



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

November 21, 1995

OFFICE OF THE
SECRETARY

Ms. Caren Byrd
Principal
Morgan Stanley & Co.,
Incorporated
1585 Broadway
New York, N.Y. 10036

Dear Ms. Byrd:

The Commission is looking forward to meeting with you at 10:00 a.m., Thursday, December 14, 1995, in our headquarters at One White Flint North. The meeting has been scheduled for two hours. Since there will be other speakers and the Commission desires additional time for questions, your presentation should be planned for fifteen minutes or less. If you feel that more time is necessary, please contact me so that arrangements can be made to accommodate you. A copy of the proposed agenda is enclosed.

To assist you in preparing your presentation, the Chairman has provided the enclosed questions the Commission would like to discuss at the meeting. The Commission would appreciate your addressing these questions as appropriate during your presentation and/or during the following discussion.

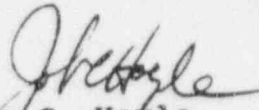
Because the meeting room has a relatively sophisticated television graphics system, I am enclosing guidelines for preparing your briefing visuals if you choose to use them. As I am sure you are aware, most Commission meetings, including the December meeting in which you and others will participate, are open to public attendance. It is our practice to make any prepared statements, outline, viewgraphs, or other handouts available to public attendees at the meeting. The Commission would appreciate receiving about 20 copies of your prepared statement, outline, viewgraphs, or handouts by Thursday, December 7, 1995 for Commission and NRC staff review, and your bringing approximately 90 copies of such material with you on December 14 for use by members of the public.

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Our office is located adjacent to the White Flint Metro Station on Rockville Pike. Reserved visitor parking for Commission guests is available in the building garage. The entrance is at the rear of the building. Please check with the security staff at the entrance to the garage when you arrive.

Sincerely,


John C. Hoyle
Secretary

Enclosures:

1. Proposed Agenda
2. Questions for Discussion
3. Guidelines for Preparing Briefing Visuals

11/21/95

SCHEDULING NOTES

Title: Briefing on Industry Restructuring and Deregulation

Scheduled: 10:00 a.m., Thursday, December 14, 1995 (PUBLIC)

Duration: Approx 2 hrs

Participants:

- Elizabeth Ann Moler, Chair (15 mins)
Federal Energy Regulatory Commission
- Robert W. Gee, Commissioner (15 mins)
Public Utility Commission of Texas
Chairman, Electricity Committee of
National Association of Regulatory Utility
Commissioners
- E. Linn Draper, Jr., Ph.D. (15 mins)
Chairman, President and CEO
American Electric Power Service Corporation
- Caren Byrd (15 mins)
Principal
Morgan Stanley & Co., Incorporated

**QUESTIONS FOR DISCUSSION IN DECEMBER 14, 1995
BRIEFING ON ELECTRIC UTILITY INDUSTRY
RESTRUCTURING AND DEREGULATION**

The U.S. electric utility industry faces substantial challenges that could change utility business practices. At the present time, the industry is restructuring in an effort to stay competitive, to lower electric rates to consumers, and to respond to Federal and State regulatory initiatives. Policy decisions of the State Public Utility Commissions and the Federal Energy Regulatory Commission are the source of much of this activity, and different States are approaching the new possibilities in quite different ways. Rate deregulation and competition will pose unique challenges to U.S. utilities and possibly NRC that, as of today, are not completely defined. The NRC must keep abreast of how rate deregulation, competition, and economic constraints affect reactor licensees. The concern that the Commission has as the safety regulator of the nuclear utility industry, is, in a competitive market, that nuclear electric generators continue to maintain high safety standards, with sufficient resources devoted to nuclear operations, and that decommissioning funding assurance be maintained. The NRC must determine whether our current regulatory requirements are fully adequate or whether additional rulemaking is necessary as a result of this changing business environment. The Commission would like to discuss these issues related to economic competition and restructuring in the electric utility industry and the following questions may be useful in leading the discussion:

1. What are the nature of the changes you see most likely taking place in the electric utility industry in the years ahead?
2. What patterns of rate regulation/de-regulation do you see developing at the State and Federal level?
3. What is the likely timetable for industry restructuring and deregulation?
4. Some States appear to oppose deregulation in the forms under discussion to date. To what extent do you think it is likely that hybrid or very diverse approaches may develop which could make it difficult for us to develop generic funding requirements?
5. One consequence of utilities entering a highly competitive environment which is being observed is the utility being left with underutilized, uneconomic generating capacity (i.e., so called "stranded investments"). Some of these could be nuclear units. Please comment on what you would

see as the regulatory implications for the NRC in meeting its responsibilities in two respects: 1) the general financial assurances to conduct safe nuclear operations, i.e., sufficient funds for operating and maintenance, and 2) the adequacy of funds for decommissioning. Include circumstances in which nuclear power plants are shut down prematurely.

6. If competitive pressures are such that nuclear plants will be shut down prematurely, are there current estimates by the nuclear and financial industries of how many might be shut down? Over what time period?
7. The existing utility industry has been seen as providing an assured source of funds due to its regulatory environment, i.e., economic regulation including a fixed rate of return on investors capital and an exclusive franchise for the utility operation within its service area. As utilities move to a much more competitive market structure, do you see a need for the NRC to seek a higher level of financial assurance for safe operation and decommissioning beyond that now required?
8. What would you expect the impact on the industry to be if the NRC were to require a financial assurance mechanism for the full amount of decommissioning costs as a condition of approving reorganizations that would remove an operator from rate-setting regulatory oversight by State and Federal regulatory bodies?
9. What would be the impact if the NRC required, as a condition of approval of certain reorganizations involving transfer of control of a nuclear power plant, that newly created organizations or holding companies sign a binding agreement that held them jointly liable for decommissioning costs associated with the nuclear power plant?
10. What would you foresee as the impact of an NRC requirement that licensees accelerate collection of decommissioning funds such that decommissioning funding for all plants would be complete within 10 years (or some other time period)?
11. Would it be feasible for the nuclear industry to develop a captive insurance pool to pay for decommissioning funding shortfalls that result from premature decommissioning? Could such a pool be structured similarly to Nuclear Mutual Limited and Nuclear Electric Insurance Limited, who currently insure on-site property damage and replacement power of member utilities?

12. The NRC is considering rulemaking to address the safety implications of electric utility restructuring. Will you be willing to comment on rulemaking that the NRC proposes?
13. Based on your current knowledge of proposed reorganizations, what advice or concerns do you have that the NRC should address in establishing a Commission policy framework from which to view new changes as they are being proposed?

GENERAL GUIDELINES FOR
VIEWGRAPHS

1. Arrange all visuals in a 3 by 4 configuration (e.g., 3 units in the y-axis and 4 units in the x-axis). This will conform your visuals to the 3 by 4 television monitors.
2. Limit your alphanumeric script to 13 lines vertical and 40 characters horizontal per lines.
3. Type sizes are **BOLD** 30-point for titles and no less than **BOLD** 20-point for body text. Use no less than **BOLD** 24-point for body text if lower case letters are used.
4. Maximum image area of 6- (vertical) by 8-inch (horizontal) on 8.5 x 11 sheet of paper.
5. It may be helpful to number the viewgraphs.



ADVANCED REACTOR TECHNICAL ISSUES

February 3, 1995

**Ashok C. Thadani
Alan Levin**

AP-600 PASSIVE SYSTEM T/H RELIABILITY

- **Passive safety systems rely on natural forces, such as gravity and stored energy to perform their functions**
- **Such forces are relatively small compared to pumped systems; their magnitude vary from one scenario to another**
- **This requires assessment of the passive system T/H performance reliability**
- **Quantification of passive system T/H performance reliability is very difficult**

CORE SHROUD INSPECTIONS/REPAIRS

Category B and C Plants

