRC authorizes the restart of TMI-1 and TMI-1 achieves and maintains for 100 hours a power level of at least 35% of its rated capacity, the resulting reduction in power costs will be reflected in energy cost rates charged by Met-Ed and Penelec to their retail customers and the base rates charged to such customers will be increased to reflect the operating and capital costs of TMI-1. Under comparable orders of the NJBPU, substantially the same economic results will take place with respect to the rates charged by Jersey Central to its customers. The TMI-1 owners anticipate that, when TMI-1 is operating at normal power levels and the energy cost and base rate charges to their customers are adjusted, as provided for in such orders of the PaPUC and NJBPU, the net charges of the TMI-1 owners to their customers will be reduced by approximately \$80 million annually or approximately \$1.5 million per week. Thus, for every week's delay in achieving full power operation of TMI-1 as a consequence of any stay of the effectiveness of an NRC order authorizing TMI-1 restart, the customers would be subjected to a substantial economic cost for which they can never be made whole. Moreover, while TMI-1

is in a power ascension mode pursuant to such order, the reduction in net costs for electricity of such customers would be somewhat smaller but still significant, and consequently, a stay of the effectiveness of an NRC order authorizing TMI-1 restart which precluded the commencement of power ascension would affect such customers materially and adversely.

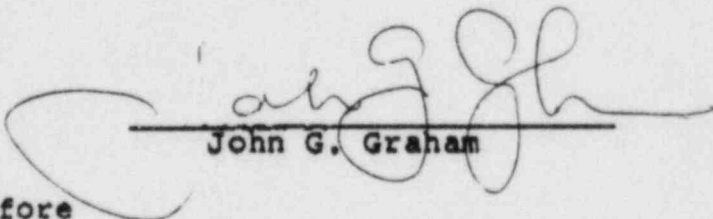
7. In addition, for those customers of Met-Ed, Penelec and Jersey Central to whom the cost of electricity is a significant part of the total cost of producing goods and/or services, the granting of a stay (with its attendant consequence of higher net rates) would continue to subject them to competitive disadvantages in national and international markets, with adverse impacts upon their ability to compete and, consequently, on the employment opportunities and economic health of the TMI owner's service areas.

8. A stay of the effectiveness of an NRC order authorizing restart of TMI-1 will also irreparably injure the economic interests of the approximately 100,000 owners of the common stock of GPU, since it would reduce the GPU common stock earnings by approximately \$60 million, or more than \$1 million a week, as long as the operation of TMI-1 did not meet the requirements of the PaPUC and NJBPU orders summarized above.

9. The cost of cleanup and decontamination of TMI-2 has been estimated at \$1 billion, for which only \$300 million was available from insurance. (At the time of the TMI-2 accident on

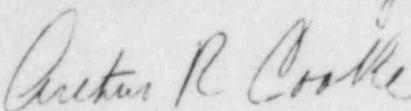
March 28, 1979, \$300 million was the maximum available through insurance for nuclear decontamination; that amount has now been increased prospectively to approximately \$1 billion for a nuclear accident occurring after such new insurance arrangements became effective.) After protracted efforts beginning promptly after the accident, agreement on a plan for the shared funding of TMI-2 decontamination costs was finally reached in 1984 and has begun to be implemented. That plan provides for the participation in such funding of TMI-2 cleanup by the TMI owners, the electric utility industry, the United States Department of Energy, the States of Pennsylvania and New Jersey, and a group of Japanese utilities. Implementation of that plan requires, however, advances by the TMI owners over the 1985-1987 period of approximately \$100 million in excess of the amounts assigned to them by that plan. Such advances are necessary because it is desirable that TMI-2 decontamination proceed on a schedule that requires that funds be available at an earlier date than the dates when some of the participants in the funding plan will be able to make available all the funds that they have undertaken to provide for TMI-2 decontamination. While the TMI-1 owners are determined to make such advances, their ability to do so will be materially facilitated by reason of their increased base rates and earnings if the requested stay is not granted and if TMI-1 is permitted to operate.

10. Based on the foregoing considerations, it is my view that (a) irreparable and substantial injury would be caused by the grant of a stay to (i) the more than four million residents of the service area of the owners of TMI-1, (ii) the economy of the 24,000 square mile area in Pennsylvania and New Jersey which they serve, (iii) the stockholders of GPU and (iv) the timely prosecution of the TMI-2 cleanup. and (b) the public interest requires that such a stay be denied.



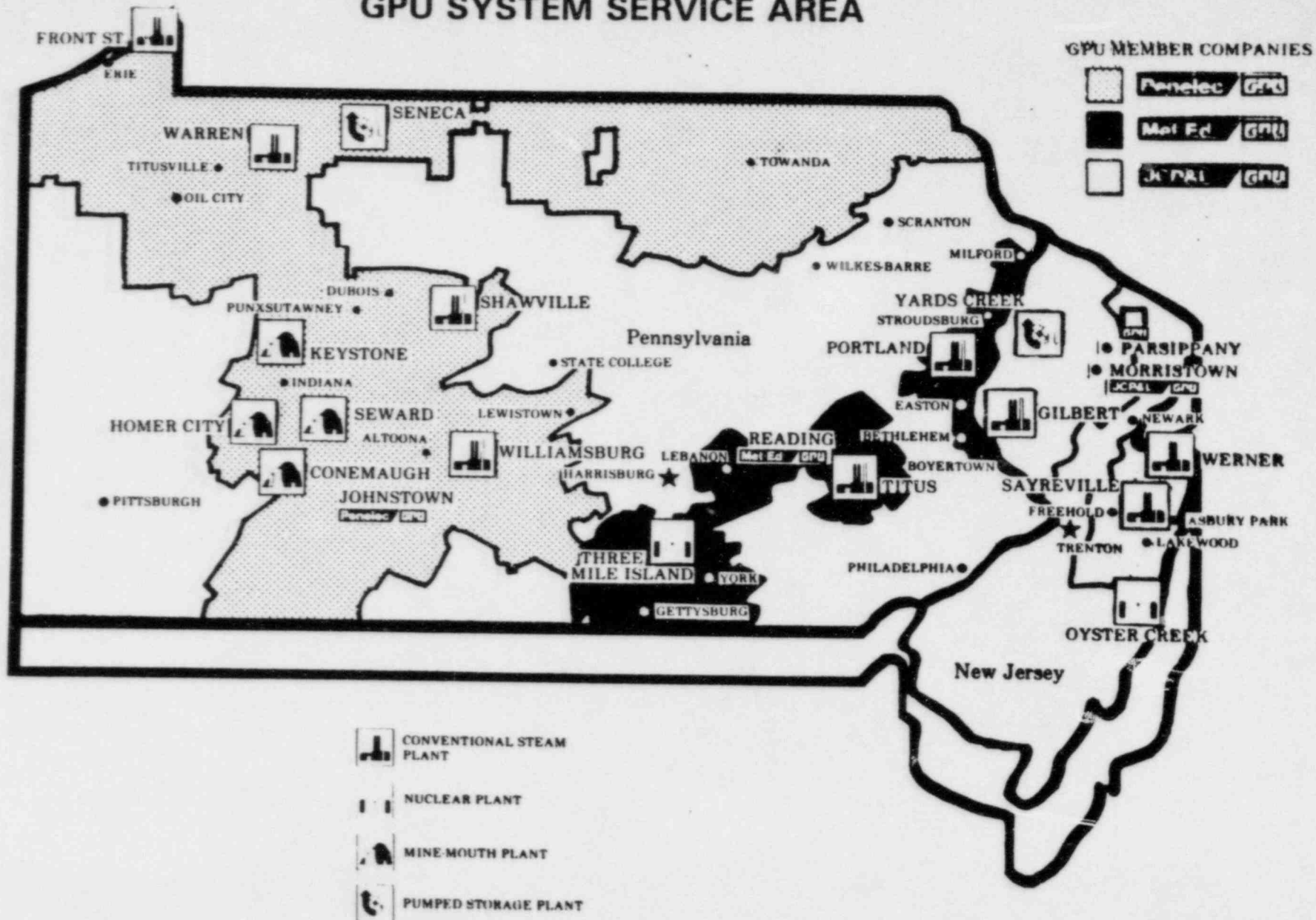
John G. Graham

Sworn to and subscribed before
me this 22nd day of May, 1985



Arthur R. Cooke
An Attorney-at-law of the
State of New Jersey

GPU SYSTEM SERVICE AREA



UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE COMMISSION

DOCKETED
USNRC

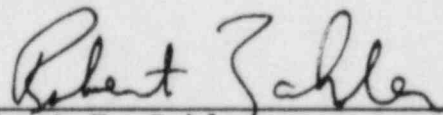
'85 MAY 24 P4:54

In the Matter of)
)
METROPOLITAN EDISON COMPANY)
)
(Three Mile Island Nuclear)
Station, Unit. No. 1))

Docket No. 50-289-SP
SECRETARY
DOCKETING & SERVICE
BRANCH

CERTIFICATE OF SERVICE

I hereby certify that copies of "Licensee's Opposition to TMIA Stay Request," with attached affidavits, were served this 24th day of May, 1985, by hand delivery for those so designated on the attached Service List, and by deposit in the U.S. mail, first-class, postage prepaid, to all other parties.


Robert E. Zahler
Counsel for Licensee

Dated: May 24, 1985

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE COMMISSION

In the Matter of)	
)	
METROPOLITAN EDISON COMPANY)	Docket No. 50-289
)	
(Three Mile Island Nuclear)	
Station, Unit No. 1))	

SERVICE LIST

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

*Thomas M. Roberts, Commissioner
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

*James K. Asselstine, Commissioner
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

*Frederick Bernthal, Commissioner
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

*Lando W. Zech, Jr., Commissioner
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Ivan W. Smith
Chairman, Atomic Safety and
Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Sheldon J. Wolfe
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Gustave A. Linenberger, Jr.
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Gary J. Edles
Chairman, Atomic Safety and
Licensing Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Dr. W. Reed Johnson
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge
Christine N. Kohl
Atomic Safety and Licensing
Appeal Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

*Docketing and Service Section (3)
Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

SERVICE LIST
PAGE 2

Atomic Safety and Licensing
Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Atomic Safety and Licensing
Appeal Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

*Jack R. Goldberg, Esquire
Office of Executive Legal Director
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Thomas Y. Au, Esquire
Office of Chief Counsel
Department of Environmental
Resources
505 Executive House
P. O. Box 2357
Harrisburg, PA. 17120

Michael F. McBride, Esquire
LeBoeuf, Lamb, Leiby & MacRae
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Michael W. Maupin, Esquire
Hunton & Williams
707 East Main Street
P. O. Box 1535
Richmond, VA. 23212

Mr. Henry D. Hukill
Vice President
GPU Nuclear Corporation
P. O. Box 480
Middletown, PA. 17057

Mr. and Mrs. Norman Aamodt
200 North Church Street
Parkesburg, PA. 19365

Mrs. Louise Bradford
TMI ALERT
1011 Green Street
Harrisburg, PA. 17102

*Joanne Doroshow, Esquire
The Christic Institute
1324 North Capitol Street
Washington, D.C. 20002

*Lynne Bernabei, Esquire
Government Accountability
Project
1555 Connecticut Avenue
Washington, D.C. 20036

Ellyn R. Weiss, Esquire
Harmon, Weiss & Jordan
2001 S Street, N.W., #430
Washington, D.C. 20009

*By Hand Delivery