

Central File

Steyer

Carolina Power & Light Company

October 30, 1979

Mr. Robert Bernero
Assistant Director for Material Safety Standards
Office of Standards Development
United States Nuclear Regulatory Commission
Washington, D. C. 20555

Re: Comments on NRC Staff Draft of NUREG-0584, "Assuring the Availability of Funds for Decommissioning Nuclear Facilities"

Dear Mr. Bernero:

We have reviewed the draft staff position paper (NUREG-0584) prepared by Mr. Robert S. Wood in the Antitrust and Indemnity Group of the Office of Nuclear Reactor Regulation and attended a workshop held in Columbia, South Carolina, on September 12-14, 1979 to review the draft. Our own studies of the important questions concerning decommissioning raised by the draft document are of an ongoing nature. While we have thus not yet reached final conclusions of our own, there are two comments we would like to make at this time concerning the alternatives discussed in NUREG-0584.

First, even though our studies on the costs of the various alternatives for funding decommissioning are not complete, we have concluded that the option of "funding-at-commissioning" is the least attractive of the several options presented in the current draft of NUREG-0584. While it may provide some additional assurance that funds will be available at decommissioning, we believe that both the tangible and intangible costs associated with this method of funding are excessive in relation to the additional security provided. As compared at least to some of the other alternatives, the major advantage to "funding-at-commissioning" is an additional measure of protection in the event of the need for early decommissioning. But this can be provided by means of an insurance or pooling arrangement at much less cost. Moreover, since one of the firmest guarantees of decommissioning when and as needed is a strong and viable utility, the impact on coverage ratios, costs of capital and overall financial stability associated with borrowing large sums for "funding-at-commissioning" should not be underestimated.

Our second comment concerns the time at which decommissioning will take place. We do not agree that immediate decommissioning is necessary or that it should be considered as the norm or the goal. There are many advantages to delaying actual dismantling of a facility until a number of years after operation has ceased. We also have trouble believing that there is a cost savings associated with immediate dismantling and are especially skeptical that local property taxes play a significant role in the economic analysis.

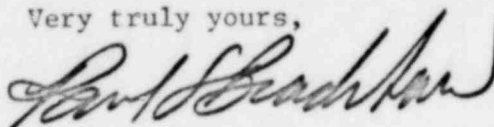
We do not have a copy of several documents that are referenced (see attached List of Papers Referenced) in the position paper. Please let us know how we can obtain copies or, if circumstances permit, send us copies. We believe that a review of these will help us in our deliberations.

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As our own studies of the various alternatives available for ultimately handling decommissioning costs continue, we would like to feel free to share our conclusions with you. We would also urge that before any formal staff guidance on handling decommissioning costs are developed that a draft of the staff's position be circulated for comment prior to its being utilized in any actual decision-making in the licensing context.

Very truly yours,



Paul S. Bradsnaw
Controller and Chief
Accounting Officer

CDM:gw

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List of Papers Referenced

1. "Cost and Financing of Reactor Decommissioning: Some Considerations" by Vincent Schwent, California Energy Commission, Sept., 1978.
2. Decost Computer Routine For Decommissioning Cost and Funding Analysis (NUREG-0514) Barry C. Mingst.
3. Technology, Safety and Costs of Decommissioning a Reference Low-Level Waste Burial Ground, Vol. 2, E. S. Murphy & G. M. Holter, March, 1979. (NUREG-CR-0570).
4. Task Force Report on Bonding and Perpetual Care of Licensed Nuclear Activities; April 5, 1976. Conference of Radiation Control Program Directors.

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