

February 10, 2004

The Honorable Susan M. Collins
Chair, Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Madam Chair:

On behalf of the Nuclear Regulatory Commission (NRC), I am writing to you, as required by 31 U.S.C. 720, to submit a written statement of the actions taken on recommendations contained in the General Accounting Office's (GAO's) report entitled "NUCLEAR REGULATION: NRC Needs More Effective Analysis to Ensure Accumulation of Funds to Decommission Nuclear Power Plants" (GAO-04-32), dated October 2003.

The report, among other things, provides GAO's evaluation of the NRC's analysis of the 2001 biennial decommissioning funding status reports submitted by nuclear power plant owners and GAO's evaluation of the NRC's process for taking action when reports show unacceptable levels of decommissioning funding assurance. GAO recommended that the NRC develop an effective method for determining whether owners are accumulating funds at sufficient rates to pay for decommissioning. Citing the NRC's plant performance action matrix, GAO also recommended that the NRC take a similar approach and establish specific criteria for taking action when the NRC determines that an owner is not accumulating funds at a sufficient rate to pay for eventual decommissioning.

As discussed more fully in the enclosure to this letter, the NRC has established a method that is effective in analyzing whether owners are accumulating sufficient funds for decommissioning. Moreover, if the NRC determines, based on available information, that an owner does not appear to be on track to accumulate sufficient funds for decommissioning, or that an owner's present decommissioning fund balance does not appear to be adequate, the NRC does have a procedural framework it will use to require licensees to take appropriate corrective actions. However, the NRC does not believe that it is necessary to establish specific criteria, along the lines suggested by GAO, for responding to unacceptable levels of decommissioning funding assurance, considering the complexity and range of circumstances that may arise with any given owner, particularly those who are subject to the jurisdiction of State regulatory authorities and the Federal Energy Regulatory Commission. Additionally, the implementation of specific criteria, as proposed by GAO, is not necessary to protect the public health and safety.

The enclosure to this letter provides our analysis of, and responses to, the specific recommendations in GAO-04-32. Please do not hesitate to call me if I may be of additional assistance.

Sincerely,

/RA/

Nils J. Diaz

Enclosure:
NRC Analysis of GAO Report, GAO-04-32

cc: Senator Joseph I. Lieberman
Jim Wells, GAO

Identical letter sent to:

The Honorable Susan M. Collins
Chair, Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510
cc: Senator Joseph I. Lieberman
Jim Wells, GAO

The Honorable Thomas Davis
Chairman, Committee on Government Reform
United States House of Representatives
Washington, D.C. 20515
cc: Representative Henry A. Waxman
Jim Wells, GAO