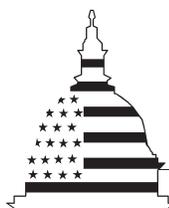


May 2004

NUCLEAR REGULATION

NRC's Liability Insurance Requirements for Nuclear Power Plants Owned by Limited Liability Companies



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Highlights

Highlights of [GAO-04-654](#), a report to congressional requesters

Why GAO Did This Study

An accident at one of the nation's commercial nuclear power plants could result in human health and environmental damages. To ensure that funds would be available to settle liability claims in such cases, the Price-Anderson Act requires licensees for these plants to have primary insurance—currently \$300 million per site. The act also requires secondary coverage in the form of retrospective premiums to be contributed by all licensees to cover claims that exceed primary insurance. If these premiums are needed, each licensee's payments are limited to \$10 million per year and \$95.8 million in total for each of its plants. In recent years, limited liability companies have increasingly become licensees of nuclear power plants, raising concerns about whether these companies—by shielding their parent corporations' assets—will have the financial resources to pay their retrospective premiums.

GAO was asked to determine (1) the extent to which limited liability companies are the licensees for U.S. commercial nuclear power plants, (2) the Nuclear Regulatory Commission's (NRC) requirements and procedures for ensuring that licensees of nuclear power plants comply with the Price-Anderson Act's liability requirements, and (3) whether and how these procedures differ for licensees that are limited liability companies.

www.gao.gov/cgi-bin/getrpt?GAO-04-654.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jim Wells at 202-512-3841.

NUCLEAR REGULATION

NRC's Liability Insurance Requirements for Nuclear Power Plants Owned by Limited Liability Companies

What GAO Found

Of the 103 operating nuclear power plants, 31 are owned by 11 limited liability companies. Three energy corporations—Exelon, Entergy, and the Constellation Energy Group—are the parent companies for eight of these limited liability companies. These 8 subsidiaries are the licensees or co-licensees for 27 of the 31 plants.

NRC requires all licensees for nuclear power plants to show proof that they have the primary and secondary insurance coverage mandated by the Price-Anderson Act. Licensees obtain their primary insurance through American Nuclear Insurers. Licensees also sign an agreement with NRC to keep the insurance in effect. American Nuclear Insurers also has a contractual agreement with each of the licensees to collect the retrospective premiums if these payments become necessary. A certified copy of this agreement, which is called a bond for payment of retrospective premiums, is provided to NRC as proof of secondary insurance. It obligates the licensee to pay the retrospective premiums to American Nuclear Insurers.

NRC does not treat limited liability companies differently than other licensees with respect to the Price-Anderson Act's insurance requirements. Like other licensees, limited liability companies must show proof of both primary and secondary insurance coverage. American Nuclear Insurers also requires limited liability companies to provide a letter of guarantee from their parent or other affiliated companies with sufficient assets to pay the retrospective premiums. These letters state that the parent or affiliated companies are responsible for paying the retrospective premiums if the limited liability company does not. American Nuclear Insurers informs NRC it has received these letters. In light of the increasing number of plants owned by limited liability companies, NRC is studying its existing regulations and expects to report on its findings by the end of summer 2004.

In commenting on a draft of this report, NRC stated that it accurately reflects the present insurance system for nuclear power plants.



Source: NRC.

Aerial view of the Three Mile Island Nuclear Station in Pennsylvania, where the most serious accident at a U.S. nuclear power plant occurred in March 1979, resulting in \$70 million in liability claims.

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May 28, 2004

Congressional Requesters

An accident at one of the nation's 103¹ operating commercial nuclear power plants could result in human health and environmental damages. The Price-Anderson Act was enacted in 1957 to ensure that funds would be available for at least a portion of the damages suffered by the public in the event of an incident at a U.S. nuclear power plant. The act requires each licensee of a nuclear plant to have primary insurance coverage equal to the maximum amount of liability insurance available from private sources—currently \$300 million—to settle any such claims against it. In the event of an accident at any plant where liability claims exceed the \$300 million primary insurance coverage, the act also requires licensees for all plants to pay retrospective premiums (also referred to as secondary insurance). Under current U.S. Nuclear Regulatory Commission (NRC) regulations, these payments could amount to a maximum of \$95.8 million for each of a licensee's plants per incident. If claims for an incident exceed this approximately \$10 billion currently available in primary insurance and retrospective premiums, NRC may request additional funds from the Congress. To operate a nuclear power plant, the owner must obtain a license from NRC and meet its regulatory requirements, including those for liability insurance established under the Price-Anderson Act.

A major aspect of the deregulation or restructuring of the U.S. electricity industry in the 1990s was the separation of electricity generation from transmission and distribution. Utilities could create separate entities or subsidiaries to operate their generation facilities, including nuclear power plants, or could sell them off to other companies. Energy holding companies bought some of the generation facilities, sometimes placing them under subsidiaries. The limited liability company also emerged in the 1990s as a new type of company structure in the United States. These companies have characteristics of both a partnership and a corporation. Like a partnership, the profits are passed through and taxable to the owners, known as members; like a corporation, it is a separate and distinct legal entity and its owners are insulated from personal liability for its debts and liabilities.

¹Although 104 commercial nuclear power plants are licensed to operate in the United States, 1 plant, Browns Ferry Unit 1, was shut down in 1985 and remains idle.

You asked us to determine (1) the extent to which limited liability companies are the licensees for U.S. commercial nuclear power plants, (2) NRC's requirements and procedures for ensuring that licensees of nuclear power plants comply with the Price-Anderson Act's liability requirements, and (3) whether and how these procedures differ for licensees that are limited liability companies. To respond to your request, we reviewed applicable sections of the Price-Anderson Act and NRC's implementing regulations and written procedures. We also held discussions with and obtained information from responsible NRC officials and representatives of American Nuclear Insurers, which is a joint underwriting association of 50 insurance companies that provides insurance coverage to the nuclear power plants. These are property/casualty insurance companies licensed to do business in at least one of the states or territories of the United States. We performed our work between April 2003 and April 2004 in accordance with generally accepted government auditing standards.

Results in Brief

Thirty-one of the 103 operating commercial nuclear power plants nationwide are licensed to limited liability companies. Four of the 31 plants are licensed jointly to two limited liability companies. A total of 11 limited liability companies are licensed to own nuclear power plants. One—the Exelon Generation Company, LLC—is the licensee for 12 plants and co-licensee for 4 plants. The 10 other limited liability companies are the licensees or co-licensees for one to five plants. Three energy corporations—Exelon, Entergy, and the Constellation Energy Group—are the parent companies for eight of the limited liability companies. These eight subsidiaries are the licensees or co-licensees for 27 of the 31 plants.

NRC's procedures for ensuring that licensees comply with Price-Anderson Act liability insurance provisions include requirements that licensees provide proof of primary and secondary insurance coverage. NRC requires each licensee to show proof that it has liability insurance that includes the \$300 million of primary insurance coverage per site required by the Price-Anderson Act. NRC and the licensee also sign an indemnity agreement that requires the licensee to maintain an insurance policy in this amount. This agreement is in effect as long as the owner is licensed to operate the plant. NRC relies on American Nuclear Insurers—the joint underwriting association that provides insurance for U.S. nuclear power plants—to send NRC the annual endorsements documenting proof of insurance after the licensees have paid their annual premiums. In addition to the primary insurance coverage, licensees must also show proof of secondary insurance to NRC. This secondary insurance is in the form of retrospective

premiums that, in the event of a nuclear incident causing damages exceeding \$300 million, would be collected from each nuclear power plant licensee at a rate of up to \$10 million per year and up to a maximum of \$95.8 million per incident for each nuclear power plant. Typically, each licensee signs a bond for payment of retrospective premiums as proof of the secondary insurance and furnishes NRC with a certified copy. This bond is a contractual agreement between the licensee and American Nuclear Insurers that obligates the licensee to pay American Nuclear Insurers the retrospective premiums. In the event that claims exhaust primary coverage, American Nuclear Insurers would collect the retrospective premiums. If a licensee did not pay its share of these retrospective premiums, American Nuclear Insurers would, under its agreement with the licensees, pay up to \$30 million of the premiums in 1 year and attempt to collect this amount later from the licensees.

NRC does not treat limited liability companies differently than other licensees of nuclear power plants with respect to Price-Anderson Act liability requirements. All licensees follow the same regulations and procedures regardless of whether they are limited liability companies. Like other licensees, limited liability companies are required to show that they are maintaining \$300 million in primary insurance coverage, and they provide NRC a copy of the bond for payment of retrospective premiums. While NRC does not conduct in-depth financial reviews specifically to determine licensees' ability to pay retrospective premiums, when a licensee applies for a license or when the license is transferred, NRC reviews the licensee's financial ability to safely operate the plant and to contribute decommissioning funds for the future retirement of the plant. According to NRC officials, if licensees have the financial resources to cover these two expenses, they are likely to be capable of paying their retrospective premiums. American Nuclear Insurers goes further than NRC and requires limited liability companies to provide a letter of guarantee from their parent or other affiliated companies with sufficient assets to cover the retrospective premiums. These letters state that the parent or an affiliated company is responsible for paying the retrospective premiums if the limited liability company does not. American Nuclear Insurers informs NRC that it has received these letters of guarantee. Recognizing that limited liability companies are becoming more prevalent as owners of nuclear power plants, NRC is examining whether it needs to revise any of its regulations and procedures for these companies. NRC estimates the study will be completed by the end of summer 2004.

In commenting on a draft of this report, NRC stated that it accurately reflects the present insurance system for nuclear power plants.

Background

The Atomic Energy Act of 1954 authorized a comprehensive regulatory program to permit private industry to develop and apply atomic energy for peaceful uses, such as generating electricity from privately owned nuclear power plants. Soon thereafter, government and industry experts identified a major impediment to accomplishing the act's objective: the potential for payment of damages resulting from a nuclear accident and the lack of adequate available insurance. Unwilling to risk huge financial liability, private companies viewed even the remote specter of a serious accident as a roadblock to their participating in the development and use of nuclear power.² In addition, congressional concern developed over ensuring adequate financial protection to the public because the public had no assurance that it would receive compensation for personal injury or property damages from the liable party in event of a serious accident. Faced with these concerns, the Congress enacted the Price-Anderson Act in September 1957. The Price-Anderson Act has two underlying objectives: (1) to establish a mechanism for compensating the public for personal injury or property damage in the event of a nuclear accident and (2) to encourage the development of nuclear power.

To provide financial protection, the Price-Anderson Act requires commercial nuclear reactors to be insured to the maximum level of primary insurance available from private insurers. To implement this provision, NRC periodically revises its regulations to require licensees of nuclear reactors to increase their coverage level as the private insurance market increases the maximum level of primary insurance that it is willing to offer. For example, in January 2003, NRC increased the required coverage from \$200 million to the current \$300 million, when American Nuclear Insurers informed NRC that \$300 million per site in coverage was now available in its insurance pool.

In 1975, the Price-Anderson Act was amended to require licensees to pay a pro-rated share of the damages in excess of the primary insurance amount.

²NRC's regulations define a nuclear incident as any occurrence that causes bodily injury, sickness, disease, or death or loss of or damage to property or for loss of the use of property arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of the source, special nuclear or byproduct material.

Under this amendment, each licensee would pay up to \$5 million in retrospective premiums per facility it owned per incident if a nuclear accident resulted in damages exceeding the amount of primary insurance coverage. In 1988, the act was further amended to increase the maximum retrospective premium to \$63 million per reactor per incident to be adjusted by NRC for inflation. The amendment also limited the maximum annual retrospective premium per reactor to \$10 million. Under the act, NRC is to adjust the maximum amount of retrospective premiums every 5 years using the aggregate change in the Consumer Price Index for urban consumers. In August 2003, NRC set the current maximum retrospective payment at \$95.8 million per reactor per incident. With 103 operating nuclear power plants, this secondary insurance pool would total about \$10 billion.³

The Price-Anderson Act also provides a process to deal with incidents in which the damages exceed the primary and secondary insurance coverage. Under the act, NRC shall survey the causes and extent of the damage and submit a report on the results to, among others, the Congress and the courts. The courts must determine whether public liability exceeds the liability limits available in the primary insurance and secondary retrospective premiums. Then the President would submit to the Congress an estimate of the financial extent of damages, recommendations for additional sources of funds, and one or more compensation plans for full and prompt compensation for all valid claims. In addition, NRC can request the Congress to appropriate funds. The most serious incident at a U.S. nuclear power plant took place in 1979 at the Three Mile Island Nuclear Station in Pennsylvania. That incident has resulted in \$70 million in liability claims.

NRC's regulatory activities include licensing nuclear reactors and overseeing their safe operation. Licensees must meet NRC regulations to obtain and retain their license to operate a nuclear facility. NRC carries out reviews of financial qualifications of reactor licensees when they apply for a license or if the license is transferred, including requiring applicants to demonstrate that they possess or have reasonable assurance of obtaining funds necessary to cover estimated operating costs for the period of the license. NRC does not systematically review its licensees' financial qualifications once it has issued the license unless it has reason to believe

³NRC regulations also require licensees to maintain \$1 billion in on-site property damage insurance to provide funds to deal with cleanup of the reactor site after an accident.

this is necessary. In addition, NRC performs inspections to verify that a licensee’s activities are properly conducted to ensure safe operations in accordance with NRC’s regulations. NRC can issue sanctions to licensees who violate its regulations. These sanctions include notices of violation; civil penalties of up to \$100,000 per violation per day; and orders that may modify, suspend, or revoke a license.

Limited Liability Companies Are Licensees for 31 of the 103 Operating Commercial Nuclear Power Plants in the United States

Thirty-one commercial nuclear power plants nationwide are licensed to limited liability companies. In total, 11 limited liability companies are licensed to own nuclear power plants. Three energy corporations—Exelon, Entergy, and the Constellation Energy Group—are the parent companies for 8 of these limited liability companies. These eight subsidiaries are licensed or co-licensed to operate 27 of the 31 plants. The two subsidiaries of the Exelon Corporation are the licensees for 15 plants and the co-licensees for 4 others. Constellation Energy Group, Inc., and Entergy Corporation are the parent companies of limited liability companies that are licensees for four nuclear power plants each. (See table 1.)

Table 1: Limited Liability Companies Licensed to Operate Nuclear Power Plants and Their Parent Companies

Limited liability company	Parent company	Number of plants owned or co-owned
Exelon Generation Company, LLC	Exelon Corporation	12
AmerGen Energy Company, LLC	Exelon Corporation	3
Exelon Generation Company, LLC; PSEG Nuclear, LLC	Exelon Corporation; Public Service Enterprise Group, Incorporated	4
PSEG Nuclear, LLC	Public Service Enterprise Group, Incorporated	1
Calvert Cliffs Nuclear Power Plant, LLC	Constellation Energy Group, Inc.	2
Nine Mile Point Nuclear Station, LLC	Constellation Energy Group, Inc.	2
Entergy Nuclear Indian Point 2, LLC	Entergy Corporation	1
Entergy Nuclear Indian Point 3, LLC	Entergy Corporation	1
Entergy Nuclear FitzPatrick, LLC	Entergy Corporation	1
Entergy Nuclear Vermont Yankee, LLC	Entergy Corporation	1
FPL Energy Seabrook, LLC	FPL Group, Inc.	1
PPL Susquehanna, LLC	Pennsylvania Power and Light Company	2

Source: GAO survey of NRC project managers.

Of all the limited liability companies, Exelon Generation Company, LLC, has the largest number of plants. It is the licensee for 12 plants and co-licensee with PSEG Nuclear, LLC, for 4 other plants. For these 4 plants, Exelon Generation owns 43 percent of Salem Nuclear Generating Stations 1 and 2 and 50 percent of Peach Bottom Atomic Power Stations 2 and 3. (App. I lists all the licensees and their nuclear power plants.)

NRC Has Specific Requirements and Procedures to Ensure That All Licensees Comply with the Price-Anderson Act's Liability Provisions

NRC requires licensees of nuclear power plants to comply with the Price-Anderson Act's liability insurance provisions by maintaining the necessary primary and secondary insurance coverage. First, NRC ensures that licensees comply with the primary insurance coverage requirement by requiring them to submit proof of coverage in the amount of \$300 million. Second, NRC ensures compliance with the requirement for secondary coverage by accepting the certified copy of the licensee's bond for payment of retrospective premiums.

All the nuclear power plant licensees purchase their primary insurance from American Nuclear Insurers. American Nuclear Insurers sends NRC annual endorsements documenting proof of primary insurance after the licensees have paid their annual premiums. NRC and each licensee also sign an indemnity agreement, stating that the licensee will maintain an insurance policy in the required amount. This agreement, which is in effect as long as the owner is licensed to operate the plant, guarantees reimbursement of liability claims against the licensee in the event of a nuclear incident through the liability insurance. The agency can suspend or revoke the license if a licensee does not maintain the insurance, but according to an NRC official, no licensee has ever failed to pay its annual primary insurance premium and American Nuclear Insurers would notify NRC if a licensee failed to pay.⁴

As proof of their secondary insurance coverage, licensees must provide evidence that they are maintaining a guarantee of payment of retrospective premiums. Under NRC regulations, the licensee must provide NRC with evidence that it maintains one of the following six types of guarantees: (1) surety bond, (2) letter of credit, (3) revolving credit/term loan arrangement, (4) maintenance of escrow deposits of government securities, (5) annual

⁴The average annual premium for a single nuclear power plant at a site is about \$400,000. The premium for a second or third plant at the same site is discounted because the maximum amount of primary insurance for a multi-plant site is \$300 million.

certified financial statement showing either that a cash flow can be generated and would be available for payment of retrospective premiums within 3 months after submission of the statement or a cash reserve or combination of these, or (6) such other type of guarantee as may be approved by the Commission.

Before the late 1990s, the licensees provided financial statements to NRC as evidence of their ability to pay retrospective premiums.⁵ According to NRC officials, in the late 1990s, Entergy asked NRC to accept the bond for payment of retrospective premiums that it had with American Nuclear Insurers as complying with the sixth option under NRC's regulations: such other type of guarantee as may be approved by the Commission. After reviewing and agreeing to Entergy's request, NRC decided to accept the bond from all the licensees as meeting NRC's requirements. NRC officials told us that they did not document this decision with Commission papers or incorporate it into the regulations because they did not view this as necessary under the regulations.

The bond for payment of retrospective premiums is a contractual agreement between the licensee and American Nuclear Insurers that obligates the licensee to pay American Nuclear Insurers the retrospective premiums. Each licensee signs this bond and furnishes NRC with a certified copy. In the event that claims exhaust primary coverage, American Nuclear Insurers would collect the retrospective premiums. If a licensee were not to pay its share of these retrospective premiums, American Nuclear Insurers would, under its agreement with the licensees, pay for up to three defaults or up to \$30 million in 1 year of the premiums and attempt to collect this amount later from the defaulting licensees. According to an American Nuclear Insurers official, any additional defaults would reduce the amount available for retrospective payments. An American Nuclear Insurers official told us that his organization believes that the bond for payment of retrospective premiums is legally binding and obligates the licensee to pay the premium. Under NRC regulations, if a licensee fails to pay the assessed deferred premium, NRC reserves the right to pay those premiums on behalf of the licensee and recover the amount of such premiums from the licensee.

⁵Fifteen licensees continue to provide financial statements to NRC.

NRC Treats Limited Liability Companies the Same as Other Licensees, but the Insurance Industry Has Added Important Requirements for These Companies

NRC applies the same rules to limited liability companies that it does to other licensees of nuclear power plants with respect to liability requirements under the Price-Anderson Act.

All licensees must meet the same requirements regardless of whether they are limited liability companies. American Nuclear Insurers applies an additional requirement for limited liability companies with respect to secondary insurance coverage in order to ensure that they have sufficient assets to pay retrospective premiums. Given the growing number of nuclear power plants licensed to limited liability companies, NRC is examining the need to revise its procedures and regulations for such companies.

NRC requires all licensees of nuclear power plants to follow the same regulations and procedures. Limited liability companies, like other licensees, are required to show that they are maintaining the \$300 million in primary insurance coverage and provide NRC a copy of the bond for payment of retrospective premiums or other approved evidence of guarantee of retrospective premium payments. According to NRC officials, all its licensees, including those that are limited liability companies, have sufficient assets to cover the retrospective premiums. While NRC does not conduct in-depth financial reviews specifically to determine licensees' ability to pay retrospective premiums, it reviews the licensees' financial ability to safely operate their plants and to contribute decommissioning funds for the future retirement of the plants. According to NRC officials, if licensees have the financial resources to cover these two larger expenses, they are likely to be capable of paying their retrospective premiums.

American Nuclear Insurers goes further than NRC and requires licensees that are limited liability companies to provide a letter of guarantee from their parent or other affiliated companies with sufficient assets to cover the retrospective premiums. An American Nuclear Insurers official stated that American Nuclear Insurers obtains these letters as a matter of good business practice. These letters state that the parent or an affiliated company is responsible for paying the retrospective premiums if the limited liability company does not. If the parent company or other affiliated company of a limited liability company does not provide a letter of guarantee, American Nuclear Insurers could refuse to issue the bond for payment of retrospective premiums and the company would have to have another means to show NRC proof of secondary insurance. American Nuclear Insurers informs NRC that it has received these letters of

guarantee. The official also told us that American Nuclear Insurers believes that the letters from the parent companies or other affiliated companies of the limited liability company licensed by NRC are valid and legally enforceable contracts.

NRC officials told us that they were not aware of any problems caused by limited liability companies owning nuclear power plants and that NRC currently does not regard limited liability companies' ownership of nuclear power plants as a concern. However, because these companies are becoming more prevalent as owners of nuclear power plants, NRC is examining whether it needs to revise any of its regulations or procedures for these licensees. NRC estimates that it will complete its study by the end of summer 2004.

Agency Comments

We provided a draft of this report to NRC for review and comment. In its written comments (see app. II), NRC stated that it believes the report accurately reflects the present insurance system for nuclear power plants. NRC said that we correctly conclude that the agency does not treat limited liability companies differently than other licensees with respect to Price-Anderson's insurance requirements. NRC also stated that we are correct in noting that it is not aware of any problems caused by limited liability companies owning nuclear power plants and that NRC currently does not regard limited liability companies' ownership of nuclear power plants as a concern. In addition, NRC commented that we agree with the agency's conclusion that all its reactor licensees have sufficient assets that they are likely to be able to pay the retrospective premiums. With respect to this last comment, the report does not take a position on the licensees' ability to pay the retrospective premiums. We did not evaluate the sufficiency of the individual licensees' assets to make these payments. Instead, we reviewed NRC's and the American Nuclear Insurers' requirements and procedures for retrospective premiums.

Scope and Methodology

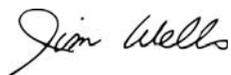
We performed our review at NRC headquarters in Washington, D.C. We reviewed statutes, regulations, and appropriate guidance as well as interviewed agency officials to determine the relevant statutory framework of the Price-Anderson Act. To determine the number of nuclear power plant licensees that are limited liability companies, we surveyed, through electronic mail, all the NRC project managers responsible for maintaining nuclear power plant licenses. We asked them to provide data on the

licensees, including the licensee's name and whether it was a limited liability company. If it was a limited liability company, we asked when the license was transferred to the limited liability company and who is the parent company of the limited liability company. We received responses for all 103 nuclear power plants currently licensed to operate. We analyzed the results of the survey responses. We verified the reliability of the data from a random sample of project managers by requesting copies of the power plant licenses and then comparing the power plant licenses to the data provided by the project managers. The data agreed in all cases. We concluded that the data were reliable enough for the purposes of this report.

To determine NRC's requirements for ensuring that licensees of nuclear power plants comply with the Price-Anderson Act's liability requirements, we reviewed relevant statutes and NRC regulations and interviewed NRC officials responsible for ensuring that licensees have primary and secondary insurance coverage. We also spoke with American Nuclear Insurers officials responsible for issuing the insurance coverage to nuclear power plant licensees, and we reviewed relevant documents associated with the insurance. To determine whether and how these procedures differ for licensees that are limited liability companies, we reviewed relevant documents, including NRC regulations, and interviewed NRC officials responsible for ensuring licensee compliance with Price-Anderson Act requirements.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. We will then send copies to interested congressional committees; the Commissioners, Nuclear Regulatory Commission; the Director, Office of Management and Budget; and other interested parties. We will make copies available to others on request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, I can be reached at (202) 512-3841. Major contributors to this report include Ray Smith, Ilene Pollack, and Amy Webbink. John Delicath and Judy Pagano also contributed to this report.



Jim Wells
Director, Natural Resources
and Environment

List of Congressional Requesters

The Honorable Hillary Rodham Clinton
The Honorable James M. Jeffords
The Honorable Harry Reid
United States Senate

Nuclear Power Plant Ownership

	Plant	Licensed to own	LLC	License transfer date	LLC parent company
1	Arkansas Nuclear One 1	Entergy Arkansas, Inc.	No		
2	Arkansas Nuclear One 2	Entergy Arkansas, Inc.	No		
3	Arnold (Duane) Energy Center	Interstate Power and Light	No		
		Central Iowa Power Cooperative	No		
		Corn Belt Power Cooperative	No		
4	Beaver Valley Power Station 1	Pennsylvania Power Company	No		
		Ohio Edison Company	No		
		FirstEnergy Nuclear Operating Company	No		
5	Beaver Valley Power Station 2	Pennsylvania Power Company	No		
		Ohio Edison Company	No		
		Cleveland Electric Illuminating Company	No		
		Toledo Edison Company	No		
		FirstEnergy Nuclear Operating Company	No		
6	Braidwood Station 1	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
7	Braidwood Station 2	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
8	Browns Ferry Nuclear Power Station 1	Tennessee Valley Authority	No		
9	Browns Ferry Nuclear Power Station 2	Tennessee Valley Authority	No		
10	Browns Ferry Nuclear Power Station 3	Tennessee Valley Authority	No		
11	Brunswick Steam Electric Plant 1	Carolina Power & Light Co.	No		
		North Carolina Eastern Municipal Power Agency	No		
12	Brunswick Steam Electric Plant 2	Carolina Power & Light Co.	No		
		North Carolina Eastern Municipal Power Agency	No		
13	Byron Station 1	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
14	Byron Station 2	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
15	Callaway Plant	Union Electric Company	No		
16	Calvert Cliffs Nuclear Power Plant 1	Calvert Cliffs Nuclear Power Plant, LLC	Yes	6/19/2001	Constellation Energy Group, Inc.

**Appendix I
Nuclear Power Plant Ownership**

(Continued From Previous Page)

	Plant	Licensed to own	LLC	License transfer date	LLC parent company
17	Calvert Cliffs Nuclear Power Plant 2	Calvert Cliffs Nuclear Power Plant, LLC	Yes	6/19/2001	Constellation Energy Group, Inc.
18	Catawba Nuclear Station 1	North Carolina Electric Membership Corp.	No		
		Saluda River Electric Cooperative, Inc.	No		
		Duke Energy Corporation	No		
19	Catawba Nuclear Station 2	North Carolina Municipal Power Agency No. 1	No		
		Piedmont Municipal Power Agency	No		
20	Clinton Power Station	AmerGen Energy Company, LLC	Yes	11/24/1999	Exelon Corporation
21	Columbia Generation Station	Energy Northwest	No		
22	Comanche Peak Steam Electric Station 1	TXU Generation Company LP	No		
23	Comanche Peak Steam Electric Station 2	TXU Generation Company LP	No		
24	Cook (Donald C.) Nuclear Power Plant 1	Indiana Michigan Power Company	No		
25	Cook (Donald C.) Nuclear Power Plant 2	Indiana Michigan Power Company	No		
26	Cooper Nuclear Station	Nebraska Public Power District	No		
27	Crystal River Nuclear Plant 3	Florida Power Corporation	No		
		City of Alachua	No		
		City of Bushnell	No		
		City of Gainesville	No		
		City of Kissimmee	No		
		City of Leesburg	No		
		City of New Smyrna Beach and Utilities Commission	No		
		City of Ocala	No		
		Orlando Utilities Commission and City of Orlando	No		
		Seminole Electric Cooperative, Inc.	No		
28	Davis-Besse Nuclear Power Station	Cleveland Electric Illumination Company	No		
		Toledo Edison Company	No		
29	Diablo Canyon Nuclear Power Plant 1	Pacific Gas and Electric Company	No		

**Appendix I
Nuclear Power Plant Ownership**

(Continued From Previous Page)

	Plant	Licensed to own	LLC	License transfer date	LLC parent company
30	Diablo Canyon Nuclear Power Plant 2	Pacific Gas and Electric Company	No		
31	Dresden Nuclear Power Station 2	Exelon Generation Company, LLC	Yes	8/3/2000	Exelon Corporation
32	Dresden Nuclear Power Station 3	Exelon Generation Company, LLC	Yes	8/3/2000	Exelon Corporation
33	Farley (Joseph M.) Nuclear Plant 1	Alabama Power Company	No		
34	Farley (Joseph M.) Nuclear Plant 2	Alabama Power Company	No		
35	Fermi (Enrico) Atomic Power Plant 2	Detroit Edison Company	No		
36	FitzPatrick (James A.) Nuclear Power Plant	Entergy Nuclear FitzPatrick, LLC	Yes	11/21/2000	Entergy Corporation
37	Fort Calhoun Station	Omaha Public Power District	No		
38	Ginna (Robert E.) Nuclear Station	Rochester Gas and Electric Corporation	No		
39	Grand Gulf Nuclear Station	System Energy Resources, Inc. South Mississippi Electric Power Assoc.	No No		
40	Harris (Shearon) Nuclear Power Plant	Carolina Power & Light Co. North Carolina Eastern Municipal Power Agency	No No		
41	Hatch (Edwin I.) Nuclear Plant 1	Georgia Power Company Municipal Electric Authority of Georgia Oglethorpe Power Corporation City of Dalton, Georgia	No No No No		
42	Hatch (Edwin I.) Nuclear Plant 2	Georgia Power Company Municipal Electric Authority of Georgia Oglethorpe Power Corporation City of Dalton, Georgia	No No No No		
43	Hope Creek Nuclear Power Station	PSEG Nuclear, LLC	Yes	8/21/2000; 10/18/2001	Public Service Enterprise Group, Incorporated
44	Indian Point 2	Entergy Nuclear Indian Point 2, LLC	Yes	9/6/2001	Entergy Corporation
45	Indian Point 3	Entergy Nuclear Indian Point 3, LLC	Yes	11/21/2000	Entergy Corporation
46	Kewaunee Nuclear Power Plant	Wisconsin Public Service Corp. Wisconsin Power & Light Company	No No		

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Nuclear Power Plant Ownership**

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	Plant	Licensed to own	LLC	License transfer date	LLC parent company
47	LaSalle County Station 1	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
48	LaSalle County Station 2	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
49	Limerick Generating Station 1	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
50	Limerick Generating Station 2	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
51	McGuire (William B.) Nuclear Station 1	Duke Energy Corporation	No		
52	McGuire (William B.) Nuclear Station 2	Duke Energy Corporation	No		
53	Millstone Nuclear Power Station 2	Dominion Nuclear Connecticut, Inc.	No		
54	Millstone Nuclear Power Station 3	Dominion Nuclear Connecticut, Inc.	No		
		Central Vermont Public Service Corporation	No		
		Massachusetts Municipal Wholesale Electric Co.	No		
55	Monticello Nuclear Generating Plant	Northern States Power Company	No		
56	Nine Mile Point Nuclear Station 1	Nine Mile Point Nuclear Station, LLC	Yes	11/7/2001	Constellation Energy Group
57	Nine Mile Point Nuclear Station 2	Nine Mile Point Nuclear Station, LLC	Yes	11/7/2001	Constellation Energy Group
		Long Island Lighting Company	No		
58	North Anna Power Station 1	Virginia Electric and Power Company	No		
		Old Dominion Electric Cooperative	No		
59	North Anna Power Station 2	Virginia Electric and Power Company	No		
		Old Dominion Electric Cooperative	No		
60	Oconee Nuclear Station 1	Duke Energy Corporation	No		
61	Oconee Nuclear Station 2	Duke Energy Corporation	No		
62	Oconee Nuclear Station 3	Duke Energy Corporation	No		
63	Oyster Creek Nuclear Power Plant	AmerGen Energy Company, LLC	Yes	8/8/2000	Exelon Corporation
64	Palisades Nuclear Plant	Consumers Energy Company	No		
65	Palo Verde Nuclear Generating Station 1	Arizona Public Service Company	No		
		Salt River Project Agricultural Improvement and Power District	No		
		El Paso Electric Company	No		

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Plant	Licensed to own	LLC	License transfer date	LLC parent company
	Southern California Edison Company	No		
	Public Service Company of New Mexico	No		
	Los Angeles Dept. of Water and Power	No		
	Southern California Public Power Authority	No		
66 Palo Verde Nuclear Generating Station 2	Arizona Public Service Company	No		
	Salt River Project Agricultural Improvement and Power District	No		
	El Paso Electric Company	No		
	Southern California Edison Company	No		
	Public Service Company of New Mexico	No		
	Los Angeles Dept. of Water and Power	No		
	Southern California Public Power Authority	No		
67 Palo Verde Nuclear Generating Station 3	Arizona Public Service Company	No		
	Salt River Project Agricultural Improvement and Power District	No		
	El Paso Electric Company	No		
	Southern California Edison Company	No		
	Public Service Company of New Mexico	No		
	Los Angeles Dept. of Water and Power	No		
	Southern California Public Power Authority	No		
68 Peach Bottom Atomic Power Station 2	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
	PSEG Nuclear, LLC	Yes		Public Service Enterprise Group, Incorporated
69 Peach Bottom Atomic Power Station 3	Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
	PSEG Nuclear, LLC	Yes		Public Service Enterprise Group, Incorporated
70 Perry Nuclear Power Plant	Ohio Edison Company	No		
	Cleveland Electric Company	No		
	Toledo Edison Company	No		
71 Pilgrim Station	Entergy Nuclear Generation Co.	No		
72 Point Beach Nuclear Plant 1	Wisconsin Electric Power Company	No		
73 Point Beach Nuclear Plant 2	Wisconsin Electric Power Company	No		

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	Plant	Licensed to own	LLC	License transfer date	LLC parent company
74	Praire Island Nuclear Plant 1	Northern States Power Company	No		
75	Praire Island Nuclear Plant 2	Northern States Power Company	No		
76	Quad Cities Station 1	Exelon Generation Company, LLC	Yes	8/3/2000	Exelon Corporation
		MidAmerican Energy Company	No		
77	Quad Cities Station 2	Exelon Generation Company, LLC	Yes	8/3/2000	Exelon Corporation
		MidAmerican Energy Company	No		
78	River Bend Station	Entergy Gulf States, Inc.	No		
79	Robinson (H. B.) Plant 2	Carolina Power & Light Co.	No		
80	Salem Nuclear Generating Station 1	PSEG Nuclear, LLC	Yes	8/21/2000	Public Service Enterprise Group, Incorporated
		Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
81	Salem Nuclear Generating Station 2	PSEG Nuclear, LLC	Yes	8/21/2000	Public Service Enterprise Group, Incorporated
		Exelon Generation Company, LLC	Yes	1/12/2001	Exelon Corporation
82	San Onofre Nuclear Generating Station 2	Southern California Edison Company	No		
83	San Onofre Nuclear Generating Station 3	Southern California Edison Company	No		
84	Seabrook Nuclear Power Station	FPL Energy Seabrook, LLC	Yes	11/1/2002	FPL Group, Inc.
		Massachusetts Municipal Wholesale Electric Co.	No		
		Tauton Municipal Lighting Plant	No		
		Hudson Light & Power Department	No		
85	Sequoia Nuclear Plant 1	Tennessee Valley Authority	No		
86	Sequoia Nuclear Plant 2	Tennessee Valley Authority	No		
87	South Texas Project 1	Texas Genco, LP	No		
		City Public Service Board of San Antonio	No		
		Central Power & Light Company	No		
		City of Austin, Texas	No		
88	South Texas Project 2	Texas Genco, LP	No		
		City Public Service Board of San Antonio	No		
		Central Power & Light Company	No		
		City of Austin, Texas	No		
89	St. Lucie Plant 1	Florida Power and Light Company	No		

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	Plant	Licensed to own	LLC	License transfer date	LLC parent company
90	St. Lucie Plant 2	Florida Power and Light Company	No		
		Florida Municipal Power Agency	No		
		Orlando Utilities Commission	No		
91	Summer (Virgil C.) Nuclear Station	South Carolina Electric & Gas Company	No		
		South Carolina Public Service Authority	No		
92	Surry Power Station 1	Virginia Electric and Power Company	No		
93	Surry Power Station 2	Virginia Electric and Power Company	No		
94	Susquehanna Steam Electric Station 1	PPL Susquehanna, LLC	Yes	6/1/2000	Pennsylvania Power and Light Company
95	Susquehanna Steam Electric Station 2	PPL Susquehanna, LLC	Yes	6/1/2000	Pennsylvania Power and Light Company
96	Three Mile Island Nuclear Station 1	AmerGen Energy Company, LLC	Yes	12/20/1999	Exelon Corporation
97	Turkey Point Station 3	Florida Power and Light Company	No		
98	Turkey Point Station 4	Florida Power and Light Company	No		
99	Vermont Yankee Nuclear Power Station	Entergy Nuclear Vermont Yankee, LLC	Yes	7/1/2002	Entergy Corporation
		Entergy Nuclear Operations, Inc.	No		
100	Vogtle (Alvin W.) Nuclear Plant 1	Georgia Power Company	No		
		Municipal Electric Authority of Georgia	No		
		Oglethorpe Power Corporation	No		
		City of Dalton, Georgia	No		
101	Vogtle (Alvin W.) Nuclear Plant 2	Georgia Power Company	No		
		Municipal Electric Authority of Georgia	No		
		Oglethorpe Power Corporation	No		
		City of Dalton, Georgia	No		
102	Waterford Generating Station 3	Entergy Operations, Inc.	No		
103	Watts Bar Nuclear Plant 1	Tennessee Valley Authority	No		
104	Wolf Creek Generating Station	Kansas Gas & Electric Company	No		
		Kansas City Power & Light Company	No		
		Kansas Electric Power Cooperative, Inc.	No		

Source: GAO survey of NRC Project Managers.

Comments from the Nuclear Regulatory Commission



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

April 29, 2004

Mr. James E. Wells
Director, Natural Resources and Environment
United States General Accounting Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Wells:

I would like to thank you for the opportunity to review and submit comments on the May 2004 draft of the General Accounting Office's (GAO) report entitled "Nuclear Regulation-NRC's Liability Insurance Requirements for Nuclear Power Plants Owned by Limited Liability Companies." The U.S. Nuclear Regulatory Commission (NRC) appreciates the time and effort that you and your staff have taken to review this topic.

GAO correctly concludes that NRC does not treat limited liability companies differently than other licensees with respect to the Price-Anderson's insurance requirements. Like other licensees, limited liability companies must show proof of both primary and secondary financial protection. GAO also is correct in noting that NRC is not aware of any problems caused by limited liability companies owning nuclear power plants and that NRC currently does not regard limited liability companies' ownership of nuclear power plants as a concern. Finally, GAO agrees with NRC's conclusion that all its reactor licensees have sufficient assets that they are likely to be able to pay the retrospective premiums. These assets are assured by a number of different methods that are approved by NRC as GAO discusses in its report.

The NRC believes that the GAO report accurately reflects the present insurance system for nuclear power plants. Therefore, we do not have any comments to provide regarding the draft report.

Sincerely,

A handwritten signature in black ink that reads "William D. Travers".

William D. Travers
Executive Director
for Operations

cc: Ilene Pollack, GAO

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