

January 30, 2001

MEMORANDUM TO: Hubert J. Miller
Regional Administrator

THRU: ***/RA by Francis Costello Acting For/***
George Pangburn, Director
Division Of Nuclear Materials Safety

FROM: Ronald R. Bellamy, Manager ***/RA/***
Financial Assurance Instrument Custodian

SUBJECT: CALENDAR YEAR 2000 EVALUATION OF THE REGION I
DECOMMISSIONING FINANCIAL ASSURANCE PROGRAM

Attached is the annual evaluation report of the subject program required by Management Directive 8.12, "Decommissioning Financial Assurance Instrument Security Program," Section (E)(3), (rev. April 3, 1998). The evaluation includes a review of program implementation by designated Region I DNMS staff and a review of all financial assurance files (182 files) against the guidelines of the MD 8.12 Handbook.

The evaluation determined that the Region I program is being adequately maintained to ensure that financial assurance instruments are readily available when NRC needs to draw on them. Review of the inventory log and safe access list indicated that all instruments were properly accounted for.

Each finding will be addressed by specific actions assigned to appropriate DNMS staff. If you have any questions or if you would like a briefing on the evaluation, we will be pleased to schedule one.

The evaluation was performed by Craig Gordon, Sr. Health Physicist, Decommissioning and Laboratory Branch.

Attachments:

1. Financial Assurance Evaluation CY 2000
2. Specific File Comments

cc w/attachments:

J. Wiggins
D. Collins, RII
C. Pederson, RIII
D. Chamberlain, RIV

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Decommissioning and Laboratory Branch

FROM: Craig Z. Gordon */RA/*
Senior Health Physicist, DLB

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The Region I program is being adequately maintained to ensure that financial assurance instruments are readily available when NRC needs to draw on them. Review of the inventory log and safe access list indicated that all instruments were properly accounted for.

Evaluation comments identified in Attachment 1 refer to financial instrument inventory verification, security and access control of instrument files, and file maintenance. Specific comments on each file are provided in Attachment 2.

I am available to discuss with the staff any questions about the comments identified in the evaluation.

Attachments: As Stated

cc w/attachments:
S. Villar

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**Financial Assurance Evaluation
Calendar Year 2000**

The Region I Financial Assurance Instrument Security Program was compared with the guidelines of Management Directive 8.12. Overall, the program meets the key guidelines of the MD 8.12 Handbook with the following exceptions. Comments are listed in order of program significance.

1. E(2)(b). Evaluation of the Decommissioning Financial Assurance Inventory.

Comment. All files on the Inventory list were reviewed against the guidelines identified in Section E (2)(b) of the MD 8.12 Handbook. When compared with previous evaluations, many files were upgraded and found complete. However, for all files to meet the Handbook guidelines, additional improvements are necessary as noted in Attachment 2.

2. C(1)(a)(vi). The inventory list of financial assurance instruments held in the safe must include the expiration date.

Comment. The inventory list will be revised to include expiration date.

3. B(5). License file copies will be stamped "nonnegotiable" and the identification number of the instrument will be blacked out.

Comment. A random sample of 13 docket room license files (PA-7, CT-3, NJ-3) maintained for licensees requiring financial assurance indicated that all instrument copies were not marked as required.

4. E(4). An external evaluation shall be performed of the Regional program by the Division of Waste Management every two years through IMPEP.

Comment. The last external evaluation was performed during the 1998 IMPEP review. An external evaluation appears appropriate whenever a Regional IMPEP review is performed instead of the prescribed two year frequency. An IMPEP is scheduled for March 2001, and the inconsistency should be discussed.

Specific file comments

Comments relate to:

- 1) IL Inventory list- primary list of financial instruments secured in safe
- 2) LTS License Tracking System- database entries

Abbreviations used in audit comments

CD	Certificate of Deposit
ES	Escrow Account
LT	Letter of Credit
PG	Parent Company Guarantee
SB	Surety Bond
SBT	Standby Trust Agreement
SG	Self Guarantee
SI	Statement of Intent
TR	Trust Fund

<u>Licensee Name</u>	<u>License Number</u>	<u>Comment</u>
1. VA Hospital	06-00092-05	none
2. Yale Univ	06-00183-03	none
3. ABB CE	06-00217-06	none
4. Uniroyal Chem	06-00221-08	none
5. Univ CT	06-01450-47	LTS: street address, zip different than SI
6. CT Agricult Exp Stn.	06-03754-01	SI: covers only 1 of 3 authorized places of use
7. Pfizer	06-05869-01	SBT: not original; missing 3 att.(cert events, resol, TA sched)
8. CT Yankee	06-11682-02	CD: copy only
9. Clairol	06-11703-02	none
10. Univ CT Health Center	06-13022-02	SI: address refers to A/G office instead of facility
11. Bayer Inc.	06-13053-04	none
12. NE Nuclear	06-13937-02	See comment 8, above
13. Boehringer Ing.	06-19183-01	SBT: not original, missing- 3 att.
14. Bristol Myers	06-27843-02	none
15. Severn Trent.	06-30139-01	none
16. DuPont	07-00455-02	none
17. DuPont	07-00455-40	IL: shows aggregate amount not 180K for facility
18. Univ of DE	07-01579-19	none
19. Zeneca	07-03990-01	none
20. DuPont	07-13441-02	none
21. AI DuPont Inst	07-16199-01	none
22. Tru-Tec Services, Inc.	07-28386-01	IL: needs update of information in letter to change St. Paul Ins. to Lockton

23. Dade Int'l Inc.	07-30325-01	IL, SBT: license number different
24. Geo. Wash. Univ	08-00216-22	SBT: missing - 3 attachments
25. Howard Univ	08-00386-19	SBT: missing certification of events
26. Health Human & Serv.	08-00482-03	none
27. VA Med Center	08-00942-05	none
28. Georgetown U Med. Ctr	08-01709-04	none
29. Army- Walter Reed MC	08-01738-02	SI: Gillette building identified in license not included
30. Army- Walter Reed MC	08-01738-03	none
31. Catholic Univ	08-02075-03	LTS: address for Mercantile Bank is Baltimore
32. Georgetown Univ	08-03114-05	none
33. Smithsonian	08-05938-01	LTS: issue date indicates 1997
34. Health & Human Serv.	08-15484-01	LTS: effective date not shown
35. Medstar Georgetown	08-30577-01	IL: 304K surety amount not shown
36. Dept. of the Army	19-00294-19	LTS: effective date not shown
37. Dept. of the Army	19-00294-21	LTS: effective date not shown
38. Dept. of the Army	19-00294-23	LTS: effective date not shown
39. Dept. of the Army	19-00294-24	none
40. Health & Human Services	19-00296-10	superfluous info in file
41. USDA	19-00915-03	SI: appears to be \$750K for both licenses
42. USDA	19-00915-06	See 40, above
43. Dept. of the Army	19-01151-02	none
44. NASA	19-05748-02	SI: includes financial assurance for a Virginia facility not on license
45. NASA	19-05748-03	none
46. Health & Human Services	19-07538-01	superfluous info in file
47. Univ of Uniformed Serv.	19-08330-02	none
48. Univ of Uniformed Serv.	19-08330-03	none
49. Health & Human Serv.	19-09760-02	SI: provides financial assurance for a facility not on license
50. Dept. of the Army	19-09880-01	none
51. Dept. of the Army	19-10306-01	IL: current date on letter is 3/19/91
52. Dept. of the Army	19-11831-03	none
53. Dept. of the Army	19-17250-05	none
54. Science Application Int'l. Corp.	19-21091-01	none
55. Univ of Unif. Services	19-23344-01	none
56. Dept. of the Army	20-00315-02	LTS: effective date missing
57. V.A. Medical Ctr.	20-00671-02	none

58. Entergy	20-07626-04	none
59. Health & Human Serv.	20-08361-01	SI: temporary job sites and other locations added to license after financial assurance approved
60. Dept. of the V.A.	20-10184-01	none
61. North Atlantic Energy Service	28-28098-01	none
62. Hoffman-LaRoche	29-00018-02	SBT: missing- 3 attachments
63. Colgate Palmolive	29-00033-07	LTS: needs update to reflect 1996 information for Citibank
64. Dept. of the Army	29-00047-02	none
65. Teledyne	29-00055-06	none
66. Teledyne	29-00055-14	none
67. Teledyne	29-00055-15	none
68. Merck	29-00117-06	none
69. E.R. Squibb	29-00139-02	none
70. AT&T Bell Labs (Lucent Tech.)	29-00170-03	none
71. AT&T Bell Labs (Lucent Tech.)	29-00170-04	none
72. Johnson & Johnson	29-00206-07	LTS: effective date is 3/31/94
73. Schering Corp.	29-00244-02	none
74. Unilever	29-00304-02	none
75. Novartis Pharm. (Ciba-Geigy)	29-00459-03	none
76. Dept. of the Army	29-1022-06	none
77. FMC	29-01035-01	SBT: missing- schedule of events, acknowl
78. Ledoux & Co.	29-01442-01	LTS: total financial assurance amount is \$90K
79. RW Johnson	29-02608-03	See 72, above
80. Ethicon Inc.	29-02786-03	none
81. Ethicon, Inc.	29-02786-06	none
82. Univ of Med.& Dentistry of NJ	29-02957-13	none
83. VA Med Ctr of New Jersey	29-04481-01	none
84. Princeton Univ	29-05185-24	none
85. Rutgers Univ	29-05218-28	none
86. Exxon	29-05260-13	none
87. DEP-NJ	29-07009-05	none
88. American Cyanimid	29-07694-01	check submitted 7/1/00
89. Novartis (Sandoz)	29-08978-02	LTS: issue date is 12/17/99
90. UMDNJ	29-15188-01	none
91. Hoechst Marion	29-15354-01	LTS: update address for Chase bank; IL, LTS: two entries
92. Ortho Diagnostic	29-16223-01	none

93. Johnson & Johnson	29-17001-02	See 72, above
94. New Jersey State Dept.	29-18389-01	none
95. BOC Group	29-18430-01	SBT: missing- certificate of resolution, Chase address
96. Exxon Biomedical	29-19396-01	none
97. Isomedix	29-19769-03	SBT: Grantor and trustee are licensee; withdrawal clause 90% or \$202K; missing 3 attachments IL: LT needs update. LTS: shows license address in Mass.
98. Liposome	29-19918-01	none
99. SteriGenics	NEW LICENSE	none
100. SteriGenics (Salem)	29-20900-01	none
101. Xenobiotics	29-28053-01	SBT: missing- 3 attachments
102. Wyeth-Ayerst	29-28210-02	IL: Bank No. and amount is not shown for SB
103. Bell Labs	29-28260-01	none
104. North American Watch Corp.	29-30178-01	none
105. SteriGenics (Rockaway)	29-30308-01	none
106. SteriGenics (Rockaway)	29-30458-01	none
107. VA, New York	31-00032-04	none
108. VA, Bronx	31-00636-07	none
109. VA, Buffalo	31-00786-02	none
110. VA, Syracuse	31-00845-01	none
111. VA, Albany	31-02755-05	none
112. VA Medical Ctr (Brooklyn)	31-02892-06	none
113. VA, Northport	31-13511-04	none
114. VA, Philadelphia	37-00062-07	none
115. Univ of Penn	37-00118-07	SBT: missing- 4 attachments;
116. Thomas Jeff. Univ	37-00148-06	none
117. Penn State Univ	37-00185-04	LT to expire 1/31/01
118. Penn State Univ	37-00185-05,6	see 117, above
119. Univ of Pitt.	37-00245-02	IL: mech type is SG, date is 11/18/98
120. SmithKline Beech.	37-00282-04	none
121. Wyeth Labs	37-00401-03	none
122. Albert Einstein Medical Center	37-00448-19	none
123. Allegheny Univ of Hlth Svcs.	37-00467-34	none
124. Carnegie Mellon Univ	37-00602-03	SBT: agreement copy
125. Temple Univ	37-00697-31	IL: amount should be \$830K for two licenses; shows Mellon Bank amendment only for SBT

126. VA, Pittsburgh	37-01230-03	none
127. Allegheny GH	37-01317-01	none
128. Geisinger Med Ctr	37-01421-01	none
129. Merck & Co.	37-01531-07	none
130. Merck Sharp & Dohme	37-01531-07	none
131. Rohm & Haas Res.	37-01665-01	none
132. Martin-Marietta	37-02006-05	none
133. Martin-Marietta	37-02006-09	LTS: revise LT bank address, remove first of two entries (SG).
134. Elf Atochem NA	37-02226-02	none
135. Fox Chase Cancer Ctr	37-02766-01	none
136. SMH	37-03572-06	LTS: shows amounts of \$750K and \$50K.
137. Westinghouse	37-05809-02	none
138. Allegheny Univ	37-07438-15	none
139. Lehigh Univ	37-07912-02	SBT: missing- 2 attachments (certificate of resolution, acknowledgement.)
140. Rhone-Poulenc	37-08802-01	none
141. Milton S. Hershey	37-13831-01	none
142. Milton S. Hershey	37-13831-04	none
143 F&M College	37-11185-04	none
144. Permagrain Prod.	37-17860-01	none
145. Permagrain Prod.	37-17860-02	none
146. RECRA Environmental	37-19378-01	none
147. Alaron Corp.	37-20826-01	none
148. Alaron Corp.	37-20826-02	none
149. Interstate Nuclear	37-23341-01	none
150. Sanofi Winthrop	37-28076-01	none
151. Afftrex	37-28329-01	none
152. Defense Dist.	37-30062-01	SI: license shows a Connecticut facility not in SI letter
153. MPM Technologies	37-30408-01	IL: SB number incorrect
154. Vermont	44-00728-13	none
155. Vermont Yankee	44-13669-04	IL: date is 7/24/94, no response to FA term letter
156. Princeton Univ	040-05259	none
157. Ledoux & Co.	070-00314 (SNM-296)	none
158. II-VI, Inc.	040-08868 (STA-1455)	none

159. Alpha Q.	040-08940 (STB-1504)	none
160. Heritage	040-08980 (SMB-1541)	none
161. Catholic Univ	070-00190 (SNM-164)	LTS amount is \$750K for SNM-164
162. Catholic Univ	040-06329 (SUD-157)	See 161, above
163. Dept. of the Army	040-02253 (SUB-238)	none
164. Dept. of the Army	070-00867 (SNM-860)	none
165. Dept. of the Army	040-07008 (SMB-707)	none
166. Dept. of the Army	040-06394 (SMB-141)	LTS: missing- effective date
167. Dept. of the Army	040-07354 (SUB-834)	none
168. Dept. of the Army	040-06377	LTS: amount is \$345K
169. Dept. of the Army	040-08526 (SUC-1275)	none
170. Budney Overhaul	040-08974 (STB-1530)	none
171. Dept. of the Army	040-09011 (STB-1554)	none
172. Hi-Temp Specialty	40-09052 (SMC-1584)	none
173. AT&T Bell Labs	040-08478 (SMB-1260)	5/23/00 SB not original
174. AT&T Bell Labs	070-00222 (SNM-203)	See 173, above
175. Osram Sylvania	040-00185 (STB-281)	none
176. Defense Logistics	040-00341 (STC-133)	none
177. United Tech.	040-00791 (SMB-151)	none
178. Imaging & Sensing Tech	070-03061 (SNM-1982)	SBT: missing- 4 attachments, Sec 2- shows SBT valid for State and NRC licenses concurrently
179. Teledyne	070-00124	none
180. Massachusetts Inst. of Tech.	070-00938 (SNM-986)	LTS: not listed
181. Penn State Univ	070-00113 (SNM-95)	LTS: not listed
182. Westinghouse Corp	10 licenses	IL, LTS: Information should be revised for licensee correspondence found in Westinghouse folder after 2/98