

July 10, 1997

MEMORANDUM TO: L. Joseph Callan  
Executive Director for Operations

FROM: John C. Hoyle, Secretary /s/

SUBJECT: STAFF REQUIREMENTS - SECY-97-117 - FINAL  
POLICY STATEMENT ON RESTRUCTURING AND  
ECONOMIC DEREGULATION OF THE ELECTRIC UTILITY  
INDUSTRY

The Commission has approved issuance of the final policy statement subject to the changes to the Federal Register notice listed below. The following revisions are provided to address the Commission decisions in SECY-97-102, on securitization and the Commission's regulatory authority on determining the rate of accumulation of decommissioning funds.

1. On page 8, at the end of the first full paragraph, add:  
"Also independently of economic deregulation, the NRC is striving to make its regulatory program as efficient and effective as possible — through use of risk analysis and other techniques — so that the resources of the agency and of licensees are devoted to the most safety-significant matters."
2. On page 8, delete the first sentence in the second full paragraph, "The NRC will consider evaluating FAA's experiences for lessons learned."
3. On page 11, revise the fourth sentence to read: "The NRC will ~~be~~ ~~evaluat~~~~e~~~~ing~~ additional rulemaking, **separate from the proposed rulemaking on financial assurance requirements for decommissioning**, to determine whether enhancements to its financial qualification requirements are necessary in anticipation that some of its power reactor licensees will no longer be "electric utilities."

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SECY NOTE: THIS SRM, SECY-97-117, AND THE COMMISSION VOTING RECORD CONTAINING THE VOTE SHEETS OF ALL COMMISSIONERS WILL BE MADE PUBLICLY AVAILABLE 5 WORKING DAYS FROM THE DATE OF THIS SRM.



4. On page 11, in the fifth sentence, reference to the "action plan" should be removed or it should indicate how the public may access the action plan.
5. On page 12, revise the first two sentences of the first full paragraph to read: "With respect to the issue of **decommissioning and** stranded costs, ~~the NRC does not have jurisdiction to determine whether, to what degree, or from whom such costs should be collected. Stranded cost recovery is the province of State and Federal rate regulators~~ **many states are considering securitization as a non-bypassable charge mechanism to fund the recovery of decommissioning, and other stranded costs. The NRC believes that securitization has the potential to provide an acceptable method of decommissioning funding assurance, although other mechanisms that involve non-bypassable charges may provide comparable levels of assurance and should not be excluded from consideration by State authorities.** The last two sentences in the paragraph should be deleted.
6. On page 12, last line, replace 'retrospective' with 'deferred.'
7. On page 23, line 12, delete the word 'primarily' and add an 's' to 'area.' In line 13, delete the period and the remainder of the line through and including the word 'about' in the next line and insert the word 'and.'
8. On page 27, at the end of the second full paragraph, add 'However, the Commission also reserves the flexibility to take appropriate steps in order to assure a licensee's adequate accumulation of decommissioning funds.'

(EDO)

(SECY Suspense:

8/29/97)

cc: Chairman Jackson  
Commissioner Dicus  
Commissioner Diaz  
Commissioner McGaffigan  
OGC  
CIO  
CFO  
OCA  
OIG  
Office Directors, Regions, ACRS, ACNW, ASLBP (via E-Mail)  
PDR

DCS