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January 29, 2004

BY HAND DELIVERY

U. S. Nuclear Regulatory Commission
James E. Dyer
Director, Office of Nuclear Reactor Regulation
Mail Stop 5E7
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Subject: Proposed Nuclear Decommissioning Insurance Policy To Be Issued By Newly Formed Industry Mutual Insurance Company to Provide Financial Assurance for Nuclear Reactor Decommissioning

Dear Mr. Dyer:

By and through their undersigned counsel, the organizers of a proposed nuclear decommissioning insurance company (InsurCo) respectfully request that the NRC Staff review information regarding a proposed nuclear decommissioning insurance policy to be issued by a proposed industry mutual insurance company and provide its preliminary approval of this proposed insurance program. Pursuant to 10 CFR 50.75(h), individual licensees electing to participate in this insurance program will provide prior written notice to NRC before using their nuclear decommissioning trust (NDT) funds for this purpose. Accompanying this request is a preliminary assessment of the proposed insurance policy, including information regarding the proposed policy and proposed insurance company, as well as suggested criteria for reviewing nuclear decommissioning insurance. This assessment is provided as Enclosure 1 (with four Appendices).

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The following is a list of the documents provided as Enclosure 1:

1. Memorandum dated January 29, 2003, "Preliminary Assessment of Proposed Nuclear Decommissioning Insurance Policy To Be Issued By Newly Formed Industry Mutual Insurance Company to Provide Financial Assurance for Nuclear Reactor Decommissioning"

Appendix A Cover Memorandum dated January 29, 2003, and Proposed Standard Review Plan Regarding Use of Insurance to Provide Financial Assurance for Decommissioning Funding

Appendix B Form of Nuclear Decommissioning Insurance Policy

Appendix C Detailed Risk Analysis

Appendix D 20-Year *Pro Forma* Financial Statements

Also attached is the Affidavit of Hanson D. Pickerl, Managing Director of Marsh USA Inc. requesting that Enclosure 1 and its Appendices be withheld from public disclosure pursuant to 10 CFR 2.790, because they constitute in their entirety confidential proprietary information submitted voluntarily to the NRC. The organizers of InsurCo have retained Marsh USA Inc. (Marsh), of the well-known firm, Marsh & McLennan Companies, to assist in developing the proposed InsurCo and to coordinate the development of Enclosure 1 and its Appendices. Marsh has a proprietary interest in Enclosure 1 and its Appendices and requests confidential treatment of these documents for itself and on behalf of the organizers of InsurCo, for whom it is expected that Marsh will provide management services.

Enclosure 1 and its Appendix A describe an insurance program and criteria for the regulatory evaluation of such a program, and thereby, they provide information regarding a new business model that is proprietary. These documents, themselves, and the business model reflected therein have been developed at substantial expense with the hope of implementing a successful commercial enterprise that will provide a broad range of benefits to the NRC, affected state rate regulatory authorities, affected ratepayers, and the insureds, themselves, in fulfilling their obligations as licensees. It is recognized that, in order to achieve the value expected to be derived from these documents, the NRC will require the freedom to use the information contained therein to develop its preliminary review and approval of the insurance program and to develop its generic review criteria. There is therefore an expectation that NRC may draw upon the information contained in Enclosure 1 and Appendix A in developing and issuing its own documents.

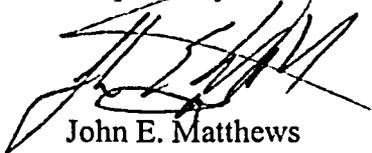
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Appendix B is a proprietary form of insurance policy. Appendix C is a detailed risk analysis of the proposed insurance program, and Appendix D contains proprietary 20-year *pro forma* financial statements (projected income, expenses, and balance sheet). Due to the sensitive nature of this information, the request for proprietary treatment of these documents includes all aspects of their contents, except to the extent that they are generally described in Enclosure 1.

NRC's preliminary review and approval of this insurance program is requested by June 1, 2004, in order to support a schedule for the issuance of insurance policies by July 31, 2004. This schedule contemplates that the individual NRC licensees that elect to participate in the formation of InsurCo will provide 30 working days written notice to the NRC, prior to using their NDT funds for this purpose.

Any questions regarding the enclosed material or the request for confidential treatment should be directed to me at my address above, or by telephone at 202-739-5524, or by email at jmatthews@morganlewis.com.

Respectfully Submitted,



John E. Matthews

c: Document Control Desk
David B. Matthews
Brian E. Thomas
Ronald B. Uleck
Lawrence J. Chandler, Esq.

10 CFR 2.790

AFFIDAVIT OF HANSON D. PICKERL

I, Hanson D. Pickerl, Managing Director, Marsh USA Inc., state that:

1. I am authorized to execute this affidavit on behalf of Marsh USA Inc. and the organizers of a proposed nuclear decommissioning insurance company (InsurCo). Both Marsh USA Inc. and the organizers of InsurCo have a proprietary interest in this information.

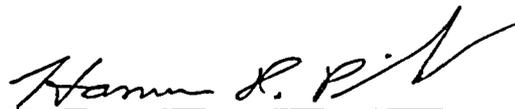
2. Marsh USA Inc. and the organizers of InsurCo, are providing information in support of their request for preliminary NRC review and approval of a proposed insurance program, including a proposed policy and proposed insurer. Enclosure 1 and its Appendix A describe an insurance program and criteria for the regulatory evaluation of such a program, and thereby, they reflect a business model that is proprietary. Both these documents themselves and the business model reflected therein have been developed at substantial expense with the hope of implementing a successful commercial enterprise. Appendix B is a proprietary form of insurance policy to be issued by the proposed commercial enterprise (InsurCo). Appendix C is a detailed risk analysis of the proposed insurance program, and Appendix D contains proprietary 20-year *pro forma* financial statements (projected income, expenses, and balance sheet). These documents are proprietary commercial and financial information that should be held in confidence by the NRC pursuant to the policy reflected in 10 CFR 2.790(a)(4) and 9.17(a)(4), because:
 - 2.1 This information is and has been held in confidence by Marsh USA Inc. and the organizers of InsurCo.
 - 2.2 This information is of a type that is held in confidence by Marsh USA Inc. and the organizers of InsurCo, and there is a rational basis for doing so because the information contains sensitive business plans and other commercial information regarding a new and unique commercial enterprise (InsurCo), as well as a detailed financial risk analysis, and financial information concerning the projected, income, expenses, and balance sheet of the proposed InsurCo.
 - 2.3 This information is being transmitted to the NRC voluntarily and in confidence.
 - 2.4 This information is not available in public sources and could not be gathered readily from other publicly available information. Enclosure 1 and Appendix A include information from public sources, such as regulatory requirements and related guidance. However, the compilation of this information, as presented in Enclosure 1 and Appendix A, and the related logic and analysis are a valuable work product that could not be readily compiled without the expenditure of substantial resources.

2.5 Public disclosure of this information would create substantial harm to the competitive position of Marsh USA Inc. and the organizers of InsurCo for the following reasons:

- (a) With respect to Enclosure 1, this document contains proprietary information in the form of a unique assessment and description of a proposed insurance program, including a proposed policy and proposed insurance company, that is a new and unique commercial enterprise developed at substantial effort and expense. Premature disclosure of this information would provide a roadmap for potential competing insurance providers to “reverse engineer” a competing insurance product, to the competitive disadvantage of Marsh USA Inc. and the organizers of InsurCo. It is understood that NRC may develop its own assessment derived from this information, and that NRC’s assessment will be disclosed to the public.
- (b) With respect to Appendix A, this document contains proprietary information in the form of a unique compilation of regulatory criteria for reviewing decommissioning funding insurance. Premature disclosure of this information would provide a roadmap for potential competing insurance providers to “reverse engineer” a competing insurance product, to the competitive disadvantage of Marsh USA Inc. and the organizers of InsurCo. It is understood that NRC may use this information to develop its own review criteria, and that NRC’s criteria will be disclosed to the public.
- (c) With respect to Appendix B, this document is a unique form of insurance policy developed for a new business. Disclosure of this policy would provide a template for potential competing insurance providers to develop a similar, competing insurance product, to the competitive disadvantage of Marsh USA Inc. and the organizers of InsurCo. To the extent the contents of this policy are generally described in Enclosure 1 and that NRC may develop its own assessment from this information, it is understood that those general descriptions may be disclosed as part of NRC’s assessment.
- (d) With respect to Appendices C and D, these documents contain proprietary financial information of a highly sensitive commercial nature, including a detailed financial risk analysis and projected income, expenses, and balance sheets that if disclosed, could be used to the competitive disadvantage of Marsh USA Inc. and the organizers of InsurCo.

3. Accordingly, Marsh USA Inc. and the organizers of InsurCo request that the designated documents be withheld from public disclosure pursuant to the policy reflected in 10 CFR 2.790(a)(4) and 9.17(a)(4).

Marsh USA Inc.



Hanson D. Pickerl
Managing Director

STATE OF ILLINOIS

CITY/COUNTY OF CHICAGO/COOK

Subscribed and sworn to me, a Notary Public, in and for the City/County and State above named, this 23rd day of January, 2004.



My Commission Expires: June 8, 2004

