



OFFICE OF THE
COMMISSIONER

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

December 7, 1984

Chairman William D. Steinmeier
Missouri Public Service Commission
Post Office Box 360
Jefferson City, MO 65102

Dear Chairman Steinmeier:

I enjoyed meeting with you in Los Angeles last week. As I mentioned to you, prior to receiving your letter, I had been under the impression that the Missouri Public Service Commission had implemented an incentive program to ensure that Callaway Unit 1 would be completed at an early date. I now realize that the economic incentives for early completion arise from the procedural posture of the rate case rather than from such an incentive program.

I was heartened by the efforts you described in your letter to reduce any potential negative safety impact of your rate-setting procedures in the Callaway case. As I mentioned in my remarks to the NARUC annual convention, I think that state utility regulators should be sensitive to the potential for creating safety disincentives in the rate-setting process, whether through specific incentive regulation programs or by virtue of the operation of the rate-setting process itself.

While I appreciate the confidence you expressed in NRC's safety regulation, I must tell you that I continue to be leery of efforts to speed up plant construction. Even under the best of circumstances, our inspectors can only audit a fraction of the work done by the utility and its contractors. In my view, plants are particularly vulnerable during the final stages of construction, when preoperational testing and adjustment are carried out.

Please do not hesitate to let me know if I can be of any assistance in this or any other matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "James K. Asselstine".

James K. Asselstine