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Southern Nuclear Operating Company
the southern electric system

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June 24, 1996

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Docket Nos. 50-348
50-364

Mr. John C. Hoyle, Secretary
U. S. Nuclear Regulatory Commission
ATTN: Docketing and Service Branch
Washington, D. C. 20555

DOCKET NUMBER
PROPOSED RULE PR 50
(61FR15427) (35)

Comments on Advanced Notice of Proposed Rulemaking
"Financial Assurance Requirements for Decommissioning Nuclear Power Reactors"
(61 Federal Register 15427 dated April 8, 1996)

Dear Sir:

Southern Nuclear Operating Company has reviewed the Advanced Notice of Proposed Rulemaking (ANPR) "Financial Assurance Requirements for Decommissioning Nuclear Power Reactors," published in the Federal Register on April 8, 1996. In accordance with request for comments, Southern Nuclear Operating Company (Southern Nuclear) endorses comments of the Nuclear Energy Institute (NEI). NEI's comments accurately convey Southern Nuclear's position on the referenced ANPR. In addition, Southern Nuclear offers the following comments for your consideration.

We agree with NEI that as long as licensees recover all or part of their costs under the authority of state or federal regulations, the current regulatory framework is adequate to assure that funds will be available to safely decommission the nation's nuclear power plants. Any rule proposed by NRC to assure funding in the event of a totally deregulated industry should avoid prescriptive measures, such as a requirement that financial surety be provided or that collection of decommissioning funds be accelerated. Southern Nuclear strongly suggests that the NRC consider the uncertainty associated with the restructuring of the electric utility industry and allow licensees flexibility in demonstrating assurance of adequate decommissioning funds. Moreover, the NRC should recognize that its current regulatory authority is sufficient to assure that a licensee's expenditures for operations and maintenance are sufficient to provide adequate assurance of public health and safety.

As reflected in the NEI comments, the NRC should require the same degree of assurance that adequate funds will be available for the safe decommissioning of all U.S. nuclear plants, regardless of the type of entity that owns the plant. For example, federal licensees should be subject to the same decommissioning requirements as investor-owned nuclear utilities. Such a result is not only necessary to assure adequate decommissioning funding, it is consistent with the transition to equitable competition.

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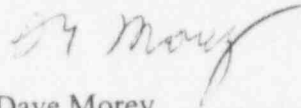
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Finally, we urge the NRC to carefully consider the effect of any rule it might propose on the economic viability of the nuclear industry. Unnecessary prescriptive measures, which may be based on misconceptions regarding the rate or extent of deregulation, could increase operating and maintenance costs for some licensees and be counter-productive to the NRC's goal of ensuring that adequate decommissioning funds are available when needed. For this reason, the NRC should monitor the process of deregulation closely and impose additional financial assurance requirements only as market conditions justify them.

Should you have any questions, please advise.

Respectfully submitted,



Dave Morey

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cc: Southern Nuclear Operating Company
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U. S. Nuclear Regulatory Commission, Washington, DC
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U. S. Nuclear Regulatory Commission, Region II
S. D. Ebnetter, Regional Administrator
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