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**To:** <nrcprep@nrc.gov>  
**Date:** Thu, Mar 13, 2003 5:29 PM  
**Subject:** Response from "Comment on NRC Documents"

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Below is the result of your feedback form. It was submitted by

Michael Wadley (michael.wadley@nmcco.com) on Thursday, March 13, 2003 at 17:31:57

Document\_Title: Consolidated NMSS Decommissioning Guidance (NUREG - 1757, Vol.3) - Draft Report

Comments: Nuclear Mangement Company, LLC (NMC) appreciates the opportunity afforded by the Commission to comment on NUREG 1757, Volume 3. The document reflects a great deal of study and effort on the part of the Commission staff which is deserving of commendation.

NMC is plesed to note that the Commission intends to permit an appropriate insurance policy to serve as a means of satisfying the Commission's regulations with respect to financial assurance for meeting decommissioning funding requirements. (Sec. 4.3.2.9.) Insurance has long been used in the industry as a means of meeting various financial obligations under the Atomic Energy Act.

We are concerned, however, that the language of Appendix A, Section A.12.1 and Section A.12.2 may preclude insurance arrangements that could significantly improve financial assurance without any increase in risk to corresponding stakeholders.

Section A.12.1 appears to exclude as issuers certain companies whose policies and resources otherwise meet all of the Commission's requirements. We refer specifically to the last sentence of the first paragraph of this section which states:

"Insurance policies issued by 'captive' insurers (insurers owned by at least one of the parties for which they provide coverage) may not be used by licensees to provide financial assurance for decommissioning (ftnote 25)."

Applied literally and without regard to specific arrangements, this sentence would appear to exclude mutual insurance arrangements among several licensees. The rationale is set forth in footnote 25 (page A-191) which states:

"Captive insurers (1) are less strictly regulated than commercial insurers, (2) may not be monitored closely after their operations have been approved, and (3) usually do not have access to guarantee funds that pay claims in the event the insurer is not able to do so."

NMC submits that criteria (1) and (2) paint all mutual insurance arrangements with too broad a brush and that licensees who wish to pursue such arrangements should be given the opportunity to demonstrate that their operations are effectively regulated and monitored. Likewise, as to criterion (3) mutual insurance arrangements of various types may be used effectively to cover a selected portion of decommissioning funds, the balance to be covered by other instruments or arrangements acceptable to the NRC. We believe that an appropriate mutual insurance structure can provide an assurance of the availability of sufficient decommissioning funds to a degree that is equal to, or greater than the assurance provided by other instruments acceptable to the NRC. We urge that the language of Appendix A, Section A.12.1 be modified to leave open the option of acceptable mutual insurance, the concept of which has long been accepted by the NRC in connection with other financial obligations !

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der the Atomic Energy Act.

We appreciate the opportunity to submit these comments and would welcome further discussion of our

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F-RIDS = ADH-03  
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concerns with the NRC staff.

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