

April 29, 2004

Mr. James E. Wells
Director, Natural Resources and Environment
United States General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Wells:

I would like to thank you for the opportunity to review and submit comments on the May 2004 draft of the General Accounting Office's (GAO) report entitled "Nuclear Regulation-NRC's Liability Insurance Requirements for Nuclear Power Plants Owned by Limited Liability Companies." The U.S. Nuclear Regulatory Commission (NRC) appreciates the time and effort that you and your staff have taken to review this topic.

GAO correctly concludes that NRC does not treat limited liability companies differently than other licensees with respect to the Price-Anderson's insurance requirements. Like other licensees, limited liability companies must show proof of both primary and secondary financial protection. GAO also is correct in noting that NRC is not aware of any problems caused by limited liability companies owning nuclear power plants and that NRC currently does not regard limited liability companies' ownership of nuclear power plants as a concern. Finally, GAO agrees with NRC's conclusion that all its reactor licensees have sufficient assets that they are likely to be able to pay the retrospective premiums. These assets are assured by a number of different methods that are approved by NRC as GAO discusses in its report.

The NRC believes that the GAO report accurately reflects the present insurance system for nuclear power plants. Therefore, we do not have any comments to provide regarding the draft report.

Sincerely,

/RA/

William D. Travers
Executive Director
for Operations

cc: Ilene Pollack, GAO

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Accession Number: Package: ML041130472
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 Response: ML041130452 **Per telecon

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