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PRICE ANDERSON IS AN UNFUNDED MANDATE IT IS BOTH A FINANCIAL AND A MORAL HAZARD - without consideration or justification it is a TRANSFERENCE OF RISK FROM THE PRIVATE TO THE PUBLIC SECTOR

As currently enacted, Price-Anderson only covers approximately \$13.7 billion to contractors engaged in activities that involve the risk of a “nuclear incident.” Yet, previous nuclear incidents have been exponentially more costly. For example:

Chernobyl	\$ 600 billion
Three Mile Island	\$ 400 billion adjusted for inflation
Fukushima	\$ 600 billion and growing
Next nuclear disaster	\$?????

Thus Price Anderson is woefully inadequate and underfunded, especially given the increased risk caused by the DOE failing to take title to the tons of radioactive nuclear waste nuclear regulators, the NRC, allowed to be produced without a viable plan for safe disposal. The DOE has failed since the 1980s to take title nuclear waste that is now stranded at reactor sites throughout the country. To date, neither the government nor private industry has developed a safe way to store highly radioactive nuclear garbage geologically, mechanically, or chemically from human life until the fission process ceases.

It is imperative at this time that Congress must require the DOE to take title to nuclear waste, as originally agreed to, and require the DOE require to use the best technologies available to safely store nuclear waste. Currently, the NRC has proved one of the worst technologies available Holtec thin casks which require re-casking within 40-100 years, even though no funding mechanism for this has been set up. To make matters worse the nuclear industry is now lobbying for a reduction in its

liability through expanding Price Anderson, for long-term nuclear waste storage facilities, which is a highly risky part of the nuclear life cycle.

Price Anderson provides inadequate insurance for environmental justice communities, such as Hispanic and Native communities to protect their lands from being permanently poisoned with radioactive nuclear waste garbage which the nuclear industry want to ship and store on their land in New Mexico, even though these communities received no benefit from the electricity produced which created the toxic nuclear waste.

Price Anderson liability limitation does not provide adequate insurance for millions of Americans living within 50 miles of the rail lines and roads over which nuclear waste is being proposed to be shipped.

PRICE ANDERSON IS CORPORATE WELFARE - SOCIALIZED RISK

In contemporary political terms, Price Anderson creates an unfunded mandate. Price Anderson socializes the cost of nuclear energy. If an accident happens the public will be required to bear the burden that exceeds the liability limit imposed by Price Anderson-- either in the form of increased public spending or in the form of the uncompensated harms that the victims are forced to bear.

Price Anderson is a government program that socializes the risk of nuclear energy – it shifts risk from the private sector to the public's pocket-- creating what economists call MORAL HAZARD. Moral Hazard results in the private actor, who no longer bears the risk, doing riskier things than it would have done if it had borne the full liability of its actions. Price Anderson increases economic risk as it induces firms to engage in uneconomic activities.

Automobile insurance companies demand drivers wear seatbelts since the costs of death are significantly more than the cost of injury - as primary insurers, the public has the right to demand nuclear operators and storage facilities maintain the highest safety standards to protect public financial security and health.

The Nuclear Regulatory Commission (NRC) is supposed to replace the invisible hand of private liability in the marketplace with the visible hand of public safety regulation, but instead, the NRC has historically repeatedly reduced design basis safety stands at the behest of the nuclear industry and lobby. A recent report of a task force formed by the NRC to examine its safety regulations, that the US system was a "patchwork" with important gaps and recommended reform to make the overall regulatory scheme "logical, systematic, coherent, clear and consistent."¹

¹ By Mark Cooper | 5 October 2011 <http://www.thebulletin.org/web->

Price-Anderson has facilitated reduced safety for nuclear facilities and acts as a shield for the NRC and nuclear operators creating is a moral and economic hazard.

Price Anderson should not be re-authorized and instead, nuclear operators must be required to assure in the form of bonds or other mechanisms that they have adequate funding to address the impacts of a nuclear accident. Otherwise, the cost of operations is untenable.

Nuclear liability: The market-based, post-Fukushima case for ending Price-Anderson

Price-Anderson Act unfairly shifts the huge liabilities of nuclear accidents and physical deterioration from reactor operators and transfers them to the public, even though the entire nuclear industrial complex that exists today was built upon the premise that government would take care of the nuclear waste.

The NRC is now attempting to dump onto the public the risk of managing and storing the tons of radioactive garbage, it and private corporations created through years of large subsidies and Price Anderson. Enough is enough.

Since its inception in the 1950's the nuclear industry has been heavily subsidized by our tax dollars – even today in the nuclear industry is receiving billions of dollars in subsidies more than all renewable energy and efficiencies put together. In New York State alone aging, time-limited, nuclear reactors are receiving \$7.6 billion while sustainable, job-creating renewable and efficiencies are only getting \$1 billion. This uneven playing field is preventing sustainable clean energy from rapidly being implemented. This is true in almost every state that hosts nuclear reactors.

Nuclear regulators the Atomic Energy Commission and now the NRC has been captured the government agencies which have repeatedly and continuously chosen to protect corporate profits over protecting public health and safety.

For over 70 years the nuclear industry has failed to develop a safe store plan for the massive piles of nuclear waste it has created. The NRC revoked its waste confidence rule and replaced it with an unfunded and undefined plan for interim storage with the acknowledgment that the dry casks will require replacement within a generation yet provide no funding mechanism to recask the waste. To make matters worse the NRC is allowing reactor site owners to use decommissioning funds for storage of waste, which is not the purpose of those

[edition/features/nuclear-liability-the-market-based-post-fukushima-case-ending-price-anderson](#)

funds.

Nuclear waste must be safely stored away from the human environment for thousands of years, and due to the negative impact nuclear energy has on health and climate change gave large quantities of radioactive greenhouse gases it emits, CFC gases, carbon-14, krypton-85, and uranium hexafluoride – all climate change accelerating radioactive chemicals. Nuclear energy is not carbon-free, nor is it greenhouse gas-free.

The transfer of increased risks created by a handful of corporations onto the public is an unconscious result of Price Anderson.

Price Anderson creates a “moral hazard” that encourages unsafe and uneconomic practices. For example, the NRC authorized over 40 years of nuclear waste production without ever having a plan to deal with the tons of radioactive garbage it created and which remains toxic to human life for hundreds of years.

Congress is complicit in this “moral hazard” as it has repeatedly re-authorized Price Anderson to protect nuclear corporations by requiring the public to be its main insurer. This untenable risk must stop.

In this time of climate change, we can no longer afford to subsidize dirty and dangerous forms of energy - nuclear energy is by far the most lethal and dangerous form of energy.

Nuclear energy is so lethal that insurance companies refuse to insure against nuclear accidents, even though there is insurance against fossil fuel accidents. Price Anderson limits liability per radioactive incident to only a fraction of the real cost, thereby transferring insurance responsibilities to the public. No private insurer will write a policy for nuclear accidents, and no exclusions that can be purchased at any price.

Price Anderson ignores the cost of a nuclear accident on large reactor communities such as the Indian Point reactor community of the New York City metropolitan area, where nearly 20 million people reside. The property values in the Indian Point 50 mile reactor community are more than \$ 8.5 trillion yet Price Anderson provides coverage for \$13.7 billion, only 0.16%. Leaving over 98% of costs to be paid by local and state governments. Price Anderson has the potential to bankrupt any state which hosts a nuclear reactor.

Over many decades, because of Price Anderson, the federal government has failed to create a system of rules that can substitute for the market discipline of private insurance and ensure safe nuclear plant operations. Instead, the general public will be left holding the bag, without any insurance for nuclear accidents. Nuclear accident or incident insurance is specially excluded from all homeowners or business insurance policies. Unlike flood, fire, hurricane, or earthquake insurance which people living in certain regions can purchase at a premium,

there is no option to purchase nuclear accident insurance, if you live within any of 100 reactors communities throughout the nation.

The Insurance Industry still refuses to insure against nuclear accidents, as uninsurable risks. All insurance policies including homeowner's policy EXCLUDE—all nuclear accidents or events from coverage.

*“Notwithstanding anything to the contrary herein, it is hereby understood and agreed that this policy **shall not apply to any loss, damage, or expense due to or arising out of, directly or indirectly, nuclear reaction, radiation, or radioactive contamination regardless of how it was caused**”.*

- It is impossible to purchase additional insurance against a nuclear event.

*“The insurance industry – the industry that deals in the cold hard calculus of numbers and risk – categorically **will not insure against losses from nuclear power plant accidents**. Every policy you have – homeowners, commercial property and casualty, auto insurance, you name it, expressly excludes nuclear. The reason is obvious. No insurance company could withstand such losses. They would be in the hundreds of billions, potentially trillions.*

*Price Anderson is the law that dumps the **primary burden of the liability for a nuclear on you**. Most industries would very much like to pass the liability for the damages they might cause onto someone else's lap. But in the whole USA **only the nuclear industry enjoys that privilege**. Only the nuclear industry can argue that it could not stay in business without this piece of corporate welfare.*

So let me suggest that when it comes to how safe nuclear reactors are don't listen to what the big boys say, look at what they do.”

Michael Levy, former U.S. Army Ranger Captain, life insurance CEO

Price Anderson even indemnifies the Department of Energy and private contractors in cases of nuclear gross negligence and willful misconduct., and as a result the general public is the primary unwitting and unwilling insurer of nuclear reactors and waste. Without its consent, and in many cases with public knowledge, Price Anderson has transferred nuclear liability to the general public. This is the largest subsidy any industry has ever receive.

As expressed above, this is a policy that is unethical, immoral, and costly, therefore I am writing to ask that Price Anderson is not re-authorized.

Sincerely yours,

Susan H. Shapiro