

United States Nuclear Regulatory Commission
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NRC PROPOSES TO ALLOW MORE LICENSEES
TO USE SELF-GUARANTEE FOR DECOMMISSIONING FUNDING

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

Since 1993, NRC regulations have permitted financially strong for-profit corporate licensees (other than electric utilities) with bond ratings of A or better to make use of 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.

The proposed amendments could extend the option of using self-guarantee to non-profit licensees, such as universities and hospitals, and to for-profit licensees who do not issue bonds. They 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 ratio tests: cash flow divided by total liabilities would have to be greater than 0.15; total liabilities divided by net worth would have to be less than 1.5; and net worth would have to be greater than \$10 million or at least 10 times the estimated decommissioning costs, whichever is greater.

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 proposed rule are contained in a Federal Register notice issued on April 30.

Interested persons are invited to submit comments by July 29 (90 days after the Federal Register notice). Written comments should be addressed to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555, Attention: Rulemakings and Adjudications Staff. Comments may also be submitted electronically, as described in the Federal Register notice.