leave that.

Again, I'm sorry. So, in Appendix A you will see both. Appendix A is reliance on a bond rating.

Appendix Dis an equivalent use of self-guarantee with no bond rating.

So, in a sense, Appendix C could be supplanted with Appendix D.

And then Appendix E on the next page, again you'll see both, you'll see bond rating and then a similar meeting the test would also be without a bond rating for our criteria.

So, some of these criteria and some of the concerns that we initially received in the last few months has been about those criteria and the ability of potentially some licensees meeting those. But we may hear about that today from some of the folks who are here or those on the line.

So, with that I would just want to -- I will note that few licensees, in conclusion on Slide 10, so my last slide, I wanted to know that few licensees rely on the parent company guarantee. The current number is less than five such licensees. And those currently are power reactors. And some power reactors in the past that have been in operation have reliedon those for, I want to say short periods of time, but the majority of those relying the majority of the small number that are relying on a parent, on the parent company guarantee are in decommissioning at this time.

And, again, most of these are power -- historically these have been power reactors, currently the majority being in decommissioning. And it's been for a relatively small portion that the guarantee mechanism has been in place, put in place for a relatively small portion of the overall funds required to address radiological decommissioning.

So, in summary, we talked about Dodd-Frank, the nexus to NRC regulations, specifically NRC decommissioning financial assurance methods accepted by NRC to assure funding, specifically parent companies parent company and self-guarantee mechanisms.

And last and finally, we presented staff's analysis for how we were going to approach this legislatively-mandated requirement.

With that said, I will turn it back over to Greg Trussell, and I thank you.

MR. TRUSSELL: Thanks, Rich.

Again, this is Rich Trussell from

Rulemaking. The next slide, Slide 11, I'm going to do an overview of where we are in terms of rulemaking efforts and the alternatives to the use of credit ratings.

So, the staff initial used the direct final approach to this rulemaking since the removal of the regulations regarding credit ratings have relied on already existing alternative financial tests considered non-controversial.

The direct final rule process allows an agency to issue a proposed final rule in parallel.

If no significant and adverse comments are received on the deposed rule, the final rule can become effective without further formal action. As such, the time and associated schedule to issue a direct final rule is shorter than a standard rule.

Even though this rule is required by statute, the staff's plan was to use a direct final rule process rather than issuing a final rule to allow for the public to provide comment on the specific approach being taken to comply with the Dodd-Frank Act.

Direct final rule was submitted to the Commission in July, and became publicly available at that time.

After the direct final rule became publicly available, the NRC became aware of concerns from the industry and potentially receiving adverse comments if the direct final rule was published. These concerns from industry was that some power plants, specifically merchant licensees, may be unable to pass the alternative financial test requirements for use of the parent company guarantee as presented and, thus, would submit adverse comments.

Based on these concerns, the staff in September requested the direct final rule be withdrawn and allow the staff to seek stakeholder input and proceed with developing a proposed rule. The Commission approved the staff's request.

So, this public meeting today is our first time seeking public input on this rulemaking. The staff is in the process of developing a proposed rule. We'll use the input from this meeting in our development of that proposed rule.

So, this ends the formal presentation portion of our meeting. We'll move now into the discussion piece.

Before we move to discussion, I want to see if anybody in the room has any remarks that I can make before we move to discussion? Any remarks?

(No response.)

MR. TRUSSELL: Anybody on the phone?

MR. MUSSATTI: Kelsey, is there anyone on the phone that would like to make an opening comment here?

THE OPERATOR: I'm showing no questions at this time.

MR. MUSSATTI: Okay.

MR. BONANNO: Greg, I think -- This is Jerry Bonanno from NEI. I think we'll get into a lot of the specifics in the discussion. But I just wanted to start off by saying we appreciate the staff pulling the paper back and going through the traditional rulemaking process.

We think there's -- I think we agree on a high level that Dodd-Frank requires the NRC to address the references to credit ratings in the appendices for Part 30. I think where we're, where we're coming at this from a little different perspective is how you go about doing that, so, the specific approach to how you comply with Dodd-Frank.

So, we can, you know, I don't want to take up too much time at the front end of the discussion, but I think we're going to be able to address some of these questions today. I think if we need further interaction, I think the staff should be open to that and provide for that.

One of the things that was mentioned in the presentation which was some very good overview of the current state of play is, you know, other agencies have done a lot of work to implement Section 939(a) of Dodd-Frank. And there's been a number of different approaches. You can kind of read forever on, you know, how the other agencies have addressed this.

But I think when we reviewed that rulemaking record -- and we haven't gotten through, you know, all of it -- but I think a few things became apparent to us as kind of baseline or foundational considerations when going forward with this.

The first one was that it looked pretty it was pretty clear to us that Section 939(a) itself didn't require the agencies to change the degree of credit worthiness that their rules currently required or resulted in.

So, what I mean by that is other agencies have pursued solutions that really seek to replace the credit ratings with an approach that's roughly, that results in roughly the same amount of credit quality. So, for us when we, when we look at that what we would be after would be something that wouldn't substantially impact the availability of these decommissioning funding methods to existing licensees.

So that's kind of the first foundational principle that we pulled out.

Second is that 939(a) itself doesn't prohibit the regulated entities from relying on credit ratings. So, a number of regulators, you know, SEC, the Office of the Comptroller, and a few other, National Credit Union Administration, devised solutions where they replaced the credit ratings with kind of a narrative explanation of what they were after through the credit rating, and then made clear that the regulated entity could continue to rely on the credit ratings in part to meet that standard. And that was particularly true where there were kind of multi-factor tests that were involved **in** assessing credit quality.

So that, I think, is something else that we should keep in mind as we move forward.

And then the third, the third piece that I thought was just useful to lay out going forward from industry's perspective is, like was mentioned, I think the underlying concern with 939(a) was to avoid an over-reliance on credit ratings. And Congress decided that the way to do that was to strike all the references to credit ratings in the regulations.

But I think it's important to keep in mind that, you know, the NRC has been pretty careful with bond ratings. And if you look at the 2011 decommissioning planning rulemaking, I think the Agency did a good job of exercising some caution with the use of bond ratings. So, and they did that through a couple means.

One was at least in most of these appendices coupling reliance on the bond ratings with the minimum tangible net worth requirement, and then also limiting the reliance on bond ratings for bonds that are uninsured, uncollateralized, and unsecured. So, that was meant, I think, to make sure that the bond ratings were actually reflecting the credit worthiness of the bond issuer and not the insurer or the guarantor.

So, I think those are just three foundational principles that we kind of pulled from the other regulations that we reviewed. So, I'll stop there.

MR. TURTIL: Okay. In terms of process, if I could just add. So, this public meeting we're inviting, we want to hear comment. This is very helpful. It's being transcribed. Staff will review that.

What is envisioned is this will go out as a proposed rule. So whatever you speak to, whatever comment you make here, I will encourage everyone on the phone itself, everyone, please put these in writing to the NRC as well. So, they will certainly be part of our transcribed meeting minutes. And, again, staff will look at that.

But we're going to want on the official record as well response to the proposed rulemaking. I hope everyone recognizes that's what we

MR. BONANNO: I'm sure, yes.

MR. TURTIL: Thank you. Great.

One minute. So, I just wanted to make sure that was clear to everyone. So, we're listening, we're taking comments. We'll see if we can answer some. If we're unable to at this time, that's all, this is all for just public and put in dialog. And the proposed rule will be really the ultimate place for comments to come in. So, thank you for that.

Any other?

MR. TRUSSELL: Thanks, Jerry.

Maybe we could get the discussion started. We could maybe look at some of these questions that we have here.

Question one, the answer to that may be yes from the folks here in the room.

The first question is, Are there licensees that meet the current financial test for a guarantee that would no longer be able to meet the financial tests proposed by this rulemaking?

Is there a response to that?

MR. GERLOFF: Yes.

MR. TRUSSELL: So if such is the case, question two is, Would such licensees be able to meet the decommissioning funding assurance requirements using one or more other funding methods allowed by regulation that Rich kind of pointed out earlier.

MR. TURTIL: Well, so these, so these questions will be part of the proposal in one way or another. And for the sake of this meeting, if it can get our juices flowing, get us thinking about, you know, why the proposal is, you know, will be difficult or will be challenging, or what the concerns are of industry or others, so that's kind of the objective of these discussion questions.

MR. GERLOFF: This is Fred Gerloff from Dominion Energy. And I appreciate the opportunity to comment today. There's enough complexity in this topic that it deserves a robust deliberative process.

Simple elimination of financial test two from Appendix A to Part 30 will make parent company guarantees largely unavailable to commercial power reactors operating in merchant environments.

The impacts on reactor licensees is predictable, given the regulatory history of the financial tests provided in the appendices to Part 30. Specifically, in its original 1988 decommissioning funding rulemaking, the NRC pulled the financial test used in Part 30 from the EPA's regulations.

In EPA's 1982 rulemaking adopting the two tests, EPS -- EPA explained that financial test one is useful for manufacturing businesses, but EPA noted that the test is not appropriate for utility companies that are credit worthy because they have different financial characteristics. Thus, the EPA developed financial two with minimum bond ratings that utilities could satisfy.

We recognize the reason that this rulemaking is being undertaken is to achieve compliance with Dodd-Frank which requires that agencies remove references to credit ratings in their regulations and replace those with alternative standards of credit-worthiness.

We ask that the staff take the time to

develop a proposed rule that achieves this objective. Staff should examine what other agencies have done in formulating this rulemaking.

With respect to the discussion questions on today's agenda, Are there licensees that meet the current financial tests for a guarantee that would no longer be able to meet the financial tests in the proposed rulemaking? The answer is yes: Dominion Energy, Kewaunee, for one.

Dominion Energy committed to demonstrate its ability to meet the criteria in Appendix A as a condition to use the decommissioning trust fund for spent fuel management.

Second question, Would such licensees be able to meet the decommissioning funding assurance requirements using one or more other funding methods allowed by regulation: prepayment, external, sinking fund, et cetera?

In the case of Kewaunee, the Kewaunee decommissioning trust is sufficiently funded. Appendix A to Part 30 is used as a criteria to provide additional funding assurance related to a commitment and not to address a funding shortfall.

And then number three, Should the NRC consider alternative financial criteria to assess an applicant's or licensee's use of a guarantee to provide reasonable assurance for funds for decommissioning?

The answer is yes, we ask that the staff take the time to develop a proposed rule that doesn't result in this type of unintended consequence.

Thank you.

MR. MUSSATTI: Response to that?

MR. TURTIL: No.

(Laughter.)

MR. MUSSATTI: Okay, then we'll move on.

MR. TURTIL: No, I appreciate it. No, I really do. And I think Staff really appreciates the detail and pointing to a current licensee.

And we could get into the specifics and details, talking, you know, net working capital and current I think that's part of the challenge. Current assets, current liabilities, networking capital, positive working capital.

. GERLOFF: Well, what I'm saying **is** that the parent company is creditworthy.

A nd what I'm hearing is an addition al concern for a facility not generati ng revenue, that is relying on in a way too, I guess, license conditio n for decommis sioning.

M R

MR. TURTIL: Yeah.

MR. GERLOFF: Kewaunee itself is not generating revenue. But the parent company is certainly creditworthy. But reliance on financial test one, which is not designed for utilities, doesn't help us. We need that financial test too.

MR. TURTIL: And I didn't write that -- I didn't provide that to myself. What is the credit rating of the parent?

MR. GERLOFF: It's triple-B with plus or minus adjustments from Standard Poor. And I don't recall the Moody equivalent. But it includes the plus or minus adjustments.

MR. TURTIL: Okay. Thank you.

MR. SLY: And we're required by, not license condition but by commitment, to renew submittal letter basically confirming that we have this commitment in place and basically renew the financial test each time we do that.

So, this change, as proposed, would put us in a hard spot with respect to meeting this commitment in the future.

In other words, being able to show that, for a parent company guarantee that we don't have in place but that we promised to put in place if we become underfunded, that we couldn't write that letter every year and meet the financial test.

So, it puts us -- it would put us in a hard spot in that respect.

MR. TURTIL: Very good. Thank you for that.

MR. MUSSATTI: Okay, is there anybody else in the room that would like to speak? Remember, if you're seated in the audience out there, that the microphones aren't probably going to be able to reach that far out into the room.

It would be better if you were to walk up to this gap that's right here in front of me, so that the microphones can hear you. Anyone? Kelsey, has anybody on the phone indicated they'd like to speak?

THE OPERATOR: Yes, we do have one question on the phone. Your mike is now open, you may speak.

MR. MATTHEWS: Hi. Yeah, this is John Matthews from Morgan Lewis. And I just wanted to add, going back to the financial tests and how they apply with respect to utilities.

In 1982, when the EPA did the rulemaking, there were no merchant plants. And the EPA recognized in their rulemaking that financial test one was a viable way for assessing the credibility, the financial creditworthiness, rather, of manufacturing companies, but was not a viable way of measuring the financial capability of companies in other industries, such as utilities. There were no merchant plants in 1982.

So, when we say financial test one doesn't work for utilities, it's across the industry. We have not been able to identify a single utility, cost of service merchant of any kind that can meet financial test one across the industry.

I've been doing this for 20-plus years, of working on parent guarantees from time to time for conventional reactors that are owned and operated by utilities, have never encountered a utility that could meet financial test one.

So, by eliminating financial test two, you eliminate the capability of utilities to use the parent guarantee as their method.

And I think it's very important to understand the history here. In 1998 -- you know, years leading up to 1998 the NRC conducted a rulemaking to address the merchant world.

And there were lots of arguments going around in the industry of what the standard should be for the merchant world, in terms of financial assurance or decommissioning and whatnot, and ultimately, the NRC staff landed on, hey, you're going to have to provide 100 percent financial assurance.

When you're using the prepayment method, you can get credit for earnings and all that, but you're going to have to provide 100 percent. And at that time, the regulations said you use the parent guarantee method in combination with other methods of decommissioning financial assurance.

And so, industry went and argued and said, well look, we may come in and, you know, we need $330 million in prepayment method to meet the formula amount fine, but gee, something could turn in the marketplace in a given year.

The market gets down and suddenly I got $300 million and I have a $30 million gap. And the only way I can fix that is put $30 million in the trust -- which I'm not going to necessarily need to do because in a couple of years the market might come back -- or give a parent guarantee for $330 million, which seems like a big burden and I may or may not have the capacity to do that.

So, let me give the parent guarantee method in combination with the prepayment method. And so the rules were changed in 1998 specifically to facilitate the ability of utilities to use the parent guarantee in combination when needed.

And that goes to a more important point, which is that the need to use the parent guarantee can be episodic, and over time. So, you can't just look at what the industry's doing today and say, well, this is only a problem for one or two utilities.

When we had the financial crisis back in 2008 and 2009, funds were down. There were a number of utilities that used the parent guarantee as a stopgap measure, and then were able to either -- you know, either their funds were covered in value, or they were able to do analyses using tech-specific studies and the safe-store method.

But the ability to use the parent guarantee was a cost-effective for utilities to put financial assurance in place, to give the agency the comfort that it needed, and to comply with the requirement for 100 percent financial assurance consistently, but allow those utilities to then find another way of satisfying the requirements.

That flexibility is extremely important to the industry. And that policy decision was made in 1998 to allow utilities to use this method.

By eliminating financial test two, you're reversing that major policy decision that's been very important to the industry, and can have enormous impact on utilities in given points in time and we've experienced that multiple times over the last 20 years.

So, this not a trivial issue. It's not -- question two is, well, can utilities use another method? Yes, they can. The other methods are much, much more expensive.

And when you're dealing with the nuclear industry that has lots of financial pressures impacting that industry, imposing unnecessary financial burdens just because it's convenient to just eliminate financial test two and comply with Dodd-Frank and, you know, a quick and easy fix is just not the way to go here.

MR. TURTIL: Thank you, John, for your comments. This is Rich Turtil. I will say that the Staff didn't consider this, or wouldn't characterize this, as a quick and easy fix without believing its equivalency in terms of test criteria, as well as being -- considering the risk of funds that may or may not be available.

So, I appreciate your comments. You did

say -- you did make reference to question two. We're talking about cost of other alternative methods and I think it's on Slide 6 that I identify some of those other methods.

But they're all here prepayment, external, surety bond, letters of credit, insurance. I would encourage, when comments are made going forward, that if you could provide if you could consider providing -- and I know that's detail. It's detail maybe about your relationships with the financial institutions you all interact with.

But if so, what would the cost of those methods be? Again, that may be proprietary, I'm not sure. But that would be helpful for the NRC Staff to understand what are those potential costs.

Certainly, a bond rating, there's no cost. Well, no significant cost, of course, other than issuing bonds and engaging with Moody's or Standard & Poor's.

But in terms of assuring to these other methods prepayment being cash, surety bonds, etc. we would like to understand that if it's possible that you could provide that in your response as we go forward with a proposal.

MR. MATTHEWS: And, Rich, so let's say I

have a $20 million shortfall. Well, prepayment method that costs me $20 million. The only other viable methods are surety bond, or a letter of credit can be the same thing. But financially, they're going to be the same cost.

And the problem there, with respect to cost, is its tenets. If I don't need it, if everything is -- you know, the world's awash with cash, the market's doing great and I probably don't need it, it's probably one percent of the value, so $200,000 a year.

But after the financial crisis, (a) there was a period of time you couldn't get a letter of credit. I mean, a letter of credit for $20 million costs $20 million.

When letters of credit started being written, I know for a fact that one letter of credit in the industry that was used cost five percent per year. So, on a $200 million letter of credit, that's $10 million a year, which is an enormous cost.

MR. TURTIL: Yeah. So, I'm hearing

MR. MATTHEWS: The problem is, is when you need it. When the market has dipped and trust funds are short, that's precisely the time when these other mechanisms are going to be the most expensive that they can be.

When you don't need it, the market's doing swimmingly, then they can be not that expensive, but still one percent a year versus, if I do a parent guarantee, I may assign an internal cost within the company to the nuclear I'm aware of some companies and actually, they've stated in public meetings with the NRC years ago, that they assigned a one percent per year cost to the parent guarantee to the nuclear budget.

And so it impacted the nuclear budget but it didn't cost the shareholders anything. It's just the matter of an accounting thing within the company.

MR. MUSSATTI: Next speaker in the room here?

MR. KLINE: Kenneth Kline. I've worked on a number of the requirements here. I've worked on the 2011 decommissioning planning rule NEI referred to earlier.

A small clarification. We certainly appreciate all your comments and encourage you to submit them.

One area that we're not hearing from right now in the room is we're not hearing from any of our materials licensees. Our Part 70s licensees would use these wholly. They wouldn't have a sinking fund coupled with it.

So, we would certainly just encourage more -- or NEI, to seek out comments from those folks. Because a lot of those have used those for many years. Some of them are no longer qualified to use those, based on current financial positions.

But some of those are $600 million or so that -- in the past that they've used. So, we would certainly appreciate any input from those folks as well.

MR. BONANNO: Yeah, thank you for that. This is Jerry from NEI. So, we have a tight tie with our fuel cycle group on this. So, we're going to follow up with them after the meeting so we'll be able to get some more input from that.

MR. KLINE: Appreciate that.

MR. BONANNO: I mean, we've heard from them that there's definitely concerns, but I think we're tied in tightly with them.

MR. KLINE: I think probably a lot of the comments will be similar, but we certainly appreciate that and we -- to get everybody's -- as Rich mentioned earlier, it affects those Part 30, 40, 70, 72 and the 50. So, if we can get everybody's, that would be --

we can fully consider everybody's at one time, that would help.

MR. MUSSATTI: Any more comments in the room?

MR. TURTIL: I'll make another comment. Or maybe I should wait until closing. I'll wait until closing if there are other comments.

MR. MUSSATTI: Okay.

MR. BONANNO: I have one comment.

MR. MUSSATTI: go for it.

MR. BONANNO: So, this is Jerry Bonanno again from NEI. So, I think the discussion with John provided a lot of detail. I'll just pull back a little bit.

So, I think I understand why the answer to question two would be useful in assessing the burden associated with folks losing accessing to the parent company guarantee method.

I guess on a higher level where I am is, I think kind of embedded in your Slide 9 criteria for the Staff should be not to have that happen with this rule change. Not to have folks lose access to that funding method, to the extent you avoid that.

And I think that would be consistent with the fact that, the Dodd-Frank requirements aside, I think this structure has worked pretty well over the years. It's been looked at and revised several times.

I mentioned the 2011 rulemaking. I think the agency was -- had its eyes wide open with respect to the limitation of bond ratings in that rulemaking. They didn't address this specific statutory requirement in that rulemaking.

But I think if we step back, I think doing as little damage to the folks' access to these different funding methods should be part of what the staff is concerned about, because you can certainly eliminate financial test two and still have a level of assurance that you would want but you have much less flexibility, as we've been discussing. So, just another comment from a little bit of a higher level.

MR. MUSSATTI: Okay, anybody else in the room?

MR. SLY: Yeah, I'd like to I'm a licensing guy, not a finance guy. So, focus on the words here.

MR. MUSSATTI: Your name and affiliation?

MR. SLY: Craig Sly, Dominion Energy. I couldn't help but notice on Slide 5, item number 2, it says, modify regulation and remove reference to a requirement of reliance on credit ratings.

So, to me -- and I don't want to put words in you all's mouth, but to me the word reliance means that you're -- and maybe I'm misinterpreting it -- you're solely relying on the bond rating.

But I don't think you're solely relying on the bond rating. You're relying on the bond rating plus some other information. So, I don't know if that makes a difference on whether you feel the need to pull this stuff out of the regulation, but I just thought I'd throw that out that it's --

The other thing I would note that it says, substitute a standard of creditworthiness. And **in** this particular case I think what folks are telling you is that we don't think that you're substituting an adequate standard that we could meet for the company parent guarantees.

MR. MUSSATTI: Okay. Kelsey, is there anyone on the phone?

THE OPERATOR: Yes. Our next question comes from Jeff. Jeff, your line is now open.

MR. DUNLAP: All right. This is Jeff Dunlap from Exelon. First, I'd like to say that I agree with the comments provided by Jerry and Fred and John. And I'd just like to add a couple of more things if I could.

First for Exelon, while we don't currently have any parent guarantees used for decommissioning funding assurance, we have used them in the past and I don't think it's out of the question that we'll use them in the future.

It has been, as John said, a very flexible way for us to address temporary shortfalls. There could be other cases, as you've already mentioned, for utilities that are in decommissioning that may want to use these.

As far as the second question about the cost, yes, we could get a letter of credit for instance. There is definitely a cost to that.

And the comment I guess I would like to make about that is, we can find some more details if that is helpful, and it sounds like it would be, on what that cost might be.

But what I'm a little concerned about here is that we're introducing additional costs and utilities. And we're not really -- at least for a creditworthy company we're not providing any additional assurance on the amount of funding provided over and above a parent guarantee, which is the method we would have used.

And I guess the final point I'd like to

make is -- and this goes to Jerry's point about maybe we should consider not completely removing reliance on these credit ratings is that there is actually additional information embedded in a credit rating, that is not necessarily something that you can get from a static metric.

So, especially when you do have other metrics, which we do here already in the existing regulations, I think we could be more -- the NRC could be losing some valuable information on things like expected growth and profitability, some qualitative factors that may not be inherent in a ratio, like industry characteristics, country risk, things like that.

There are a lot of additional information that really does go into there that's hard to get from one particular metric. So, I think there is some benefit to having that kind of test in addition to the right metrics, which I think are already in existence. And that was it, thank you.

MR. TURTIL: Thank you.

MR. MUSSATTI: All right, thank you, Jeff. We have one more in the room?

MR. HARWELL: Hi. This is Shawn Harwell, NRC. And actually, this is to Jeff. If you -- thank you for that, first of all.

If you could provide some of that in detail in writing, what you're considering are the good metrics, or the valuable information you're talking about, if you could provide that to us, that'd be a great help.

MR. DUNLAP: Yes, we can do that in our written comments. No problem.

MR. HARWELL: Thanks, Jeff.

MR. MUSSATTI: Okay, and I'd like to reiterate one more time that whatever you say here is probably not everything you did want to say and you might not have said what you did say as clearly as you wanted to.

So, I recommend that everybody take time to transcribe what you thought you said and what we think we heard, and any other additional comments that you have.

And you can send those to gregory.trussell@nrc.gov. And we will get those into the appropriate place. You don't have a government regs address or anything at this time, do you?

MR. TRUSSELL: Not at this time, no.

MR. MUSSATTI: Okay. But yes, please take the time to send your comments in in writing. They are much more accurate than us listening to them. And anybody else?

MR. TURTIL: So, I would just state the following, because I was thinking this. And then, I got a lot of comments from other Staff as I've walked around the room a little bit here.

And what Shawn Harwell indicated, I just want to emphasize that as well. We hear a lot of, certainly hesitancy, resistance, concern, about the proposal.

We would seek out -- and I'd have to look at which one of our questions -- I think it's number three probably of alternative financial test criteria.

So, maybe you've got to turn to your financial folks. John Matthews, I think you may have had some suggestions. I'm not inviting those now at this time, but the commenter we just heard before from Exelon, get in.

Get into the weeds with us and suggest what you think might be equivalent, or what might be lost, in your view, from reliance on a credit rating. What financial metrics, what consideration, what alternatives, that you could find.

And that's the key noun there, if you

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will -- alternative financial test criteria. How would you propose if an agency has been tasked to, we don't want to rely on the double A or the single A or the triple B or the trip -- what other criteria would you envision?

And take a look at what we currently have and please provide -- if you can provide that kind of detail to the NRC, that would be helpful.

MR. TRUSSELL: And this is Greg Trussell from Rulemaking. As I believe it was Craig earlier pointed out, we will go look at what other agencies have done, in terms of their reaction, how they changed the regulations to be compliant with Dodd-Frank.

So, we'll definitely go back and do analysis of that as well.

MR. MUSSATTI: Okay. More comments?

MR. BONANNO: I just had one closing comment, if I could.

MR. MUSSATTI: Close quickly.

MR. BONANNO: Yeah, more of a comment. I won't commit to being the last one, but this is Jerry Bonanno from NEI again.

And again, we haven't discussed this in any detail. So, this is just me thinking out loud, which is always dangerous.

I mean, I realize you all started with a direct final rule on this. But as opposed to publishing a proposed rule with this option in it, and then asking questions in the proposed rule, I mean, these questions look like they're shaping up to be the kind of questions you would ask in an advanced notice of proposed rulemaking to gather information, and then do a proposed rule that's closer to, quote unquote, correct or right.

Just a thought. I know it's a little more time and maybe some more work, but I know you all need specifics and you hear a lot of anecdotal responses. And maybe a good vehicle to use to get some written responses that could help shape a proposed rule, as opposed to going out with a proposed rule and getting that feedback in response to it.

MR. MUSSATTI: Okay, thank you.

MR. TRUSSELL: Thanks, Jerry.

MR. MUSSATTI: Anybody in the room? Kelsey, is there anyone else who wants to speak on the phones?

THE OPERATOR: Yes. Our next question comes from Steven. Steven, your line is now open.

MR. HAMRICK: Yes, thank you. This is

Steven Hamrick from Florida Power & Light Company, and also speaking for its affiliates at NextEra Energy Resources.

And I think Mr. Bonanno just covered what I was going to mention. And it was, you have discussed the desire for people to submit written comments.

And I was just going to ask procedurally, does that just mean sending a letter at some point in the next month or two? Is there a deadline? Are you going to publish something requesting comments?

I just want to make sure that we can give you comments that are helpful and on a time frame that's helpful. And just wanted to make sure I knew the best way to do that.

MR. TRUSSELL: Thanks, Steve. This is Greg Trussell from Rulemaking. The presentation does provide my email address. You can provide us comments. There's no time frame on that. Please use that email if you can to provide those comments.

And as I mentioned earlier, we are in the process of doing a proposed rule. And so, we are going to be melding the criteria that we have and what we're hearing today, we'll take that into consideration, as well as anything that I may receive after this meeting via email. So, thanks, Steve, for that.

MR. HAMRICK: Thank you.

MR. MUSSATTI: Okay, one more time around the room. Well, you may have been very pressured about what's going on here. We seem to be slowing down in the comments. Is there anybody on the phone? Kelsey?

THE OPERATOR: I'm sorry. No more questions at this time.

MR. MUSSATTI: Okay, thank you. Sensing a lull in the enthusiasm in here, I think it's probably time for us to come to an end. Does that sound right to you?

(Off-microphone comment.)

MR. MUSSATTI: Okay. Since we've come to the end here, I'd just like to say thank you. I appreciate the decorum in the forum today. It's been a good group of folks.

Remember, you can put things in in writing and send them in to us at gregory.trussell@nrc.gov. I don't think there's anything else here I need to ask of you, except for one thing.

This room is a food-and-drink-free room. So, unless I get in trouble, I would like to ask everybody to take their evidence with them when they leave. And just try not to leave any trash behind.

They're trying to make fancier rooms and better rooms for us. And I'd like to show them we appreciate that.

Other than that, I think we're -- one last comment from Greg.

MR. TRUSSELL: Just, it's gregory.trussell.

MR. MUSSATTI: Gregory?

MR. TRUSSELL: Yeah.

MR. MUSSATTI: I'm sorry. G-R-E-G-0-R-Y.

MR. TURTIL: Two S's, two L's, Gregory. Right?

MR. TRUSSELL: Yes.

MR. MUSSATTI: Yeah. And it's in the slides. It's on our screen right now if you could actually see it on Skype. And at this time I think we're done. Be safe on your travels back to where you came from. And, Kelsey, you can end the call at this time.

THE OPERATOR: This concludes today's conference. All participants may disconnect at this time.

(Whereupon, the above-entitled matter went off the record at 11:17 a.m.)

CERTIFICATE

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission

Proceeding: Public Meeting for Alternatives to Use of Credit Ratings Proposed Rulemaking

Docket Number: (n/a)

Location: Rockville, Maryland

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken and thereafter reduced to typewriting under my direction and that said transcript is a true and accurate record of the proceedings.

Neal R Gross

Official Reporter
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