



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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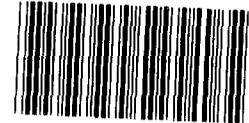
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ENERGY AND MINERALS
DIVISION

B-199244 ~~REPORT~~ - This is to be released to the General Accounting Office in accordance with specific approval by the Office of Congressional and Public Affairs. APRIL 7, 1982

The Honorable Morris K. Udall
Chairman, Committee on Interior
and Insular Affairs
House of Representatives

RELEASED



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The Honorable Manuel Lujan, Jr.
Ranking Minority Member
Committee on Interior and Insular Affairs
House of Representatives

Subject: Update on the Impact of Federal R&D Funding
on Three Mile Island Cleanup Costs (EMD-82-68)

This is the first of two reports requested in your March 8, 1982, joint letter in which you asked for (1) an update on the report we sent to you on January 15, 1982, entitled "Impact of Federal R&D Funding on Three Mile Island Cleanup Costs" (EMD-82-28), and (2) answers to new questions raised in response to events that have transpired since our January report.

This report responds only to part 1 of your request and is limited to information obtained from discussions held with officials from the Department of Energy (DOE), the Pennsylvania Consumer Advocate's Office, and the General Public Utilities Corporation (GPU). Revised budget figures and work task schedules for cleanup activities based on events that occurred subsequent to our January report were not available to us. They should be available for our analysis prior to issuing our second report covering part 2 of your request.

The following information summarizes (1) our current assessment of the TMI-2 cleanup status, (2) the availability of funds to accomplish that task, and (3) our assessment of how current developments impact on the conclusions of our January report.

TMI-2 CLEANUP SCHEDULE
IS BEING REVISED

The TMI-2 cleanup cost and completion schedule has slipped steadily since the initial estimate was developed in mid-1979. This trend is continuing. The work schedule planned for 1982 cleanup activities has been revised since it was determined

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that the TMI-1 unit restart would be delayed for at least 6 months, and the TMI-2 budget would be reduced. We could not determine at this time, however, which specific work tasks initially planned for 1982 are being rescheduled for a 1983 start. We expect that this revised schedule should be available when we respond to the additional set of questions in your request letter.

Some work tasks are proceeding as planned. We were informed that the Submerged Demineralizer System (SDS) will continue to be operated. Most of the 700,000 gallons of water in the containment building sump has been treated, and work will start on processing the coolant water in the reactor system. Radioactive liners and filters from the water processing systems will be packaged and shipped from the plant site to DOE repositories. Experiments in decontamination procedures for reducing radioactive levels in the containment building will be continued, and some preliminary activities for early core access will be undertaken.

FUNDS WILL BE AVAILABLE
FOR SOME CLEANUP ACTIVITY

In late 1981, GPU budgeted \$66.4 million to maintain TMI-2 in a safe condition and proceed with some cleanup activities. This has since been decreased by \$6 million. The initial budget was little more than one-half of the \$117 million initially estimated to be required in 1982 to complete the cleanup by 1987. The reduced budget resulted from prior funding restrictions that precluded GPU from completing preliminary engineering and design work that was needed before certain work tasks scheduled for 1982 could be undertaken. The budget was also reduced because funds were limited to insurance proceeds and some internally generated funds.

The initial 1982 budget was divided into two categories of costs. Category I included nearly \$33 million to cover the costs for operations, maintenance, and other activities necessary to maintain the plant in a safe condition. Category II included \$33.4 million to cover the costs of work tasks directly related to cleanup activities.

Following the determination that TMI-1 had serious problems that would delay its restart (and negate the recovery of any cleanup costs from ratepayers), GPU reduced the Category II budget by about \$6 million. Since these costs are funded by insurance proceeds, the decision not only reduced the amount available for cleanup in 1982 but also raised the possibility that if additional funds from external sources are not forthcoming, GPU may have to use the remaining insurance money to maintain the unit in subsequent years instead of using it to fund cleanup activities. The final reduced work task budgets will parallel the rescheduling of work tasks. These should be available for our review by the end of March 1982.

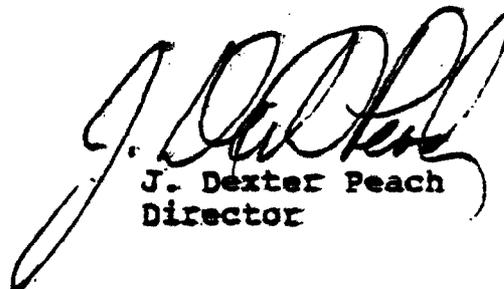
REDUCED WORK ACTIVITIES AT
TMI-2 WILL HAVE MINIMAL
EFFECT ON DOE EXPENDITURES

DOE's 1982 budget for TMI-2 activities is \$32.75 million. About \$8 million of this is budgeted for capital expenditures, primarily for the waste immobilization work at DOE laboratories. The remaining \$24.75 million is for operational costs. At the end of February 1982, about 1 million or 13 percent of the capital costs and about \$21 million or 89 percent of the operating funds had been released or committed.

The reduction in GPU funding for 1982 and the proposed rescheduling of some cleanup activities have affected DOE's activities to some extent. DOE officials said, however, that all of its 1982 budget, except for \$2 to \$3 million, will be used for planned activities. The remaining funds will be used for a few activities that were initially scheduled for 1984, but which can be moved up and done now without disrupting the flow of work. DOE expects to spend from \$8 to \$12 million of its funds for on-site reactor evaluation activities. Part of these expenditures will offset GPU costs, but the exact amount is uncertain at this time.

GPU's 1982 budget restrictions are expected to have an effect on DOE's future activities at TMI-2. Consequently, DOE has reduced its 1983 budget request from \$33 million to \$27 million. The effective use of these funds, however, is contingent on GPU's financial status and its ability to increase cleanup activities in 1983.

At your request, we did not take the additional time to obtain agency or company comments on our report. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of the report. At that time, we will send copies to DOE, interested congressional committees, and make copies available to others upon request.



J. Dexter Peach
Director