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NRC AMENDS DECOMMISSIONING FUNDING RULE  
FOR NUCLEAR POWER PLANTS

The Nuclear Regulatory Commission is amending its regulation on decommissioning funding for nuclear power plants to reflect conditions expected from rate deregulation of the electric power industry.

The amended rule, which takes effect 60 days after its forthcoming publication in the Federal Register, will:

- Identify which licensees may use what is known as the external sinking fund method of financial assurance for decommissioning. This method sets aside funds in an account segregated from the licensee's assets and administrative control. It can be a trust, escrow account, government fund, certificate of deposit, government securities or other payment acceptable to the NRC.
- Describe additional decommissioning financial assurance mechanisms.
- Define a "Federal licensee" as any licensee which has the full faith and credit backing of the United States government. Only such licensees could use statements of intent to meet decommissioning financial assurance requirements for power reactors.
- Require nuclear power plant licensees to report to the NRC on the status of their decommissioning funds by March 31, 1999, and at least once every two years thereafter. They will be required to report annually, starting within five years of the planned end of operation. An annual status report also will be required when conditions indicate that the plant will close within five years before its license expires or

in instances when the plant already has closed. NRC's present rule contains no such requirements because state and Federal rate-regulating bodies actively monitor these funds. A deregulated utility would have no such monitoring.

- Permit nuclear power plant licensees to take credit on earnings for prepaid decommissioning trust funds and external sinking funds from the time the funds are set aside through the end of the decommissioning period. The present rule does not permit such credit because it is assumed that inflation and taxes would erode any investment return. The NRC has decided, however, that this position is not borne out by historical performance of inflation-adjusted funds invested in U.S. Treasury instruments.

Further details will be available in the Federal Register notice to be published shortly.

In adopting this amendment, NRC considered 650 comments received in response to an advanced notice of proposed rulemaking published in April 1996 and more than 200 comments received after a proposed rule was published last September.

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