

REVIEW OF NRC'S
DECOMMISSIONING FUND PROGRAM

OIG/99A-16 February 1, 2000

February 1, 2000

MEMORANDUM TO: William D. Travers
Executive Director for Operations

FROM: Thomas J. Barchi
Assistant Inspector General for Audits

SUBJECT: REVIEW OF NRC'S DECOMMISSIONING FUND PROGRAM

Attached is the Office of the Inspector General's audit report titled, "Review of NRC's Decommissioning Fund Program." The report reflects the results of this review.

On November 18, 1999, we provided draft copies of this report to your office. On December 16, 1999, the Deputy Executive Director for Reactor Programs responded to our draft report, and agreed, in general, with the report's recommendations. We believe implementation of the procedures described in his response will address the intent of our recommendations.

Attachment: As stated

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REPORT SYNOPSIS

The electric utility industry is experiencing complex new business arrangements, such as sales, mergers, and early shutdowns of nuclear power reactors. The Nuclear Regulatory Commission (NRC) has expressed concerns about the timing of these asset divestitures in relation to deregulation of the industry. These changes to the traditional structure of the electric utility industry have also contributed to the concerns about whether licensees are setting aside sufficient funds to decommission their nuclear power reactors. The Office of the Inspector General recently initiated an audit of NRC's decommissioning fund program in response to these concerns. The objectives of the audit were to determine the adequacy of (1) NRC's review of the licensees' decommissioning fund status reports, and (2) NRC's formulas for estimating total decommissioning costs.

Traditionally, the electric utility industry has functioned as a monopoly, with the rates closely regulated by State Public Utility Commissions and the Federal Energy Regulatory Commission. Utilities and their rate commissions have factored the cost of decommissioning into the current utility rate structures to be collected through utility charges to consumers. NRC now believes that deregulation could have profound impacts on the long term ability of power reactor licensees to obtain adequate funds to operate and decommission their plants.

In September 1998, the Agency amended its regulations on financial assurance requirements for decommissioning of nuclear power plants. The amended regulations required licensees to report on the status of their decommissioning funds by March 31, 1999, with subsequent reporting every two years thereafter. NRC reviewed the reports, which the licensees submitted in March, and prepared summary reports of the data.

Our assessment of NRC's review process disclosed that management controls over the process need improvement. Specifically, existing controls failed to ensure data accuracy. As a result, the usefulness of the accumulated decommissioning data is limited. Since this is the first reporting/review cycle under the new regulations, this is an opportune time to correct and strengthen the process for future reviews.

We also believe that the NRC should consider reassessing the reasonableness of its decommissioning formulas. Significant differences exist between the formula-based and site-specific estimates. Many licensees we spoke to stated that they use the formulas to fulfill NRC requirements, while placing greater reliance on the site-specific estimates. We believe the Agency should evaluate the relationship

between the formula-based and site-specific estimates, and consider using the site-specific data from the licensees to help reassess the reasonableness of the formulas.

Our report makes four recommendations for improving the Agency's decommissioning fund program.

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INTRODUCTION

Several factors have emerged in recent years that have changed the traditional structure of the electric utility industry. The industry is experiencing complex new business arrangements, such as sales, mergers, and accelerated plant decommissioning.⁽¹⁾ There are concerns about the timing of these asset divestitures in relation to deregulation of the industry. Against this backdrop of change, Congress has raised questions about whether licensees are setting aside sufficient funds to decommission their nuclear power reactors. The Nuclear Regulatory Commission (NRC) has recently amended its regulations regarding financial assurance by requiring that licensees report biennially on their decommissioning fund status.

In response to the concerns over decommissioning funding, the Office of the Inspector General initiated an audit of the NRC's decommissioning fund program. The objectives of the audit were to determine the adequacy of (1) the NRC's review of the licensees' decommissioning fund status reports, and (2) the NRC's formulas for estimating total decommissioning costs.

BACKGROUND

Licensees are required by NRC regulations to decommission their nuclear power plants after they shut down. NRC requires applicants to submit reports containing: (1) a cost estimate for decommissioning the plant, (2) an indication of the method they will use to provide the funds, e.g., prepayment, external sinking fund, surety method (see Appendix II), and (3) a description of the means of adjusting the cost estimate over the life of the plant. Additionally, Title 10 of the Code of Federal Regulations (CFR), Part 50.75(g), requires that licensees maintain records important to decommissioning until the license is terminated by the Commission.

Currently, there are 122 commercial nuclear power reactors. This includes 104 that are licensed to operate, and 18 that have been permanently shut down. Title 10 CFR, Part 50.75(c) provides formulas for estimating the minimum amount (in 1986 dollars) required to demonstrate reasonable assurance of funds for decommissioning. The industry has estimated the average cost of decommissioning a nuclear power reactor at approximately \$360 million (based on site-specific estimates in 1997 dollars).

¹ Decommissioning is the process of safely removing a facility from service, reducing residual radioactivity to a level that permits release of the property for unrestricted use (or under certain conditions, restricted use), and termination of the license.

NRC requires every licensee that operates a nuclear plant to certify that funds for decommissioning will be provided. Licensees generate these funds through utility charges to consumers. Traditionally, the electric utility industry has functioned as a regulated monopoly. It has provided essential electrical services under an exclusive franchise, with the rates closely regulated by State Public Utility Commissions and the Federal Energy Regulatory Commission. Utilities and their rate commissions have factored the cost of decommissioning (to be collected over the life of the plants) into current utility rates. Because of this established economic regulatory process, the NRC has previously exercised only limited financial oversight of its electric utility licensees. The Agency now believes that the increased competition that accompanies deregulation could have profound impacts on the long-term ability of power reactor licensees to accumulate adequate funds to safely decommission their plants. Therefore, NRC has recently been reassessing their assumptions regarding financial assurance of decommissioning funds.

This reassessment included taking steps toward ensuring that the funds will be available for decommissioning, whether a plant operates to the end of its operating license or shuts down prematurely. In September 1998, the Agency issued a final rule amending its regulations on financial assurance requirements for the decommissioning of nuclear power plants. The amended regulations require licensees to submit reports on the status of their decommissioning funds for each reactor that they own. The first reports under the amended regulations were due on March 31, 1999. Thereafter, licensees are required to report, at least every two years, on the status of their decommissioning funds. However, licensees must submit annual reports for any plant that is within five years of the projected end of operation, or involved in mergers or acquisitions. The Agency also published a standard review plan (SRP) which establishes review procedures for evaluating the biennial decommissioning fund status reports.

During the initial reporting in March 1999, NRC received 56 reports on the decommissioning fund status of the 122 commercial nuclear power reactors.⁽²⁾ The Office of Nuclear Reactor Regulation (NRR) summarized the licensees' decommissioning fund data, evaluated the data, and performed some follow-up.

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Some reports represent multiple owners of nuclear power reactors. The reports also may contain decommissioning data for multiple reactors.

RESULTS OF AUDIT

Our assessment of NRC's review process found that management controls over the process need improvement. We believe the management control weaknesses found during our audit limit the benefit that NRC could obtain from the data and other information collected in the decommissioning fund status reports. This is the first reporting/review cycle since NRC amended its requirements. Therefore, we believe this is an opportune time to improve the quality of the data gathered by correcting and strengthening the review process. We also believe that NRC should consider reassessing the reasonableness of its decommissioning formulas. Licensees stated that they use the formula to fulfill NRC's requirement, while placing greater reliance on site-specific estimates.

MANAGEMENT CONTROL WEAKNESSES LIMIT THE USEFULNESS OF THE DECOMMISSIONING FUND STATUS REPORTS

In September 1998, the NRC amended 10 CFR 50.75 to require that licensees submit decommissioning fund status reports by March 31, 1999. Our assessment of NRC's review found that the agency needs to improve management controls over the process. The management control weaknesses we found, and the related review errors, limit the usefulness of the collected data.

The amendment to 10 CFR 50.75, Reporting and recordkeeping for decommissioning planning, requires licensees to report periodically on the status of their decommissioning funds. In March 1999, the agency published NUREG-1577, Revision 1, Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance. The SRP describes the process for reviewing the decommissioning funding assurance provided by licensees, including evaluation of the decommissioning fund status reports. We used these Agency documents as our criteria for assessing NRC's review process.

As part of the staff's review, they prepared summary reports which (1) calculated total expected costs using 10 CFR Part 50 formulas, (2) compared the expected costs (per NRC's calculations) with the licensees' estimates, and (3) compared percentage of dollars collected with percentage of plant life used. Our analysis of those reports revealed review errors which we believe limit the usefulness of the collected data.

While regulations require that licensees report, at a minimum, the CFR formula-based decommissioning estimate, licensees may use a site-specific estimate as long as the CFR minimum is met. According to the SRP, the NRC formulas in 10 CFR 50.75(c) include only those decommissioning costs incurred by licensees to remove a facility or site safely from service and reduce residual radioactivity to a

level that permits release of the property for unrestricted use and termination of the license. The formulas do not include the costs of dismantling non-radiological systems and structures. Likewise, they do not include the costs of managing and storing spent fuel on a site. Therefore, the SRP requires the reviewer to ensure that licensees do not include such costs in their calculations; or if included, that they are separately identified and *not used for NRC-required decommissioning funding assurance*. We found, however, that NRC did not exclude non-radiological costs³ from the owner's site-specific estimates.

In preparing its reports, NRR did not recognize the separation between radiological and non-radiological decommissioning costs, even when provided by the licensee. For example, site-specific estimates for Palo Verde Units 1, 2, and 3, included all costs but provided a breakdown between the NRC-required (radiological) cost and the non-radiological portions. NRC's reports showed the total estimated amounts with no reference to inclusion of the non-radiological portions. Including the example cited, we found this treatment of non-radiological costs repeated ten times in NRC's reports. This contradicts the SRP guidance and results in inconsistency when aligned with formula-based estimates which relate only to the NRC-required cost. Because the summary reports, in many cases, contain radiological and non-radiological costs, the comparisons of some licensees' estimates with the formula estimates are not valid.

We also found other discrepancies between the licensees' reported data and NRC's summaries of that data. Two significant instances were:

- The Tennessee Valley Authority (TVA) used combined reporting for reactor units residing at the same site. For the Browns Ferry plant, where three reactor units are located, TVA reported a "Cost per Unit" amount of \$372 million as the decommissioning cost estimate. NRR erroneously divided the amount by 3 and recorded \$124 million for each unit, which was substantially below the NRC's minimum allowable estimate.
- The Sacramento Municipal Utility District reported a decommissioning estimate of \$459 million for its Rancho Seco Nuclear Generating Station for 1998. They attached a supplemental schedule showing the calculation of that amount. The schedule also showed the estimated amount escalated for each calendar year through 2027. Although NRR should have used the 1998 estimate of \$459 million, they used \$542 million, the decommissioning estimate escalated through 2027.

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Cost of dismantling or demolishing systems and structures not contaminated by radioactive substances.

In addition to the issues noted above, we found that eight reports (out of the 56 status reports NRC received) did not contain responses to all reporting criteria. According to 10 CFR 50.75 and guidance provided in the SRP, NRC requires licensees to report the following information for each reactor that it owns:

- 1) the amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75 (b) and (c), or a site-specific estimate as appropriate;
- 2) the amount accumulated to the end of the calendar year preceding the date of the report;
- 3) a schedule of the annual amounts remaining to be collected;
- 4) the assumptions used regarding rates of escalation in decommissioning costs, rates of earning on decommissioning funds, and rates of other factors used in funding projections;
- 5) any contracts the licensee is relying on pursuant to 10 CFR 50.75(e)(1)(ii)(C);
- 6) any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report; and
- 7) any material changes to trust agreements.

All licensees reported information to satisfy the first four requirements. For the final three requirements, most licensees responded with the requested information, or provided a negative response. However, eight licensees did not respond to all of the last three requirements. NRC did not document these omissions or perform follow-up. We discussed the omissions during our exit interview with NRR. NRR believes that the language in the regulation does not require a response if the response is negative. Since 48 out of 56 reports contained negative responses to some of the final three requirements, we believe the language is confusing. We also believe that the Agency should require a response for any question deemed a financial assurance requirement. The Agency should not assume that an unanswered question indicates a negative response.

Even though the SRP was in place at the time, NRR did not follow it in planning its review, nor did it implement adequate quality control or quality assurance procedures. As a result, there were inconsistencies in the recording of the

licensees' data. Additionally, the Agency did not follow-up on apparent omissions of required information. We believe the problems we found demonstrate management control weaknesses, and that the Agency should take steps to correct these weaknesses in order to strengthen the process for future reviews.

NRC SHOULD CONSIDER REASSESSING THE REASONABLENESS OF ITS DECOMMISSIONING FORMULAS

In 1986, the Agency developed formulas for estimating the minimum amounts required to demonstrate reasonable assurance of funds for decommissioning. However, when compared to recent site-specific estimates, we found that the site-specific estimates exceed the formula-based estimates. We also found that licensees place greater reliance on their site-specific estimates than on the formulas. Therefore, we believe that NRC should evaluate the relationship between the formula-based and site-specific estimates and consider whether the 1986 formulas should be reassessed.

In our review of the licensees' decommissioning fund status reports, and during our interviews with licensees, we obtained site-specific estimates for 34 sites.⁽⁴⁾ Site-specific decommissioning estimates could include costs for clean-up and restoration activities over and above NRC's required radiological cost, but a breakdown between the radiological and non-radiological costs is required. In order to make a valid comparison, we used only the NRC-required amount (radiological portion) of the estimates. For these 34 sites, we compared the radiological site-specific estimates with the NRC formula estimates and found that the site-specific estimates exceeded the formula estimates by 27 percent.

We talked with nine licensees about the variances between site-specific and formula-based estimates. Some stated that site-specific estimates are prepared on a line item basis, and not every line item fits within the formulas' labor, energy or burial charges categories. Some also said that the formulas do not account for technological advances within the industry. Many of the licensees stated that they use the formulas to fulfill the NRC requirement, but they believe their site-specific estimates are more accurate.

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We eliminated sites with power levels below 1000 Megawatts Thermal because they were not representative of the power level at the majority of the licensed power facilities.

During our audit, NRR staff told us that the Agency was in the process of updating the decommissioning formulas. However, we learned that no work to update the formula is underway. The staff involved in the rulemaking initiative made three attempts to do work in this area, but the Commission has put these efforts on hold while waiting for actual decommissioning data that is representative of the industry.

NRR staff told us that each nuclear power reactor is unique, and that there is no one-size-fits-all decommissioning process. They advised that because the process will vary, decommissioning funding requirements will also vary. As a result, there may be no representative decommissioning data to provide a standard when evaluating the decommissioning formulas.

CONCLUSION

Our audit of NRC's decommissioning fund program found management control weaknesses in the review process, which we believe limit the usefulness of the collected data. The requirement for decommissioning fund status reports has created a valuable source of data, and other information, for the Agency to use as the deregulation of the industry unfolds. However, if the information is to provide value to the Agency in its planning and reassessment of existing regulations, a review process must be in place which ensures the reliability of the information and data collected. During our assessment of the Agency's review process, we found review errors symptomatic of management control weaknesses. These included recording errors, missing requirements not identified, inadequate documentation and follow-up, and lack of quality control procedures. Since this is the first reporting/review cycle following the amendment of NRC's reporting and recordkeeping requirements, we believe this is an opportune time to correct and strengthen the review process for future use.

NRC's decommissioning formulas were developed in 1986 and may now be outdated. Significant differences exist between the formula-based and site-specific estimates, and licensees could draw little parallel between the two for analytical purposes. Many of the licensees we spoke to said they use the formulas to fulfill the NRC requirement, but they believe the site-specific estimates are more accurate.

RECOMMENDATIONS

We recommend that the Executive Director for Operations ensure that the following actions are taken to improve NRC's decommissioning fund program:

- 1) Ensure quality control by having the results of the review examined by an individual other than the primary reviewer, and by documenting all problems found and tracking actions taken to reach resolution;
- 2) Implement review procedures consistent with the SRP to ensure all the reporting requirements are met and that consistency in the reported data is achieved. This should include the identification and exclusion of non-radiological costs as specified in the SRP;
- 3) Conduct a lessons learned exercise to strengthen and enhance the review process; and
- 4) Evaluate the relationship between formula-based and site-specific estimates and consider reassessing the reasonableness of NRC's decommissioning formulas.

OIG COMMENTS ON AGENCY RESPONSE

On December 16, 1999, the Deputy Executive Director for Reactor Programs (DEDR) responded to our draft report. His response was generally in agreement with our findings and included planned actions to address our concerns. We believe these actions will address the intent of our recommendations. Where wording preferences were indicated by the DEDR, we have incorporated them into our report. The response is included, in its entirety, in Appendix III.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were (1) to determine the adequacy of NRC's review of the licensees' decommissioning fund status reports, and (2) to determine the adequacy of NRC's formulas for estimating total decommissioning costs.

We determined the licensees' reporting requirements by reviewing 10 CFR 50.75, Reporting and recordkeeping for decommissioning planning, and performed a 100% review of the 56 decommissioning fund status reports to determine if the requirements were met. We also reviewed the following:

- | | |
|------------------------|--|
| NUREG-1577, Revision 1 | <u>Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance</u> |
| Regulatory Guide 1.159 | <u>Assuring the Availability of Funds for Decommissioning Nuclear Power Reactors</u> |
| NUREG-1307, Revision 8 | <u>Report of Waste Burial Charges</u> |

We met with NRR staff responsible for collecting, reviewing, and responding to the licensees' reports, and examined the Decommissioning Funding Status Reports that the Agency prepared as a result of their review. Our audit included assessing the management controls over the review process. We also performed an independent examination of the licensees' reports.

Our audit also included interviews with selected nuclear power plant licensees, the Director of Plant Support at the Nuclear Energy Institute, NRC staff involved in the decommissioning rulemaking initiative, and NRC staff who participated in the development of the decommissioning formulas.

We conducted our audit from June 1999 to September 1999 in accordance with generally accepted government auditing standards.

GLOSSARY

External sinking fund - a fund established and maintained by setting funds aside periodically in an account segregated from licensee assets and outside the licensee's administrative control. An external sinking fund may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities.

Prepayment - the deposit of cash or liquid assets, prior to the start of operation, into an account segregated from licensee assets and outside the licensee's administrative control. Prepayment may be in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities.

Surety method (or insurance) - these methods guarantee that decommissioning costs will be paid. A surety may be in the form of a surety bond, letter of credit, or line of credit.

AGENCY RESPONSE TO DRAFT REPORT

December 16, 1999

MEMORANDUM TO: Hubert T. Bell
Inspector General

FROM: Frank J. Miraglia, Jr. /s/
Deputy Executive Director
for Regulatory Programs

SUBJECT: OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT AUDIT
REPORT -- REVIEW OF NRC'S DECOMMISSIONING FUND
PROGRAM

This responds to the November 18, 1999, memorandum transmitting the subject draft audit report. With respect to your specific recommendations, I submit the following:

Recommendation 1

Ensure quality control by having the results of the review examined by an individual other than the primary reviewer, and by documenting all problems found and tracking actions taken to reach resolution.

Response

Agree. Some mistakes were made doing the first-of-a-kind review of the decommissioning fund status reports. The staff will implement quality control of its reviews to minimize mistakes during the next status report review cycle in March 2001. However, as OIG indicated in its September 30, 1999, exit conference with staff, none of these errors affected the staff's conclusions and summary information presented to the Commission in SECY-99-170 ("Summary of Decommissioning Fund Status Reports"). Nevertheless, OIG's recommendation will facilitate process improvement initiatives that the staff has already begun.

Recommendation 2

Implement review procedures consistent with the SRP ["Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," NUREG-1577, Rev. 1] to ensure all the reporting requirements are met and that consistency in the reported data is achieved. This should include the identification and exclusion of non-radiological costs as specified in the SRP.

CONTACT: R. Wood, NRR/DRIP
415-1255

Response

Agree in part and disagree in part. The staff agrees that procedures outlined in the SRP should be followed with respect to differentiating, for regulatory purposes, between radiological and non-radiological costs included in licensee estimates and intends to do so in the next round of reports in March 2001. However, the staff notes that the summary report that it prepared only meant to show the level of licensees' estimates in terms of the collection targets that licensees were using. The staff did not intend that the summary report provide a direct comparison between radiological decommissioning cost components in licensees' site-specific estimates and those in the generic formula amounts in 10 CFR 50.75(c). The staff also notes, as the OIG recognizes, that the NRC's regulations in 10 CFR 50.82(a)(8) contain explicit guidelines with respect to when and for what purpose funds may be withdrawn from decommissioning trusts. Deposits to unsegregated decommissioning trusts made by licensees that include funds for performing non-radiological decommissioning-related activities are also subject to the withdrawal restrictions contained in 10 CFR 50.82(a)(8).

We disagree with respect to another aspect of OIG's recommendation contained in the body of the audit report. As provided in 10 CFR 50.75(f)(1), the biennial report must include, in part, "... any contracts upon which the licensee is relying pursuant to paragraph (e)(1)(v) of this section; any modifications occurring to a licensee's current method of providing financial assurance since the last submitted report; and any material changes to trust agreements." (Emphasis added.) The staff believes that the wording of these report items means that licensees are not required to report them if the items are not applicable. Thus, for example, if a licensee is relying on a contract, it must report that fact. However, if no contract exists, a licensee is not required to report that it has no contract. The staff also believes that the SRP accurately reflects this reading of the reporting requirements. The staff intends to evaluate the need for amending the regulations to require reporting negatively in situations where a particular report item is not applicable. However, because of the low safety significance of this recommendation, the staff considers this rulemaking a low priority.

Recommendation 3

Conduct a lessons learned exercise to strengthen and enhance the review process.

Response

Agree. The staff intends to use the OIG report and other findings in its evaluation of the lessons learned from its compilation of the initial decommissioning fund status reports. This will be an internal process evaluation that the staff will complete in time for the next biennial reports due to be submitted by March 2001.

Recommendation 4

Evaluate the relationship between formula-based and site-specific estimates and consider reassessing the reasonableness of NRC's decommissioning formulas.

Response

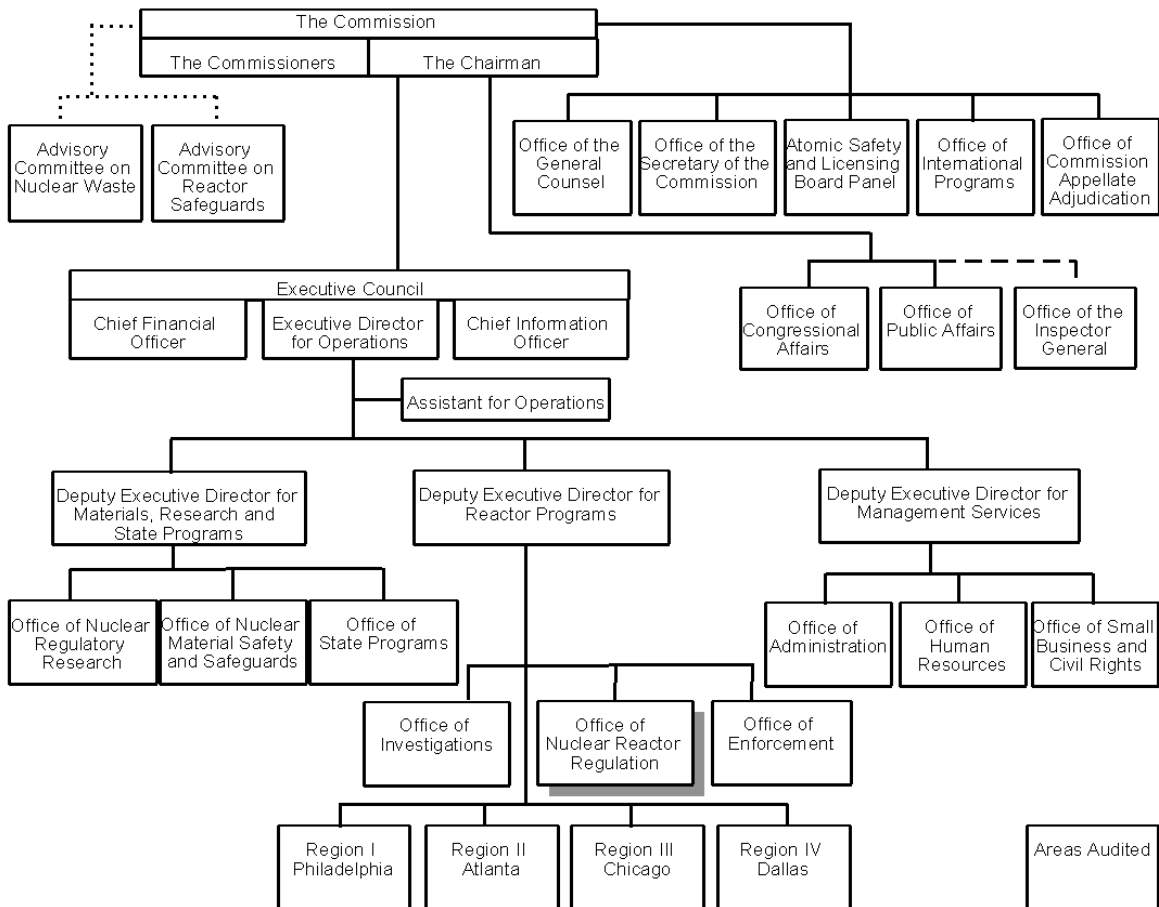
Agree. The staff believes that site-specific cost estimates are likely to capture more accurately actual decommissioning costs at specific sites. On October 6, 1999, the staff sent to the Commission a memorandum, "Recent Developments with Respect to a Proposed Rule on Nuclear Power Reactor Decommissioning Costs," that outlined the staff intended actions and schedules in this area. As discussed in that memorandum, because of limited decommissioning experience so far, and the limited applicability of the experience of those plants that have been decommissioned, the staff would have difficulty at this point in evaluating individual site-specific cost estimates. For example, the Trojan plant has been the first full-size PWR to undergo decommissioning. However, the method that was used -- i.e., shipping the pressure vessel intact down the Columbia River for disposal at Hanford -- is not an option that is available to other facilities. Thus, cost data from Trojan that the staff might have otherwise used as a basis to evaluate other site-specific decommissioning plans, has proven to be not particularly relevant. Until the staff obtains additional data, it will be difficult to abandon the generic formulas and use only site-specific studies as a cost basis. Similarly, given that most licensees are collecting higher site-specific estimates anyway, the staff believes that it would not be an efficient use of resources to develop new generic formulas. Rather, the staff's preferred approach is to accept OIG's recommendation, but will defer implementation until a future time when a sufficiently detailed cost basis needed to evaluate site-specific estimates has been developed.

Additional Comments on the OIG Draft Audit Report

1. The first sentence of page 2 reads, "As a condition for obtaining a license to operate a nuclear power reactor, applicants must commit to decommissioning the plant after it shuts down." The staff believes that this statement may be misleading to some in that it may be interpreted to refer to "license conditions." It is more accurate to state that licensees are required by the NRC's regulations to decommission their plants after they shut down.
2. The bottom of the first paragraph of page 2 reads, "Under the original regulations, NRC required that the licensees maintain records important to decommissioning until the license is terminated by the Commission." This can be read to imply that this requirement no longer exists. However 10 CFR 50.75(g) still contains this requirement.
3. The bottom of page 7 describes an error in the summary report with respect to the Tennessee Valley Authority's reporting of its decommissioning funds on a per-site versus a per-reactor basis. However, the staff had already taken measures to correct this error in its own review of the summary reports prior to the OIG's report.

cc: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

NRC ORGANIZATIONAL CHART



MAJOR CONTRIBUTORS TO THIS REPORT

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OFFICE OF THE INSPECTOR GENERAL PRODUCTS

INVESTIGATIVE

1. *INVESTIGATIVE REPORT - WHITE COVER*

An Investigative Report documents pertinent facts of a case and describes available evidence relevant to allegations against individuals, including aspects of an allegation not substantiated. Investigative reports do not recommend disciplinary action against individual employees. Investigative reports are sensitive documents and contain information subject to the Privacy Act restrictions. Reports are given to officials and managers who have a need to know in order to properly determine whether administrative action is warranted. The agency is expected to advise the OIG within 90 days of receiving the investigative report as to what disciplinary or other action has been taken in response to investigative report findings.

2. *EVENT INQUIRY - GREEN COVER*

The Event Inquiry is an investigative product that documents the examination of events or agency actions that do not focus specifically on individual misconduct. These reports identify institutional weaknesses that led to or allowed a problem to occur. The agency is requested to advise the OIG of managerial initiatives taken in response to issues identified in these reports but tracking its recommendations is not required.

3. *MANAGEMENT IMPLICATIONS REPORT (MIR) - MEMORANDUM*

MIRs provide a "ROOT CAUSE" analysis sufficient for managers to facilitate correction of problems and to avoid similar issues in the future. Agency tracking of recommendations is not required.

AUDIT

4. *AUDIT REPORT - BLUE COVER*

An Audit Report is the documentation of the review, recommendations, and findings resulting from an objective assessment of a program, function, or activity. Audits follow a defined procedure that allows for agency review and comment on draft audit reports. The audit results are also reported in the OIG's "Semiannual Report" to the Congress. Tracking of audit report recommendations and agency response is required.

5. *SPECIAL EVALUATION REPORT - BURGUNDY COVER*

A Special Evaluation Report documents the results of short-term, limited assessments. It provides an initial, quick response to a question or issue, and data to determine whether an in-depth independent audit should be planned. Agency tracking of recommendations is not required.

REGULATORY

6. *REGULATORY COMMENTARY - BROWN COVER*

Regulatory Commentary is the review of existing and proposed legislation, regulations, and policies so as to assist the agency in preventing and detecting fraud, waste, and abuse in programs and operations. Commentaries cite the IG Act as authority for the review, state the specific law, regulation or policy examined, pertinent background information considered and identifies OIG concerns, observations, and objections. Significant observations regarding action or inaction by the agency are reported in the OIG Semiannual Report to Congress. Each report indicates whether a response is required.