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Writer's Direct Dial Number:

September 21, 1982

Mr. Harold R. Denton, Director
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U.S. Nuclear Regulatory Commission
Mailstop P-428
Washington, D.C. 20555

Dear Mr. Denton:

The Company shares your concern that "cleanup delays, if they are permitted to continue, will increase the likelihood of incidents involving radiation leakage and possible exposures of workers and the public." Our concern has been manifested by specific activities we undertook unilaterally to reduce the potential for such incidents. For example, we sought early approval for krypton venting, and we moved aggressively to complete the Epicor II system for decontaminating auxiliary building wastes. We moved forward expeditiously with the design, procurement, installation, and startup testing for the Submerged Demineralizer System even though we lacked NRC endorsement of the system. Indeed, the NRC made it clear that we were proceeding at our own risk. The availability of that system provided the basis for the June 18, 1981, Order that "specific action be initiated to decontaminate radioactive water from the reactor building basement and reactor cooling system." Having completed processing of the water collected on the floor of the lower level of the reactor building, we are in the process of using the SDS for the decontamination of the primary coolant system water. (This system interconnects with numerous systems that penetrate containment.) We have recently achieved visual access to the damaged core in order to enhance the planning basis for fuel removal. We have been and continue to be dedicated to removing the risk to public and worker health and safety that the damaged plant currently represents.

We have provided in the past (August, 1980 and July, 1981) cost and schedule information on the base plan for the TMI-2 cleanup program. Those cost estimates and schedules have been the basis for the efforts by many outside organizations, including the NRC, to understand and to address the technical and financial requirements of the cleanup program. Because there was only limited technical information available on conditions within the plant, and because there was not a consensus on the mechanism of funding, those earlier program plans had to be based on a number of critical assumptions. One of those assumptions was that funding would not be a constraint on progress of the work. We now have a much better sense of the funding levels that are likely to be available

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We believe the planning, site work, and engineering work since the accident, which have involved not only technical experts of Bechtel Corporation (our major contractor for defueling and decontamination) but also technical input from the NRC staff, the national laboratories, and numerous other members of the nuclear industry, have given us a much better understanding of the technical requirements and the limits on effective application of resources for the program than existed in mid-1981.

Our evaluation of anticipated funding and technical and operational requirements of the cleanup are being utilized for an overall program schedule and cost reassessment. This program reassessment is scheduled to be completed by year end. It is a major effort which is requiring many man-months to complete, and we do not believe it would be productive to initiate a separate effort to develop a schedule based upon an assumption of unlimited funding. Such an effort would be a diversion of limited resources and counterproductive to our objectives of safe and efficient cleanup. Accordingly, we believe it will be more beneficial to utilize the current program reassessment effort to respond to item 2 of your September 8, 1982, letter.

The program reassessment is being carried out in a manner which will facilitate identification of technical, operational, and financial restraints. This approach will let us better identify where schedule improvements may be achieved if additional funding can be made available. We should be in a position to review the program plan with the NRC after the beginning of 1983. In response to item 2 of your September 8 letter, we expect to be able to identify to the NRC where opportunities for schedule improvements may exist if additional funds are available by February 1, 1983. We will provide a response to items 1 and 3 by October 8, as requested.

The funding plans for the program for 1982, 1983, and 1984 and the sources of the funding are currently anticipated to be:

<u>Source</u>	<u>1982</u> <u>(millions)</u>	<u>1983</u> <u>(millions)</u>	<u>1984</u> <u>(millions)</u>
Customer Revenues	\$ 20	\$ 34	\$ 50
Commonwealth of Pennsylvania	--	5	5
State of New Jersey	--	2	2
Insurance	40	19	20-10
Industry	1 (EPRI)	2 (EPRI)	10-15
U.S. DOE	9	14	10-15
TOTAL	<u>\$ 70</u>	<u>\$ 76</u>	<u>\$ 95-100</u>

The 1983 funding plan reflects the actual revenues approved by our state utility commissions. While cleanup revenues are currently being collected from customers, the necessary trust agreements under which funds would be released remain to be

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developed. The increase in customer revenues projected for 1983 is dependent upon favorable action by the Pennsylvania PUC on a forthcoming rate case to be filed in January, 1983. Action could occur as early as March and as late as September.

At the end of 1982, about \$40 million of spendable cash will remain from the original \$300 million of insurance. As a result, depending on the range of funding available, insurance will run out in 1984-85.

For the electric utility industry participation, we are using a modest planning assumption until their program for support of the Thornburgh Plan firms up.

The U.S. DOE participation, including waste and fuel disposal, is valuable but far short of the Thornburgh Plan. We would urge the NRC to work within the administration to expand the U.S. DOE funding at least to the Thornburgh level.

Although detailed schedules must await the results of our current reassessment, we anticipate that during the next 15 months, consistent with current funding expectations, we will be performing the following activities towards the de-fueling and decontamination of the unit:

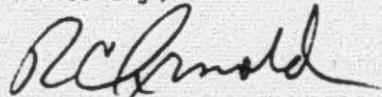
- Repair, refurbishment (as necessary) and requalification of the polar crane for lifting the reactor vessel head and plenum.
- Removal of the reactor vessel head (scheduled to be completed by mid-year) and possibly the plenum.
- Preparation for removal of the fuel.
- Shipping of radioactive wastes from the site.
- Further decontamination of the reactor, auxiliary and fuel handling buildings.

Given the nature of the cleanup program and the extent to which the activities are expected to continue to be heavily influenced by information and insight gained by preceding activities, we suggest that the most effective approach for protection of public and worker health and safety is one which focuses on near term efforts within the context of an overall plan which must inherently contain many uncertainties. We will continue to work with the NRC TMI-2 Program

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Office to keep them apprised of our planning and schedules so that the NRC may have appropriate and timely input into the planning phase of TMI-2 activities.

Sincerely,


R. C. Arnold
President

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