

POLICY ISSUE INFORMATION

November 14, 2007

SECY-07-0200

FOR: The Commissioners

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SUBJECT: 2007 SUMMARY OF DECOMMISSIONING FUNDING STATUS
REPORTS FOR NUCLEAR POWER REACTORS

PURPOSE:

To summarize the staff's findings, based on the review of biennial decommissioning funding status reports from nuclear power reactor licensees. The reports reflect decommissioning funding status as of December 31, 2006, and were due to the NRC by March 31, 2007. This paper does not address any new commitments or resource implications.

BACKGROUND:

The *Code of Federal Regulations*, Title 10 (10 CFR), Section 50.75(f)(1), requires all nuclear power reactor licensees to submit decommissioning funding status reports every two years. As a framework for assessing these reports, the staff uses guidance from three primary sources: NUREG-1577, Rev. 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," dated February 1999; Regulatory Guide (RG) 1.159, Rev. 1, "Assuring the Availability of Funds for Decommissioning Nuclear Reactors," dated October 2003; and Office Instruction LIC-205, Rev. 1, "Procedures for NRC's Independent Analysis of Decommissioning Funding Assurance for Operating Nuclear Power Reactors," dated April 2006.

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DISCUSSION:

The staff has evaluated the information in the current biennial decommissioning funding status reports for all 104 operating nuclear power reactors.

Method of Determining Decommissioning Funding Assurance

To analyze the biennial decommissioning funding reports, the staff divided the licensees into two major categories: external sinking fund licensees who accumulate funds over time, and all other licensees. External sinking fund licensees are either: (1) electric utilities who are entitled to recover decommissioning costs through rates established by a State regulatory authority and, if there are wholesale sales, the Federal Energy Regulatory Commission (FERC); (2) self-regulated electric utilities who establish rates on their own to recover decommissioning costs; or (3) non-electric utilities who are indirectly regulated in the sense that they receive non-bypassable charges authorized by a regulatory authority.

External Sinking Fund Licensees

Licensees authorized to exclusively use external sinking funds are subject to a method of analysis that is based on the consideration of a number of factors. Generally, the staff analysis focuses on whether the schedules of annual amounts remaining to be collected by the licensees are adequate and reasonable, and whether the assumptions on rates of earnings are reasonable and adequately substantiated. Other considerations may be taken into account, such as whether the staff knows of a significant likelihood of premature permanent shutdown, or knows of relevant public utility commission actions that may impact future collections.

All Other Licensees

Some licensees are not authorized to use an external sinking fund as the exclusive method of decommissioning funding assurance. The staff analyzed these licensees' existing decommissioning fund balances and factored in earnings credits allowed by Nuclear Regulatory Commission (NRC) regulations. The staff also considered any supplemental decommissioning funding assurance mechanisms such as parent company guarantees. To determine whether currently estimated minimum decommissioning costs are covered by assured funding, the staff compared the total assured funding to the minimum decommissioning cost estimate for the particular unit calculated using NRC formulas in 10 CFR 50.75, "Reporting and recordkeeping for title decommissioning planning."

Results of NRC Staff Evaluations

The staff's findings are as follows:

- As of December 31, 2006, nuclear power reactor licensees collectively had approximately \$35.8 billion in external decommissioning trust accounts. This figure represents about 84 percent of the minimum decommissioning funds that will be needed at the time of permanent shutdown, based on 2006 calculations and the generic formulas in 10 CFR 50.75(c).

- After accounting for earnings credits and scheduled collections, the staff determined that, among licensees authorized to exclusively use external sinking funds, decommissioning funding assurance now equals or exceeds the latest available, NRC- determined, minimum amount.
- With respect to the licensees not authorized to exclusively use external sinking funds, including licensees that once received but no longer receive non-bypassable charges, the staff determined that all are providing adequate decommissioning funding assurance through prepaid funds and/or guarantees that are authorized by 10 CFR 50.75(c).

CONCLUSION:

The staff identified no concerns with the decommissioning funding assurance levels for the 104 operating nuclear power reactors. Therefore, no action needs to be taken by the NRC at this time.

COORDINATION:

The Office of General Counsel has reviewed this paper and has no legal objection.

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