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July 19, 1985

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

Dear Chairman Palladino:

This is in regard to the "Policy Statement on Safety Goals for the Operation of Nuclear Power Plants", published on March 15, 1983, and for which the two-year evaluation period has recently ended. In correspondence dated September 10, 1982, and June 8, 1983, the AIF provided its views on several issues associated with this policy and its implementation. You may recall that industry representatives discussed two of these issues with you at our "State of the Nuclear Industry" presentation on May 8, 1985. Since it appears that the Commission will shortly initiate decision-making on these matters, we believe it would be helpful for us to summarize our position.

The AIF, through its Policy Committee on Nuclear Regulation and its Committee on Reactor Licensing and Safety (CRLS), has consistently supported the establishment of quantitative safety goals and the associated use of probabilistic risk assessment methodology in the nuclear regulatory process. In this regard, the CRLS provided a report to the NRC entitled "A Proposed Approach to the Establishment and Use of Quantitative Safety Goals in the Nuclear Regulatory Process" in May of 1981. At the May 8, 1985, meeting, we applauded the promulgation of NRC's "Policy Statement on Safety Goals for the Operation of Nuclear Power Plants" for a two-year evaluation period and noted our agreement with the guidelines established in the policy statement for the performance of cost-benefit analyses. We agree that the appropriate methodology is one which compares benefit defined as the incremental reduction of societal mortality risks in terms of person-rem averted with the reasonably quantifiable costs for achieving that benefit. We believe the specified costs properly exclude consideration of business risk. In our judgment, the Commission should reject staff proposals to include consideration of averted on-site casualty loss in cost-benefit analyses developed to support new backfitting requirements. Inclusion of such business risk considerations would distort assessment of the relative contribution a backfitting proposal would make to the public health and

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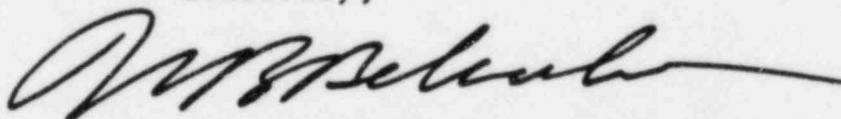
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safety because, for all but the most improbable accident scenarios, the on-site property damage and replacement power costs are far larger than off-site property damage and health effect costs. The introduction of non-safety related economic costs will severely bias the cost-benefit analyses in favor of backfits that offer little or no reduction in the risk to the public health and safety. Thus, the original purpose for the analyses, which is to find cost-beneficial means of achieving reductions in residual risks by measuring public risk reductions vs. the cost to achieve such risk reduction, would be defeated. Moreover, any hope of stabilizing the NRC regulations would be lost.

Related to our comments on exclusion of averted on-site property damage considerations in cost-benefit analyses developed to support new backfitting requirements is the use of core-melt risk as a criterion for establishing regulatory requirements. Focusing regulatory activity on the promulgation of requirements deemed necessary to meet a core-melt criterion, much like the inclusion of on-site property damage considerations in cost-benefit analyses, could similarly distort the cost-benefit balancing and lead to an undesired result. Although we believe that use of core-melt risk as a criterion for regulatory decision-making would be inappropriate, this is not to imply that utilities are insensitive to the economic consequences of a core damage accident. Recognizing the business risks involved, they have taken many actions in the past several years to reduce the likelihood of such an event and are seeking additional reasonable means to reduce it even further.

We will be pleased to discuss this matter further at your convenience.

Sincerely,



Wallace B. Behnke  
Chairman, AIF Policy Committee  
on Nuclear Regulation

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cc: Commissioner Asselstine  
Commissioner Bernthal  
Commissioner Roberts  
Commissioner Zech