



UNIVERSITY OF MARYLAND

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April 27, 2000

United States Nuclear Regulatory Commission
Document Control Desk
Washington, D.C. 20555-0001

RE: Docket No. 50-166: University of Maryland
Application for Renewal of Operating License No. R-70
Letter of Intent regarding the Financial Qualifications

The University of Maryland submits this letter of intent regarding the University's financial obligations and qualifications as part of its application for a renewal of its Class 104 Operating License No. R-70. The Nuclear Regulatory Commission (NRC) issued that license to the University in August 1984. It is currently scheduled to expire on June 29, 2000. The University is applying for a twenty-year renewal of that license.

Section 50.33(f) of Title 10 of the Code of Federal Regulations requires the University to provide reasonable assurance that it will be able to obtain the funds necessary to cover estimated operating and decommissioning costs for the term of the license renewal. There are four parts to the University's financial statement.

Part one is the University's most recent published financial statement. That statement was prepared by Arthur Anderson and published in its audit report entitled "University System of Maryland Financial Statements and Supplemental Data for the Year Ended June 30, 1999, together with Report of Independent Public Accountants" (Report). Relevant pages from the Report are submitted at Enclosure 1 for your review.

The second part of the University's financial statement is set forth in Section 15 of the Safety Analysis Report. Section 15 presents the estimated annual operating costs of the University reactor and describes funding sources and the bases of our estimates.

The Decommissioning Plan of the Maryland University Training Reactor (MUTR) contains the third part of the University's financial statement. The University submitted the Decommissioning Plan to the NRC in April 1990. The Plan was approved by the NRC and currently is on file with the Commission. The Decommissioning Plan discusses the type of shutdown that would be contemplated, the estimated costs to decommission the reactor and the underlying assumptions of those estimates. Updated estimates for decommissioning the MUTR are presented in Enclosure 2 to this letter.

Finally, the University submits this letter of intent as additional assurance that it is capable of financing the decommissioning of the reactor and agrees to assume payment of those costs, if necessary. The funds to cover those costs will be available throughout the term

NRR-060

AO20

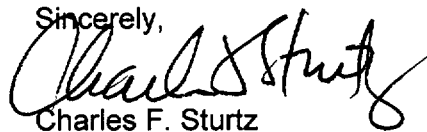
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of our renewal license by a reservation of University discretionary funds in a Plant Fund account. The University's normal practice would be to acquire the funds to cover dismantlement and disposal through the annual budget request to the State of Maryland. The State can act through deficiency, supplemental or continuing appropriation processes.

By copy of this letter, the University is transmitting one copy of this Letter of Intent in support of its Application for Renewal to the inspector of the MUTR and to Mr. Alexander Adams, Jr., Senior Project Manager, Events Assessment, Generic communications and Non-Power Reactors Branch, Division of Regulatory Improvement Programs of the NRC.

Please contact Dr. Mohamad Al-Sheikhly, MUTR Director, at (301) 405-5214 for additional information and clarification and to schedule a visit to the MUTR. Thank you for your consideration.

Sincerely,



Charles F. Sturtz

Vice President for Administrative Affairs

Enclosure

cc: Gregory L. Geoffroy
William W. Destler
Nariman Farvardin
Herbert Rabin
Aristos Christou
Mohamad Al-Sheikhly
Tom Dragoun
Anne Bowden
Alexander Adams, Jr.

UNIVERSITY SYSTEM OF MARYLAND

Financial Statements and Supplemental Data
for the Year Ended June 30, 1999, together with
Report of Independent Public Accountants

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999:

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SUPPLEMENTAL DATA:

Balance Sheet, Statement of Changes in Fund Balances, and
Statement of Current Funds Revenues, Expenditures
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UNIVERSITY OF MARYLAND, COLLEGE PARK
BALANCE SHEET
JUNE 30, 1999

	CURRENT FUNDS					
	UNRESTRICTED					
	Education and General	Auxiliary Enterprises	Restricted	Current Funds Total	Loan Funds	Endowment and Similar Funds
ASSETS						Plant Funds
Cash and cash equivalents						
Investments	\$73,748,007	\$26,230,915		\$99,978,922	\$1,209,849	\$58,245,306
Accounts receivable (net of allowance for doubtful accounts of \$1,700,346)	2,035,919			2,035,919		
Notes receivable (net of allowance for doubtful notes of \$1,654,309)	1,134,107	3,856,139	\$30,409,340	35,399,586		
Accrued interest receivable					11,139,230	
Inventories						
Prepaid expenses and deferred charges	1,576,069	3,990,974		5,567,043		2,366
Investment in plant	2,926,234	411,903		3,338,137		
Due from other funds						
Total assets	10,985,707			10,985,707		1,237,053,371
	\$92,406,043	\$34,489,931	\$30,409,340	\$157,305,314	\$12,349,079	\$129,693,227
						\$1,295,301,043
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued liabilities	\$20,940,350	\$3,818,332	\$9,060,491	\$33,819,173		
Accrued workers' compensation	5,854,002	687,983		6,541,985	\$125,259	\$15,262,768
Accrued vacation costs	24,399,857	2,105,122		26,504,979		
Due to other funds		200,000	10,785,707	10,985,707		
Revenue bonds						
Notes payable and other long-term debt						257,369,869
Deferred revenue						13,471,399
Total liabilities	5,625,312	9,908,059		15,533,371		
	56,819,521	16,719,496	19,846,198	93,385,215		125,259
						286,104,036
FUND BALANCES						
Unrestricted, allocated:						
Encumbrances						
Loans to students	5,204,620	1,606,351		6,810,971		
Unexpended plant funds					\$668,720	
Renewals and replacements						
Unrestricted, unallocated						24,812,434
Endowment and similar funds	30,381,902	16,164,084		46,545,986		30,342,716
Net investment in plant						
Restricted:						
Sponsored research						
U.S. government loan programs			10,563,142	10,563,142		950,951,700
Unexpended plant funds					11,680,359	
Renewals and replacements						
Retirement of indebtedness						2,644,605
Total fund balances	35,586,522	17,770,435	10,563,142	63,920,099	12,349,079	219,155
Total liabilities and fund balances	\$92,406,043	\$34,489,931	\$30,409,340	\$157,305,314	\$12,349,079	\$1,295,301,043
						\$134,693,227

The accompanying notes are an integral part of this statement.

UNIVERSITY OF MARYLAND, COLLEGE PARK
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
YEAR ENDED JUNE 30, 1999

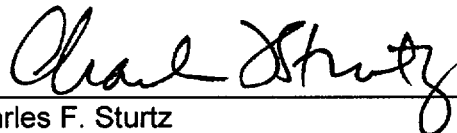
	CURRENT FUNDS			
	UNRESTRICTED			
	Education and General	Auxiliary Enterprises	Restricted	Current Funds Total
REVENUES				
Tuition and fees				
State appropriations	\$179,947,282			\$179,947,282
Federal grants and contracts	273,232,092			273,232,092
State and local grants and contracts	25,682,824		\$130,780,730	156,463,554
Private gifts, grants and contracts	1,271,855		27,993,938	29,265,793
Investment income:	8,496,596	\$3,025,105	29,417,019	40,938,720
Endowment				
Other	10,000	355,216	2,364,099	2,729,315
Sales and services of educational departments	3,480,913	3,358,620		6,839,533
Sales and services of auxiliary enterprises	11,001,326			11,001,326
Other		119,737,628		119,737,628
	<u>2,891,663</u>			<u>2,891,663</u>
Total revenues	<u>506,014,551</u>	<u>126,476,569</u>	<u>190,555,786</u>	<u>823,046,906</u>
EXPENDITURES AND MANDATORY TRANSFERS				
Instruction	202,510,112		9,953,884	212,463,996
Research	54,394,507		141,947,770	196,342,277
Public service	17,011,010		23,277,285	40,288,295
Academic support	53,377,568		1,175,778	54,553,346
Student services	21,721,518		199,768	21,921,286
Institutional support	32,540,915		215,992	32,756,907
Operation and maintenance of plant	48,130,682			48,130,682
Scholarships and fellowships	35,666,069		13,781,346	49,447,415
Auxiliary enterprises		96,031,830		96,031,830
Total expenditures	<u>465,352,381</u>	<u>96,031,830</u>	<u>190,551,823</u>	<u>751,936,034</u>
Mandatory transfers	<u>(13,413,935)</u>	<u>(10,017,221)</u>	<u>(3,963)</u>	<u>(23,435,119)</u>
Total expenditures and mandatory transfers	<u>478,766,316</u>	<u>106,049,051</u>	<u>190,555,786</u>	<u>775,371,153</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)				
Nonmandatory transfers	(23,204,262)	(20,925,614)	1,089,351	(43,040,525)
Transfers (to) from other University System of Maryland institutions	(761,646)			(761,646)
Excess of restricted receipts over transfers to revenues			2,768,890	2,768,890
Total other transfers and additions (deductions)	<u>(23,965,908)</u>	<u>(20,925,614)</u>	<u>3,858,241</u>	<u>(41,033,281)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$3,282,327</u>	<u>(\$498,096)</u>	<u>\$3,858,241</u>	<u>\$6,642,472</u>

The accompanying notes are an integral part of this statement.

AFFIRMATION OF UNIVERSITY OF MARYLAND

STATE OF MARYLAND : **Docket No. 50-166**
:
PRINCE GEORGE'S COUNTY : **United States Nuclear Regulatory Commission**

I, Charles F. Sturtz, being duly sworn, state that I am Vice President for Administrative Affairs for the University of Maryland and the University's chief financial officer, and that I am duly authorized to execute and file this Letter of Intent of Financial Qualifications in Support of the Renewal of Operating License No. R-70 for a Class 104 facility on behalf of the University of Maryland. To the best of my knowledge and belief, the statements contained in the documents comprising this Application for Renewal are true and correct. To the extent that statements are not based on my personal knowledge, they are based upon information provided by other University of Maryland employees, officers or agents. I have reviewed such information and believe it to be reliable. This Affirmation is submitted in accordance with Title 10 Code of Federal Regulations Section 50.30(b).



Charles F. Sturtz
Vice President for Administrative Affairs
Main Administration
University of Maryland
College Park, Maryland 20742

Subscribed and sworn before me, a Notary Public in and for the State of Maryland and Prince George's County, this 26 Day of April 2000.

Witness my Hand and Notarial Seal:



Notary Public

My Commission Expires:

Date

JANET P. TURNBULL
NOTARY PUBLIC STATE OF MARYLAND
MY COMMISSION EXPIRES MARCH 1, 2003

Updated Decommissioning Costs

In 1980 the MUTR staff prepared a decommissioning plan and cost estimate. This plan estimated the cost of decommissioning in 1980 to be \$1.2 million dollars. The plan also defined a method for which decommissioning costs could be updated. This method was to use the Implicit Price Deflator, which is an economic statistic generated by the Department of Commerce. The table below gives the 1980 cost and the 2000 estimated decommissioning cost for the MUTR. The 2000 dollar values for facility operation costs during cooldown are from chapter 15 of the SAR. All other values have been adjusted using the Implicit Price Deflator for 2000 based on 1980 dollars, which is 1.86.

Decommissioning Cost Summary Table

Item	1980 Cost	2000 Cost
Cooldown and Preparation:		
Insurance	\$7,000/yr for 5 years	\$13048/yr for five years
Reactor Director ¹	\$26,000/yr for first 2 years	\$50,000/yr for five years
Manager+other staff ¹	\$30,000/yr for 3 years	\$25,000/yr for five years
Technician ¹	\$5,000/yr for 5 years	\$10,000/yr for five years
Security, Communications, and other Misc. Expenses ¹	\$200/yr for 5 years	\$1,500/yr for five years
Total for 5 years	\$203,000	\$347,744
Dismantling	\$600,000	\$1,118,478
Packaging and Shipping of Waste	\$50,000	\$93,206
Final Report and Surveys	\$175,000	\$326,222
Unexpected Expenses	\$150,000	\$279,619
Total	\$1,186,000	\$2,165,272

¹The values for these are taken from the SAR for 2000.