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**NRC TO ALLOW MORE LICENSEES TO USE SELF-GUARANTEE FOR
DECOMMISSIONING FUNDING**

The Nuclear Regulatory Commission is amending its regulations to allow additional licensees who meet stringent financial criteria to self-guarantee adequate funds for decommissioning.

The amendments extend the option of using a self-guarantee to non-profit licensees, such as universities and hospitals, and to for-profit licensees who do not issue bonds.

Since 1993, NRC regulations have permitted financially strong for-profit corporate licensees (other than electric utilities), with bond ratings of A or better, to use a procedure called "self-guarantee" to ensure that adequate funds will be available for decommissioning. Other methods--available to all licensees--include a surety bond or letter of credit, prepayment, insurance, or external sinking fund.

Under a self-guarantee, the licensee gives the Commission a written commitment that the licensee will fund and carry out the required decommissioning activities. Licensees who use this option must pass an annual financial test and report promptly to the NRC any deterioration in financial condition.

Licensees affected by the amended regulations would have to meet the following financial criteria:

--For colleges and universities, either (1) a bond rating of A or better; or (2) for institutions that do not issue bonds, an unrestricted endowment of at least \$50 million or at least 30 times the estimated decommissioning costs, whichever is greater.

--For hospitals, either (1) a bond rating of A or better; or (2) for hospitals that do not issue bonds, satisfaction of four tests specified in the regulations for liquidity, net revenue, leverage, and size.

--For industrial corporations that do not issue bonds, satisfaction of the following tests: net worth would have to be greater than \$10 million or at least 10 times the

estimated decommissioning costs, whichever is greater; cash flow would have to be more than 15% of liabilities; and liabilities would have to be less than 150% of net worth.

The NRC estimates that 25 to 30 college and university licensees, 10 to 14 hospitals, and two to four non-bond-issuing industrial companies might qualify for self-guarantee.

Further details on the rule are contained in a Federal Register notice to be published shortly. The revisions will be effective 30 days after the Federal Register notice.