

MEMORANDUM TO: Chairman Meserve  
Commissioner Dicus  
Commissioner Diaz  
Commissioner McGaffigan  
Commissioner Merrifield

March 7, 2000

FROM: William D. Travers */RA/*  
Executive Director for Operations

SUBJECT: REQUEST TO ELIMINATE WITS ITEM 199500112 -- REGULATORY  
GUIDANCE TO ENDORSE FINANCIAL ACCOUNTING STANDARDS  
BOARD STANDARDS FOR DECOMMISSIONING COST ACCOUNTING

On February 6, 1996, the NRC issued its "Action Plan for Electric Utility Restructuring." One of the tasks in this action plan was for the staff to develop an option, short of rulemaking, for the periodic reporting on the status of licensee decommissioning funding. The reason for this task was to develop a relatively quick means for the staff to obtain information on the status of power reactor licensees' decommissioning funding assurance measures pending the development of a rulemaking (Task 7 of the action plan). At the time the staff initiated this task, the Financial Accounting Standards Board (FASB) appeared to be close to issuing a standard covering, among other things, the detailed reporting of future decommissioning obligations. In fact, on February 7, 1996, FASB issued an "Exposure Draft" on "Accounting for Certain Liabilities Related to Closure or Removal of Long-Lived Assets." FASB indicated to the NRC staff that it expected to issue this exposure draft as final guidance later in 1996. In anticipation of the final FASB standard, the staff prepared and issued for comment in September 1997 draft Regulatory Guide DG-1060, "Financial Accounting Standards Board (FASB) Standards for Decommissioning Cost Accounting," which proposed to endorse the FASB standard. The staff believed that the information on the status of decommissioning trust funds that would be obtained as a result of implementation of the FASB standard would be essentially the same as that obtained by the rulemaking, but would be available sooner.

Subsequent events have overtaken completion of the regulatory guide. First, because of the controversy surrounding the proposed FASB standards, FASB has periodically delayed issuance of a final standard. (The controversy was primarily related to accounting treatment of long-lived non-nuclear assets and did not substantially involve the nuclear decommissioning cost accounting reporting standards that FASB proposed.) Recently, the staff has learned that FASB has decided to issue a new exposure draft during the first quarter of 2000. On the basis of earlier conversation with FASB, the NRC staff believes that the new exposure draft will substantially revise the earlier exposure draft and may be subject to significant additional public comment. This process is likely to delay issuance of a final FASB standard for a year, and

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possibly significantly longer. Second, on September 22, 1998, the NRC published in the *Federal Register* a final rule on "Financial Assurance Requirements for Decommissioning Nuclear Power Reactors" (63 FR 50465). Among other things, pursuant to 10 CFR 50.75(f)(1), this rule required power reactor licensees to submit the first biennial decommissioning fund status reports to the NRC by March 31, 1999. The staff reviewed the first cycle of these reports and reported the results to the Commission in SECY-99-170 (July 1, 1999). On the basis of this experience, the staff believes that these reports provide sufficient information on the decommissioning fund status to obviate the need for regulatory guidance endorsing the FASB standard.

CONCLUSION:

As a result of both the delays in the development of the FASB standard and the staff's experience with the first cycle of decommissioning fund status reports, the staff seeks Commission approval to terminate work on this WITS item and concurrent tracking by SECY. As described above, the task is now redundant to other means of obtaining necessary information on the decommissioning fund status and represents an unnecessary expenditure of staff resources. The staff will continue to monitor FASB's development of this standard and will inform the Commission if additional NRC action appears to be warranted (for example, if a final FASB standard leads to new information that is necessary to the NRC but that is not included in 10 CFR 50.75(f)(1)).

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STANDARDS BOARD STANDARDS  
FOR DECOMMISSIONING COST ACCOUNTING

ORIGINATOR: Robert Wood  
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