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Before The

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Good morning. As a public utility commissioner on the Illinois Commerce Commission and chairman of the National Association of Regulatory Utility Commissioners (NARUC) Subcommittee on Nuclear Issues/Waste Disposal, I hope to provide some regulator and ratepayer perspective to today's discussion. The views I express today will be largely my own, however, as neither the NARUC nor the Illinois Commerce Commission has yet taken formal positions on the two reports.

The NARUC is a quasi-governmental non-profit organization of the governmental agencies engaged in the regulation of public utilities and carriers located in all fifty states, the District of Columbia, Puerto Rico and the Virgin Islands. In general, state utility regulators are charged by state statute to promote economical energy subject to various considerations for environmental safety, economic development, and public safety.

The issues of nuclear waste disposal and interim storage are of deep concern to utility ratepayers and regulators for two main

reasons. First, ratepayers are the primary source of revenue for the nuclear waste disposal fund and therefore have great interest in the program's cost-effectiveness. Second, timely and successful waste disposal is important for minimizing the life cycle costs, including decommissioning, of existing nuclear plants which comprise about 20 percent of energy produced in the United States.

Utility ratepayers have already paid or pledged over \$7 billion into the nuclear waste fund in anticipation of a federal solution to the nuclear waste storage/disposal problem. Nevertheless, due to the current budget cap system, most of the funds cannot be used for their intended purpose. Meanwhile, as the permanent repository continues to recede into the future, approximately 30 percent of the Nation's spent fuel pools will reach capacity by 1998 and approximately 80 percent of the Nation's pools will reach capacity by the year 2010. Some utilities have already had to invest in on-site dry cask storage facilities because their wet pools have reached capacity. For other utilities, the inability to move spent nuclear fuel off-site has or will complicate and add to the cost of decommissioning activities.

The importance to ratepayers and regulators of the task force reports is that there is clearly a negative relationship between a lack of trust and confidence and the timely and cost-

effective resolution of the nuclear waste issues. The siting of permanent disposal and interim storage facilities are prime examples. I believe the report directed by Daniel Metlay correctly describes the problem. The Metlay report argues that agreements among affected parties cannot occur or be effective if: 1) the value structure is very diverse and there is great uncertainty about and around possible outcomes, and 2) if the time horizons of an activity are long and feedback about success or failure is ambiguous. Not surprisingly, those who feel most likely to be affected either try to stop the program or maximize only short-run benefits.

The Metlay report provides some very thoughtful recommendations that the DOE should seriously examine to enhance trust and confidence. These recommendations seem to be based, however, on the assumption that the characteristics of the program are given. I think attention should also be focussed on what can be done to reduce these barriers to productive agreements. For example, uncertainty around potential events can be reduced if the response of the government in each event could be reasonably anticipated. Certainly, strong accountability in DOE management will go a long way. The management review that the Secretary has called for can therefore have great value to the program. Alternatively, it may be productive to consider activities that could generate better understanding of the likely outcomes, as well as reduce the

probability of adverse events.

The report chaired by Isaacs is compelling because it offers a coherent approach toward restructuring the characteristics of the ^{program} ~~problem~~. Setting standards and milestones for project evaluation, for example, could provide more timely feedback, allow for more accountability, and slice up the uncertain future into more manageable pieces. Monitoring at the repository could provide valuable information regarding or help reduce the likelihood of problem occurrences. I recognize that there are some up-front costs to this approach. But given the current lack of regulatory standards, and the first-of-a-kind nature of the program, the phased approach with greater monitoring than is now anticipated may be able to affect overall cost reductions, all things considered.

In conclusion, I would hope the DOE would consider strongly the suggestions of the two reports, especially those designed to enhance accountability, reduce uncertainty, and shorten time horizons. In all this, however, we must be mindful that the program has limited funding. Our goal should not be increased trust and confidence at any cost. Rather, it is the timely and cost effective resolution of nuclear waste disposal issues.

Thank you.