



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

SEP 26 2003

ICF Consulting Group
ATTN: Paul Bailey, Senior Vice President
9300 Lee Highway
Fairfax, Virginia 22031-1207

Dear Mr. Bailey:

SUBJECT: TASK ORDER NO. 6 ENTITLED "REEVALUATION OF NRC REGULATIONS TO ADDRESS CHANGES RESULTING FROM RATE DEREGULATION AND RESTRUCTURING OF THE ELECTRIC UTILITY INDUSTRY" UNDER CONTACT NO. NRC-03-03-039

In accordance with Section G.5 entitled "Task Order Procedures" of the subject contract, this letter definitizes Task Order No. 6. This effort shall be performed in accordance with the enclosed Statement of Work.

Task Order No. 6 shall be effective September 30, 2003 through February 27, 2004 with a total cost ceiling of \$37,380.00. The amount of \$36,468.00 represents the reimbursable costs and the amount of \$912.00 represents the fixed fee.

The accounting information for award of Task Order No. 6 is as follows:

APPN No.....31X0200.320
JOB Code.....J2990
BOC.....252A
B&R No.....320-15-101-120
Amount Obligated.....\$37,380.00

The following individuals are considered essential to the successful performance of the work hereunder:



The contractor agrees that such personnel shall not be removed from the effort under the task order with out compliance with Contact Clause H.1 - Key Personnel.

The issuance of this task order does not amend any other terms or conditions of the subject contract.

TEMPLATE - ADM001

ADM002

SISP REVIEW COMPLETE

Your contacts during the course of this task order are as follows:

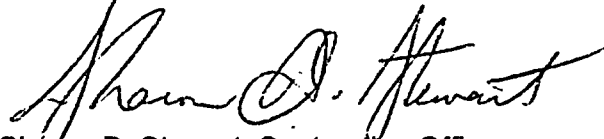
Technical Monitor: Ronald B. Uleck, Project Officer
(301) 415-3741

Technical Assistant Project Manager: Sally A. Adams
(301) 415-0209

Contract Specialist Brenda J. DuBose
(301) 415-6578

Please indicate your acceptance of this task order by having an official, authorized to bind your organization, execute three copies of this document in the space provided and return two copies to the Contract Specialist. You should retain the third copy for your records.


Sincerely,



Sharon D. Stewart, Contracting Officer
Contract Management Center 1
Division of Contracts
Office of Administration

Enclosure:
As stated

ACCEPTED:



NAME

Senior Vice President

TITLE

9/26/03

DATE

STATEMENT OF WORK

CONTRACT NO. NRC-03-039, TASK ORDER NO. 6

PROJECT TITLE: REEVALUATION OF NRC REGULATIONS TO ADDRESS CHANGES RESULTING FROM RATE DEREGULATION AND RESTRUCTURING OF THE ELECTRIC UTILITY INDUSTRY

Background

NRC regulation 10 CFR 50.33 establishes the financial and related requirements for a power reactor license applicant which demonstrate that the applicant has the financial qualifications to operate and power reactor and provide the funds necessary to safely decommission the facility. The NRC "Final Policy Statement on Restructuring and Economic Deregulation of the Electric Utility Industry" (SECY-97-117) recognizes the changes that are occurring in the electric utility industry, such as corporate restructuring involving limited liability companies (LLCs), and the importance these changes may have for the NRC and its licensees. The NRC is concerned about the potential impact of utility restructuring on public health and safety, particularly the increasing use of limited liability companies (LLCs), which can limit the potential assets available to NRC to protect health and safety and fund decommissioning. Accordingly, SECY-97-117 commits that the NRC will evaluate deregulation and restructuring activities as they evolve, and will continue to evaluate the need for regulatory or policy changes to meet the effects of deregulation.

Scope of Work

Subtask 1: The contractor shall prepare a report on the reevaluation of NRC regulations dealing with licensee financial qualifications and decommissioning funding assurance in view of the current and future environment of electric utility deregulation and corporate restructuring (the report). Emphasis should be placed on evaluating limited liability companies (LLCs) as well as other corporate structures. The report shall be developed based on the proposed outline, "Reevaluation of NRC Regulations to Address Changes Resulting from Rate Deregulation and Restructuring of the Electric Utility Industry*," prepared under Subtask 2 of Task Order No. 2 of this ICF contract.

*This report will be provided to the Contractor by the Project Officer upon request.

Based on the proposed outline, the report shall include the following topics: description of reactor ownership structures; advantages and disadvantages of reactor ownership structures on meeting NRC's health and safety and decommissioning funding requirements; potential issues with NRC's current regulations; potential solutions and recommendations for dealing with various ownership structures; and a license reviewer checklist on subsidiary and LLC ownership structures. The discussions of these topics shall cover the relevant regulatory and policy findings in the Synapse Energy Economics, Inc. report, "Financial Insecurity: The Increasing Use of Limited Liability Companies and Multi-Tiered Holding Companies to Own Nuclear Power Plants," dated August 7, 2002.

Subtask 2: The contractor shall assist the staff in preparing a Commission paper (the paper) on LLCs and NRC responses to findings in the Synapse report. Said assistance may include reviewing staff drafts of the paper and providing markup copies to the staff, responding to the staff's specific financial and legal questions, suggesting enhancements to the staff's paper regarding pertinent topics and issues, and assisting staff in developing responses to NRC management comments on the paper.

Deliverables

For Subtask 1, the contractor shall prepare a draft letter report 60 days from execution of this task order, and a final report 30 days after receipt of NRC comments. Under Subtask 2, the contractor shall respond within three (3) business days from the date of the NRC request, unless otherwise directed by the Technical Monitor or Project Officer.

Period of Performance

The period of performance for this task is September 30, 2003 and will expire on February 27, 2004.

Technical Qualifications Required

To perform the tasks described above, expertise is needed in the following areas: power reactor operations and decommissioning, insurance, law, finance, corporate organization, economics, and NRC power reactor regulations and guidance.

Meetings and Travel

It is anticipated that the Contractor shall attend two (2) meetings at NRC Headquarters located in Rockville, Maryland during performance of this task order. Only local travel is anticipated for meetings with NRC Headquarters staff.

Level of Effort

The total estimated level of effort for this task order is approximately 400 man-hours, with approximately 350 hours for Subtask 1 and 50 hours for Subtask 2.