

May 1, 1980

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20535

SECY-80-227

INFORMATION REPORT

For: The Commissioners

From: Harold R. Denton, Director
Office of Nuclear Reactor Regulation *HRD*

Thru: Acting Executive Director for Operations

Subject: STATUS AND SCHEDULE FOR STAFF'S REVIEW OF FINANCIAL REQUIREMENTS ON DECOMMISSIONING, MAJOR ACCIDENT CLEANUP AND ROGOVIN REPORT CONCERNS

Purpose: To inform the Commission of the status and schedule for completion of the staff's review of financial requirements in the areas of decommissioning, major accident cleanup costs and the Rogovin Report concerns that financial considerations may affect the safety of start-up, operational and shutdown activities.

Discussion: In a memorandum of March 11, 1980, from the Secretary, the Commission requested the staff to "continue or initiate a review of financial requirements in the areas of decommissioning, major accident cleanup costs and the Rogovin Report concerns that financial considerations may affect start-up and operational activities." In response to the Commission's request a status report and schedule for completion for each of the three areas is presented below.

DECOMMISSIONING - The staff is engaged in a comprehensive study of decommissioning which will include a proposed rule that would establish more explicit overall policy for nuclear facility decommissioning. The study includes an exhaustive review of methods for financing both planned and premature decommissioning. In this regard, the staff has recently published a draft report, "Assuring the Availability of Funds for Decommissioning Nuclear Facilities" (NUREG-0584, Rev. 1).

Dec. 1979 - Staff published draft NUREG-0584, Rev. 1, referred to above, and draft NUREG-0590, Rev. 1, "Thoughts on Regulation Changes for Decommissioning." These documents have been submitted for comment to interested parties including electric utility industry, nuclear industry, state public utility commissions and other state officials. NUREG-0584 presents analyses of alternative methods for assuring that funds will be available for decommissioning.

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July 1980 - Final NUREG-0584 published.

Jan. 1981 - Publish draft GEIS (NUREG-0586) on decommissioning nuclear facilities for public comment. GEIS will reflect financial assurance provisions of NUREG-0584.

March 1981 - Send decommissioning policy statement to Commission for review and approval.

August 1981 - Send proposed rules on decommissioning to Commission for review and approval.

Sept. 1981 - Publish policy statement.

Nov. 1981 - Publish final GEIS.

Jan. 1982 - Publish proposed rules.

Jan. 1983 - Rules on decommissioning become effective.

MAJOR ACCIDENT CLEANUP COSTS - The staff sent an information paper to the Commission on January 30, 1980 (SECY-80-60, "Assuring Licensee Financial Arrangements for Recovery from a Major Accident"). In this paper the staff discussed insurance coverages that are available to nuclear power plant owners in relation to the various financial risks taken in the event of a major nuclear accident. The insurance plan to cover replacement power costs during prolonged accidental outages of nuclear power generating units is currently under development by joint effort of the utility and nuclear industries. A mutual insurance entity, Nuclear Electric Insurance Limited ("NEIL") is being formed to provide this coverage.

Jan. 1980 - SECY-80-60, "Assuring Licensee Financial Arrangements for Recovery from a Major Accident" sent to Commission.

March - Dec. 1980 - Staff monitors NEIL activities.

Dec. 1980 - Staff reports to Commission on implementation of NEIL and actual coverage achieved by utility

industry to pay for replacement power costs during prolonged accidental outages of nuclear generating units. Staff suggests, where necessary, areas of further Commission action.

ROGOVIN REPORT CONCERNS - The staff is currently developing a "TMI-2 Task Action Plan" to provide a comprehensive and integrated plan for all actions judged necessary by the NRC to correct or improve the regulation and operation of nuclear facilities based on the experience from the accident at TMI-2 and the official studies and investigations of the accident. The TMI-2 Task Action Plan will be submitted to the Commission for approval. One task in the plan is identified "Financial Disincentives to Safety," corresponding to the Rogovin Report concerns at pp. 161-164 of Volume I and pp. 293-365 of Vol. II. The staff proposes in the plan to complete its recommendations to the Commission on Rogovin financial concerns by July 1981. In its study of the concerns raised by Rogovin, the staff plans to address questions such as those listed below:

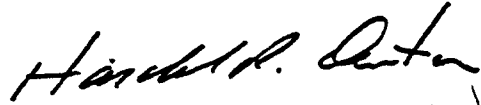
- (1) Does the financial status of a utility impact safety or indicate when impacts of a safety nature may occur?
- (2) Would continuing evaluation of a licensee's financial condition be a useful method to alert IE to times when the licensee might be tempted to cut corners, or are there more pragmatic actions that accomplish this objective?
- (3) Will improved communications with NARUC, PUC's, IRS, FERC and other governmental bodies sufficiently increase their understanding of a sensitivity to safety matters and financial disincentives?
- (4) Do the requirements of the various financial regulatory agencies result in reducing nuclear safety, and, if so, how could improvements in financial regulation best be achieved?

The Commissioners

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Coordination:

The Antitrust and Indemnity Group of NRR and the Office of Standards Development concur in this paper. The Office of the Executive Legal Director has no legal objection.



Harold R. Denton, Director
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4/30/80

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