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the southern electric system

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Senior Vice President
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Office of Administration and Resources Management
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

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ATTENTION: Regulatory Publications Branch, DFIPS

6/14/89

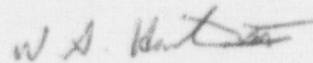
Comments on NRC Proposed Regulatory Guide
"Assuring the Availability of Funds for
Decommissioning Nuclear Reactors"

Dear Sir:

In May 1989, the Nuclear Regulatory Commission (NRC) published a proposed regulatory guide on "Assuring the Availability of Funds for Decommissioning Nuclear Reactors" and invited comments by August 4, 1989. The NRC has since indicated that comments received up to two weeks late will be accepted. Georgia Power Company has monitored the efforts of NUMARC and EEI with regard to this proposed rulemaking. In accordance with this request for comments, Georgia Power Company hereby endorses the NUMARC and EEI comments which were provided to the NRC on August 4, 1989. In addition, Georgia Power Company provides the enclosed supplemental comments.

Georgia Power Company appreciates the opportunity to comment on the proposed regulatory guide. If you have any questions, please contact our office.

Sincerely,


W. G. Hairston, III

WGH/CRP:db
Enclosure

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cc: Georgia Power Company

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U. S. Nuclear Regulatory Commission, Washington, D.C.

Mr. L. P. Crocker, Licensing Project Manager - Hatch

Mr. J. B. Hopkins, Licensing Project Manager - Vogtle

U. S. Nuclear Regulatory Commission, Region II

Mr. S. D. Ebnetter, Regional Administrator

Mr. J. E. Menning, Senior Resident Inspector - Hatch

Mr. J. F. Rogge, Senior Resident Inspector, Operations - Vogtle

Comments on Proposed Regulatory Guide
"Assuring the Availability of
Funds for Nuclear Power Plants"

1. RE Section 1, Introduction, last paragraph, last sentence, Page 4, which states:

It is expected that the decommissioning fund available at the time of reactor shutdown will not differ significantly from the actual costs of decommissioning.

Comment: The reactor shutdown date may precede decommissioning activities by as much as five years or more. In the case of multiple-unit plants, actual decommissioning activities (for all units) will invariably be delayed until the last unit is shut down. How will this delay impact required funding levels (particularly with regard to the oldest unit)?

2. RE Section 2.1, Discussion, Paragraph 2.1.1, Page 14, which states:

The funding method should provide that if more than one licensee owns a facility, there is clear indication of funding provisions made by each licensee. Multiple licensees may, at their discretion, pool decommissioning funds for the same facility.

Comment: Which licensee is responsible for making the "clear indication?" Or are multiple licensees required to file jointly?

In the case of a joint filing, the NRC should clarify the responsibilities of each licensee. Would subsequent revisions be done on a joint-filing basis? If the NRC had questions concerning one licensee's funding plan, would it correspond with all licensees, or only the one in question?

3. RE Section 2.1, Regulatory Position, Paragraph 2.1.2, Page 14, which states:

The applicant or licensee should indicate that the method used is at least equal in amount to the estimated or certified decommissioning cost for the facility.

Comment: This would better read . . . "that the method used should result in a cost estimate that is at least equal to the estimated or certified decommissioning cost for the facility."

4. RE Section 2.1, Regulatory Position, Paragraph 2.1.6.1, Page 15, which states:

If the licensee decides to change the funding method during the life of the facility, a revised funding method should be submitted...The existing funding method is to be maintained until the licensee has submitted a new certificate of financial assurance.

Comment: What constitutes a change in funding method? What distinguishes a change in method from a change in funding level?

5. RE Section 2.2, Regulatory Position, Paragraph 2.2.4, Page 16, which states:

Any trust investments complying with IRS Code Section 468A or with explicit instructions from a utility's state public utility commission or from the Federal Energy Regulatory Commission would be acceptable to the NRC staff.

Comment: The NRC text would seemingly mandate that a utility invest funds based upon instructions provided by its state commission or the FERC. We do not believe the state commission, the NRC or the FERC needs to provide such investment instructions.

If the NRC were to insist that utilities invest in funds as directed by its state commission or the FERC, the question of FERC's preemptive rights should be addressed. If a utility invests in non-Black Lung securities, with its state commission's approval, could the FERC overrule the State? Does the FERC have preemptive rights in designating acceptable trust investments?

6. RE Section 2.2, Regulatory Position, paragraph 2.4.5, Page 16, which states:

Annual deposits in an external sinking fund, including projected earnings, should be at least equal to the total amount remaining to be accumulated, divided by the remaining years of the license.

Comment: The calculation of the "total amount remaining to be accumulated" needs further clarification. If a utility bases its decommissioning estimate on a site-specific study, it may compile the estimate in current dollars (inflation-to-date), future dollars (projected inflation), or some combination of both. In such cases, the particular assumption used by the utility in compiling its estimate would impact the calculation of the "total amount remaining to be accumulated."

The most desirable interpretation, in light of the flexibility needed by utilities to accommodate NRC, state, and IRS requirements, would be to allow the utility to fund (at least) on a straight-line basis, recognizing inflation as it occurs.

7. RE Appendix A, Glossary of Financial Terms, regarding "External Sinking Fund," which states:

A fund established and maintained by periodically setting funds aside in an account segregated from licensee assets and outside the licensee's administrative control.

Comment: The phrase "outside the licensee's administrative control" is ambiguous. We would suggest qualifying the phrase as follows:

...outside the licensee's administrative control regarding custody of the assets, except in such cases as distributions are required for decommissioning purposes.

The utility should retain investment management discretion. The NRC should not require a utility to utilize an external investment manager.

8. RE Appendix B, Recommended Wording for Financial Assurance Instruments, Paragraph 4, Page B-3, regarding the disbursement of property in escrow account, includes the following statement:

No withdrawal from the account can exceed _____ percent of the outstanding balance of the escrow account or _____ dollars, whichever is greater unless NRC approval is attached.

Comment: It is not clear how this stipulation would be applied. Would it be used to prevent the withdrawal of excess moneys in an overfunded situation? If so, how would excess moneys be returned to the utility? Although the concept of using escrow funds only for bona fide decommissioning costs is sound, we would recommend that this provision be deleted.