



## DRAFT REGULATORY GUIDE DG-1060

# FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) STANDARDS FOR DECOMMISSIONING COST ACCOUNTING

### A. INTRODUCTION

In 10 CFR Part 50, "Domestic Licensing of Production and Utilization Facilities," paragraph 50.71(b) requires, in part, that each licensee and permit holder submit its annual financial report to the Commission. Also, 10 CFR 50.75(g)(3) requires each licensee to keep records of the cost estimate performed for the decommissioning funding plan or of the amount certified for decommissioning, as well as records of the funding method used for assuring funds if either a funding plan or certification is used.

This draft regulatory guide is being developed in regard to the Financial Accounting Standards Board<sup>1</sup> (FASB) draft standard No. 158-B, "Accounting for Certain Liabilities Related to Closure or Removal of Long-Lived Assets." The NRC plans to endorse the final version of the FASB standard as a means of providing guidance for licensees on complying with those portions of the Commission's regulations regarding a licensee's reporting on the status of its decommissioning funding.

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<sup>1</sup>FASB is a private association that establishes authoritative financial accounting and reporting standards. Copies of the draft standard may be obtained from the Order Department, Financial Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116.

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This regulatory guide is being issued in draft form to involve the public in the early stages of the development of a regulatory position in this area. It has not received complete staff review and does not represent an official NRC staff position.

Public comments are being solicited on the draft guide (including any implementation schedule) and its associated regulatory analysis or value/impact statement. Comments should be accompanied by appropriate supporting data. Written comments may be submitted to the Rules and Directives Branch, Office of Administration, U.S. Nuclear Regulatory Commission, Washington, DC 20555. Copies of comments received may be examined at the NRC Public Document Room, 2120 L Street NW., Washington, DC. Comments will be most helpful if received by

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The information collections contained in this draft regulatory guide are covered by requirements which were approved by the Office of Management and Budget, approval number 3150-0011.

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## **B. DISCUSSION**

The use of industry consensus standards has long been part of an overall approach to meeting the requirements of 10 CFR Part 50 when developing safety systems for nuclear power plants. Similarly, when dealing with financial areas having potential safety impacts on NRC licensees, industry consensus standards may provide an acceptable basis for meeting NRC requirements. The Securities and Exchange Commission (SEC), the primary Federal Agency involved in accounting and auditing requirements for publicly traded companies, has taken the position that FASB should set accounting standards for the private sector. The SEC has accepted standards set by FASB for the preparation of financial statements, which are commonly referred to as "generally accepted accounting principles" or GAAP.

The draft FASB standard, "Accounting for Certain Liabilities Related to Closure or Removal of Long-lived Assets," addresses several issues that are pertinent to the NRC's financial assurance for decommissioning reporting requirements: Recognition of liabilities for closure or removal obligations, measurement of closure or removal obligation, capitalized costs of closure or removal, reporting and disclosures, and effective date and transition.

### **C. REGULATORY POSITION**

When the NRC promulgated the 1988 decommissioning rule (53 FR 24018 (June 27, 1988)), it did not require licensees to report periodically on the status of their decommissioning funds. The NRC viewed licensee compliance with the funding assurance requirements as a matter to be determined through the inspection process when necessary. However, with deregulation of the electric power generating industry, the NRC considers it necessary to have an additional assurance for the accumulation of decommissioning funds on the part of the licensees who are no longer subject to rate regulation.

The requirements<sup>2</sup> stated in draft FASB standard No. 158-B provide a means by which the NRC may obtain such information.

The NRC has concluded that endorsement of the draft FASB standard will provide a cost-effective, nonburdensome means by which licensees may provide information on decommissioning funding. The draft FASB standard, when adopted, will require licensees to report information on the status of their decommissioning funds in their annual financial statements, which are required to be submitted to the NRC in accordance with 10 CFR 50.71(b). Most power reactor licensees will be required by financial regulators to comply with the draft FASB standard as a matter of good accounting practice. The NRC is not requiring at this time that power reactor licensees report any information other than that covered by the draft FASB standard, which was developed independently of the NRC. Therefore, there would be minimal additional reporting burden associated with the NRC's endorsement of this standard.

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<sup>2</sup>In this regulatory guide, the term "requirements" refers to requirements imposed by the NRC's regulations as well as to requirements that must be met in order to comply with a standard.

#### **D. IMPLEMENTATION**

The purpose of this section is to provide guidance to applicants and licensees regarding the NRC staff's plans for using this regulatory guide.

This draft guide has been released to encourage public participation in its development. Except in those cases in which the applicant or licensee proposes an acceptable alternative method for complying with the specified portions of the Commission's regulations, the method to be described in the final guide reflecting public comments will be used in the evaluation of submittals reporting the status of a licensee's decommissioning funding.

## REGULATORY ANALYSIS

A separate regulatory analysis was not prepared for this regulatory guide because there is minimal additional burden on licensees associated with the issuance of this guide. The NRC is in the process of developing modifications to its regulations to address rate deregulation of nuclear power reactor licensees. Any values and impacts associated with those regulations will be addressed in the rulemaking.



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