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VIA FACSIMILE

January 30, 1998

U.S. Department of Energy
Office of General Counsel, GC-52
1000 Independence Avenue, S.W.
Washington, D. C. 20585

Re: Comments on Notice of Inquiry Concerning Preparation of Report to Congress on the Price-Anderson Act

Dear Office of General Counsel:

TRW Environmental Safety Systems Incr submits the following comments on the Notice of Inquiry concerning preparation of the Department of Energy's report to Congress on the Price Anderson Act. The Notice of Inquiry was published in the Federal Register on December 31,1997.

TRW Environmental Safety Systems Inc. is providing comments on eight of the thirty-four questions contained in the Notice of Inquiry. The questions are repeated below with the number as stated in the Notice of lnquiry.

1. Should the DOE Price-Anderson indemnification be continued without modification?

Comment: The DOE should continue to provide mandatory Price-Anderson indemnification. Whether such continuance should be with or without modification is not asked in the set of questions. The question is only whether indemnification should be continued without modification. The remaining thirty-three questions inquire about the impact of specific modifications and elimination. TRW Environmental Safety Systems InC. supports the continuance of Price-Anderson indemnification at or above its current level of coverage.

4. Should there be any change in the current system under which DOE activities conducted pursuant to an NRC license are covered by the DOE Price-Anderson indemnification, except in situations where the NRC extends Price-Anderson coverage under the NRC system? For example, (1) should the DOE Price-Anderson indemrufication always apply to DOE activities conducted pursuant to an NRC license or (2) should the DOE Price-Anderson indemnification never apply to such activities, even if NRC decides not to extend Price-Anderson coverage under the NBC system?

Comment: DOE Price-Anderson indemnification should always apply to DOE activities, regardless of whether the activities are related to a NRC license, If the activities can give rise to any "nuclear incident," "precautionary evacuation" or "public liability" As a contractor, TRW Environmental Safety Systems Inc. is interested in ensuring that the U.S. Government provides the indemnification, not whether it is provided by the DOE or pursuant to a NRC license that provides for Price-Anderson coverage.

5. Should the DOE Price-Anderson indemnification continue to provide omnibus coverage, or should it be restricted to DOE contractors or to DOE contractors, subcontractors, and suppliers? Should there be a distinction in coverage based on whether an entity is for-profit or not-for-profit?

Comment: At a minimum, "persons indemnified" under the Act should continue to include DOE contractors, subcontractors, and suppliers. In particular, contractors involved in NRC licensing activities for the DOE should continue to be indemnified.

Public policy underlying the Act sought to provide monetary compensation for damages to injured parties quickly. Restricting the Act's coverage would be contrary to the public policy underlying the Act. Restrictions could result in lengthy litigation before injured parties receive any compensation.

Defendants may lack the financial assets to pay judgments or may become bankrupt defending lawsuits, before judgments are even rendered.

8. To what extent, if any, would the elimination of the DOE Price-Anderson indemnification affect the willingness of existing or potential contractors to perform activities for DOE? Explain your reasons for believing that willingness to undertake all or specific activities would or would not be affected?

Comment:An existing or potentialcontractor will be unwilling to perform work with significant potential liability because the potential return on the work is not worth the potential nsk. In the absence of Price-Anderson indemnification, a contractor, subcontractor or supplier's return is not likely to offset the risk of significant potential liability that surrounds the type of DOE activities covered by the Act. The liability associated with certain DOE; activities could well exceed a company's assets.

9. To what extent, if any would the elimination of the DOE Price-Anderson indemnification affect the ability of DOE contractors to obtain goods and services from subcontractors and suppliers? Explain your reasons for believing that the availability of goods and services for all or specific DOE activities would or would not be affected?

Comment: Subcontractors and suppliers are in the same position as DOE contractors. In the absence of indemnification, they will perform the same risk/return analysis and determine that the significant potential liability of performing as a subcontractor or supplier is not worth the return. DOE contractors will find few if any responsible companies willing to provide goods and services. Subcontractors and suppliers may be less willing than contractors to place their entire companies at risk because their returns would be even smaller in total amount than the prime contractors'.

12 Should the amount of the DOE Price -Anderson indemnification for all or specified DOE activities inside the United States (currently approximately $8.96 billion) remain the same or be increased or decreased?

Comment: The amount of indemnification should remain the same or be increased. There is no existing liability to date that one can cite or use as a gauge for the potential liability that could result from,

for example, a nuclear incident. The liability resulting from the Exxon Valdez incident is still mounting.

19. To what extent, if any, should the DOE Price-Anderson indemnification be available for liability resulting from mixed waste at a DOE clean-up site?

Comment: DOE Price-Andersonindemnification should cover mixed waste, regardless of whether the liability arises from mixed waste at a DOE clean-up site or arises pursuant to a contractor's performance under any other DOE contract The risks and potential liability associated with mixed waste are sunilar to those that resulted in Price-Anderson indemnification and should be similarly covered by the Act. I.e., the Act's coverage is intentionally broad and covers any contractor with potential public liability. The Act protects the public from the highly dangerous properties of nuclear material. The potential liability associated with mixed waste could be catastrophic, and the public should not be unprotected merely because an incident involves mixed waste.

32. Should the maximum amount of civil penalties be modified? If so, how?

Comment: Section 234A civil penalties should have an overall limit. Currently, mere is no limit on the liability for civil penalties, there is a maximum, inflation-adjusted amount per violation which is multiplied by each day a violation continues. Placing a limit on a contractor's liability is consistent with commercial practices. It is reasonable to limit the liability of providers of goods and services to a specific total

amount such as the total contract fee or contract price paid. Civil penalties can be capped without reducing the deterrent created by imposing Me penalties.

Sincerely,

Catherine B. Steger
Senior Counsel
TRW Inc.

cc: Robert L. Strickler
President and General Manager

TRW Enviroruneutal Safety Systems Inc.