

From: Steven Hom, *NRC*
To: Malloy, Melinda; Thomas, Brian
Date: Fri, Nov 21, 2003 9:00 AM
Subject: Re: Fwd: GAO report on NPP decommissioning funding

For discussion purposes, attached are questions and answers that I believe are more appropriate. (This is a revised version of what I sent earlier to some. Please disregard the earlier draft.)

NOTE: INTERNAL COMMUNICATION LIMITED TO NRC UNLESS THE COMMISSION DETERMINES OTHERWISE

>>> Melinda Malloy ^{CP} 11/21/03 08:52AM >>>

Attached is an email that includes OPA's suggested list of Questions. Feel free to add others as you believe is necessary wish. When do you think you will have the Qs&As complete to provide to OPA. They will probably ask when they'll be getting them from you.....Melinda

CC: Bergman, Thomas; Dean, William; Dusaniwskyj, Michael; Gillespie, Frank; Haney, Catherine
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**GAO REPORT -- "NRC NEEDS MORE EFFECTIVE ANALYSIS TO ENSURE
ACCUMULATION OF FUNDS TO DECOMMISSION NUCLEAR POWER PLANTS"**

POSSIBLE QUESTIONS AND ANSWERS

- Q1. According to GAO, owners of 44 plants were not "on track" to accumulate sufficient funds for decommissioning, as of the end of 2000. Does the NRC agree with this assessment?
- A1. No. Based on the NRC's method of analyzing the status of decommissioning funding assurance provided by owners, the NRC concluded that all owners appeared to be on track to accumulate sufficient funds.
- Q2. Does GAO analyze decommissioning funding in the same manner as the NRC?
- A2. No. GAO has created its own method of analyzing decommissioning funding that was neither reviewed by the NRC nor accepted by the NRC.
- Q3. What is GAO's methodology based on?
- A3. GAO's methodology is based, at least in part, on a set of "most likely economic assumptions" determined by GAO. GAO itself recognizes that the results of GAO's methodology can change by using alternative economic assumptions.
- Q4. Does GAO's methodology assume owners will accumulate funds in the future at the same rate they have accumulated funds in the past?
- A4. Yes.
- Q5. Is that assumption a valid one?
- A5. No. Scheduled contributions to decommissioning trusts are always subject to change, and are routinely adjusted upon review by State regulatory authorities.
- Q6. Does the NRC require licensees who accumulate funds over time to accumulate amounts according to an industry-wide "benchmark" or schedule established by the NRC?
- A6. No. The NRC reviews each licensee on a case by case basis to determine whether there is reasonable assurance that each licensee will have sufficient funds available to decommission its plant by the time of permanent termination of operations. Among other things, the NRC takes into consideration the funding schedules established by State regulatory authorities, and other circumstances unique to each licensee.
- Q7. Has the NRC developed an "action matrix" or a set of predetermined agency responses when a licensee is found not to be providing reasonable assurance of decommissioning

funding?

- A7. No. The NRC does have in place a general response plan. However, because of the complexity and range of circumstances that could arise with regard to any particular licensee, particularly those subject to the jurisdiction of State regulators, the NRC does not believe that having a set of predetermined agency responses is worthwhile.