



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

September 25, 2001

ICF, Incorporated
ATTN.: Ms. Francis Schossow
9300 Lee Highway
Fairfax, Virginia 22031

Dear Ms. Schossow:

SUBJECT: TASK ORDER NO. 5 "GROUP II COST ESTIMATE TASKS FOR STAFF
RESPONSE TO SRM-SECY-00-180" UNDER CONTRACT NO. NRC-02-00-001

Dear Ms. Schossow:

This confirms the verbal authorization provided on August 10, 2001 and September 14, 2001 for performance of work required under the subject Task Order, with a temporary ceiling totaling \$30,000.00. Therefore, in accordance with the task order procedures of the subject contract, this letter definitizes Task Order No. 5. This effort shall be performed in accordance with the enclosed Statement of Work and the Contractor's technical proposal dated July 24, 2001. Task Order No. 5 shall be in effect from August 10, 2001 through November 20, 2001, with a cost ceiling of \$49,817.00. The amount \$45,704.00 represents the total estimated reimbursable costs, and the amount \$4,113.00 represents the fixed fee for this task order.

and revised
Technical
Proposal
dated
8/6/01

The amount obligated on this task order document is \$37,000.00 (inclusive of the \$30,000.00 verbally authorized). Of this amount \$33,945.00 represents the estimated reimbursable costs and \$3,055.00 represents the fixed fee. The obligated amount shall, at no time, exceed the task order ceiling. When and if the amount(s) paid and payable to the Contractor hereunder shall equal the obligated amount, the Contractor shall not be obligated to continue performance of the work unless and until the Contracting Officer shall increase the amount obligated with respect to this task order. Any work undertaken by the Contractor in excess of the obligated amount specified above is done so at the Contractor's sole risk.

ICF/NRC
PEB/ST

Accounting data for this task order is as follows:

B&R No.: 15015303120
Job Code No.: J5305
BOC: 252A
APPN No.: 31X0200
FFS No.: 5001R112
Obligated: \$37,000.00

NRC-02-00-001 - Task Order No. 5

The Contractor agrees that such personnel shall not be removed from the effort under the task order without compliance with Contract Clause H.5, Key Personnel.

Your contacts during the course of this task are:

Technical Matters: Eric Pogue, Technical Monitor
(301) 415-6064

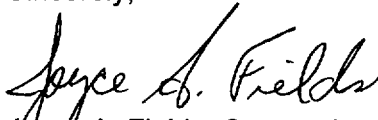
Edna Knox-Davin, Project Officer
(301) 415-6577

Contractual Matters: Joyce Fields, Contracting Officer
(301) 415-6564

The issuance of this task order does not amend any terms or conditions of the subject contract.

Please indicate your acceptance of this task order by having an official, authorized to bind your organization, execute three (3) copies of this document in the space provided below and return two (2) copies to the U.S. Nuclear Regulatory Commission, ATTN: Ms. Joyce Fields, Division of Contracts and Property Management, T-712, ADM/DCPM/CMB2, Washington, D.C. 20555. You should retain the third copy for your records.

Sincerely,



Joyce A. Fields, Contracting Officer
Contract Management Branch No. 2
Division of Contracts and
Property
Office of Administration

Enclosure:
As stated

ACCEPTED:

Paul E. Bagley
NAME
Senior Vice President
TITLE
9/25/01
DATE

STATEMENT OF WORK

PROJECT TITLE: GROUP II COST ESTIMATE TASKS FOR STAFF
RESPONSE TO SRM-SECY-00-180
NRC TECHNICAL MONITOR: ERIC POGUE

1.0 Background

Staff developed SECY-00-180, "Issues and Funding Options to Facilitate Remediation of Decommissioning Sites in Non-Agreement States," to describe and analyze funding options for sites without adequate funding for decommissioning, which are located in non-Agreement States. In the corresponding Staff Requirements Memorandum (SRM-SECY-00-180) staff was tasked with conducting financial analyses for sites that are currently undergoing decommissioning.

In preparing a response to SRM-SECY-00-180, staff has performed a preliminary evaluation of all sites currently undergoing decommissioning. Staff has categorized each of these sites into one of three groups, based on the status of their financial assurance and their financial capability.

Group I, intended for sites that are an immediate financial concern, consists of only one site at this time. This site is the Safety Light Corporation (SLC), which ICF has been separately contracted to prepare detailed cost estimates for. Group I sites by definition have inadequate financial assurance and they also lack the funding that would be needed to complete decommissioning.

Group II, the subject of this SOW, is made-up of sites that have inadequate financial assurance. These sites are unlike Group I sites in that they do not have immediate funding concerns like SLC. Some of the Group II sites are simply not licensed and therefore not required to have any financial assurance, while others have financial assurance dependent on assumptions (e.g. restricted release **will** be approved) that may or may not become a reality. The key information that staff lacks for each of these sites is their ability to fund remediation despite lacking appropriate financial assurance. Until now staff has made assumptions about these licensees (e.g. Site "X" is not a concern because "X corporation" has deep pockets), however staff needs to be in a position to quantitatively justify our concerns, or lack of concern, for each of these sites when we formally report back to the Commission in April 2002.

Note that Group III is made-up of sites with adequate financial assurance. Group III sites will not be evaluated as part of staff's response to SRM-SECY-00-180.

2.0 Objective

The objective of this task is to develop and implement a methodology for cost estimates and financial evaluations of sites that have been placed in Group II by NRC staff.

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3.0 Technical Qualifications Required

To perform the tasks described in Section 6, expertise is needed in the following areas: Decommissioning, Finance, and Cost Estimating.

4.0 Level of Effort

The estimated level of effort for this task order is approximately 0.25 FTE. This is the effort anticipated to develop and implement a methodology for approximately 15 sites.

Note that after the methodology is developed, NRC may identify additional sites that require evaluation. These additional evaluations are not included in the FTE estimate, but are not expected to require a significant level of effort relative to the tasks encompassing the development the methodology.

5.0 Period of Performance

The period of performance for this task shall begin on the date of execution of the task order and shall continue for approximately 16 weeks (planned completion date for final task is November 20, 2001).

6.0 Scope of Work

Subtask 1 : **Methodology for Conducting Unrestricted Cost Estimates**

Sites that will be submitted for review under this task order have one of three levels of available information:

1. Approximately 2 sites have existing unrestricted release cost estimates, which have already been through some level of NRC review. For this task order, these estimates will be considered adequate. Therefore work on these sites by the contractor shall commence under Subtask 3, "Financial Tests using Unrestricted Release Cost Estimates."
2. The majority of sites submitted to the contractor will not have unrestricted cost estimates. For these sites the contractor will be supplied with general site information (e.g., licensee, location, size, etc.), the approximate volume and composition of contaminated soils, an estimate of the extent and nature of contaminated structures and equipment (e.g., 10,000 m³ of building surfaces are contaminated at an average surface activity level of 110,000 dpm/100 cm²), and a description of any groundwater contamination.
3. A few (2-3) of the remaining sites have not been evaluated in enough detail by their respective licensees and/or NRC staff in order for information, like that available for the majority of sites (e.g. contaminated soil volumes), to be provided for this contract. For these sites NRC intends on submitting a characterization document to the contractor. We would expect the contractor to estimate the extent and nature of contamination at the site, based on assumptions made after a review of the characterization document. While this task is similar in nature to the characterization assumptions ICF will be asked to

develop for SLC, we would like to stress that the level of effort anticipated for this task is expected to be only a fraction of the effort anticipated for similar tasks for SLC. Along these lines we only expect to provide one or two documents for each of these sites, and we will arrange conference calls between the staff responsible for the sites and the contractor working on this task, in lieu of site visits.

After sites with preexisting unrestricted release cost estimates have been separated out, and assumptions have been developed for sites in informational category 3 (see previous paragraph) the contractor shall develop a methodology for determining approximate, conservative unrestricted release cost estimates for each of the sites. This methodology is anticipated to be very simple [e.g. ((waste volume x disposal costs) + (contaminated structure/equipment area x remediation and disposal costs) + (approximate groundwater cleanup costs)) x contingency factor]]

NRC anticipates that for most of these sites the driving factor in the cost estimate will be the disposal cost. The factor that the contractor uses to derive disposal cost per volume should take into account the current price of disposal at the waste facility(s) that waste from each site is likely to go to, along the recent prices that NRC licensees (e.g. Molycorp) have been able to obtain from disposal facilities.

This methodology will be the first deliverable under this task order. It is anticipated that a brief report summarizing the methodology would be submitted to NRC in draft. This report should include an identification and justification of factors used in the cost estimates such as the basis for disposal cost. After NRC's review of the draft, a meeting would be held with the contractor to resolve any NRC questions or issues. After this meeting a finalized report shall be submitted and the contractor shall begin work under Subtask 2.

Subtask 2 Unrestricted Cost Estimates

Under this subtask the contractor is requested to prepare unrestricted cost estimates for all sites submitted without preexisting unrestricted cost estimates. These cost estimates shall be prepared in accordance with the methodology developed in Subtask 1.

Subtask 3 Financial Information

For each of the sites, NRC will provide the contractor with general information regarding the responsible financial parties (e.g. name, address). For each site we are requesting that the contractor gather the financial information on the responsible party(s), which is necessary to conduct financial tests (see Subtask 4). We expect that this financial information will be simple to obtain for a majority of these sites (e.g., researching an annual report or obtaining a Dunn and Bradstreet report for a corporate licensee with a single defined parent company that is publically held). However, we anticipate some complexities with certain sites. Some of the sites are not publically held (e.g. a sewer authority) and others have complex relations with parent companies. For these sites, NRC staff will have the lead in gathering information in regards to corporate relations.

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NRC staff intends to resolve these unique cases (through coordination with our Office of the General Counsel) before effort on the contract begins by the contractor. However the contractor should recognize that in some instances assumptions, estimates, and/or, adjustments may be necessary by the contractor and/or the staff during the execution of this subtask.

Subtask 4 **Financial Tests**

For this subtask, NRC is requesting that the contractor utilize the data obtained in Subtask 2 and 3 (and the unrestricted cost estimates that were already available for selected sites) to conduct financial tests on the responsible party(s) for each site. The question we would like answered for each site under this subtask is: "Is the responsible party (or combined group of responsible parties for some sites) financially capable of funding the cleanup of the site to meet NRC's unrestricted release criteria?"

If the contractor feels that one of the financial tests in Appendices A, C, D, or E of 10 CFR Part 30 is an appropriate method, it should be used. However, if another test (comparable in level of detail and effort) is preferred by the contractor, they may use such test (after obtaining the approval of the NRC Technical Project Manager).

After the completion of the financial tests, we are requesting the contractor to prepare a report on the results of Subtask 2-4. The primary purpose of this report should be to provide: 1) the cost estimates from subtask 2; 2) a description of the financial test(s) used; 3) copies of the financial information used in the test; and 4) the results of the financial tests.

Subtask 5 **Preparation for Conducting Restricted Release Cost Estimates**

For this subtask (and all of the remaining subtasks) only sites that fail the financial test during Subtask 4 should be considered. For planning purposes, the staff estimates that of the approximate 15 sites that will be considered for Subtasks 1-4, only about a third will fail the financial test in Subtask 4.

Of the anticipated 5 or so sites that could fail the test, staff believes that approximately one-half of the sites could have existing restricted release cost estimates, which have already been reviewed at some level by the NRC. Again as with the unrestricted release cost estimates, existing estimates that have had a cursory NRC review will be considered as acceptable for the purposes of this contract.

Note that for the remaining sites without cost estimates, only the information provided to, or developed by, the contractor in Subtask 1 will be available. For these sites the contractor shall develop approximate, conservative, restricted release cost estimates based on assumptions about cell size, construction cost, average long-term stewardship fee, etc.. Although this work is similar in nature to the request for the SLC site, please note that staff only anticipates a level of effort that is a fraction of that necessary for the SLC restricted cost estimate.

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It is anticipated that a brief report summarizing this methodology would be submitted to NRC in draft. After NRC's review of the draft a meeting would be held with the contractor to resolve any NRC questions or issues. After this meeting, a finalized report shall be submitted and the contractor shall begin work under Subtask 6.

Subtask 6 **Restricted Release Cost Estimates**

Under this subtask the contractor shall prepare restricted release cost estimates for all of the sites that failed the financial tests in Subtask 4 (that do not have available restricted cost estimates). These cost estimates should be prepared in accordance with the methodology developed in Subtask 5.

Subtask 7 **Financial Tests**

For this subtask, NRC is requesting that the contractor utilize the data obtained in Subtask 3 and 6 (and the restricted release cost estimates that were already available for selected sites) to conduct financial tests on the responsible party(s) for each site. The question we would like answered for each site under this subtask is: "Is the responsible party (or combined group of responsible parties for some sites) financially capable of funding the cleanup of the site to meet NRC's restricted release criteria?"

The same financial test used by the contractor for Subtask 4, should be used for this subtask.

The final deliverable for this Task Order is a report summarizing the results of subtasks 5-7. The primary purpose of this report should be to provide: 1) the cost estimates from subtask 6; 2) a description of the financial test(s) used in subtask 7; and 3) the results of the financial tests.

7.0 Meetings and Travel

At least five meetings with NRC technical staff (at NRC Headquarters) will be required during the period of performance (a kick-off meeting, a meeting during Subtask 1, a meeting after performance of Subtask 4, a meeting during Subtask 5, and finally a meeting after completion of Subtask 7). In addition meetings with NRC technical staff (Inspectors and/or Project Managers) involved with sites that do not have existing characterization summaries/assumptions will be scheduled as necessary. It is anticipated that the majority of the meetings, if not all, will be handled as tele-conferences.

No site visits are considered necessary under this Task Order.

8.0 NRC Furnished Material

NRC will provide the contractor with copies of all information referenced in the above subtasks.

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9.0 Schedule for Deliverables

The following is a schedule for submission of the reports:

<u>REPORT TITLE</u>	<u>CALENDER TIME TO PREPARE</u>
1. Draft Report for Subtask 1	4 weeks after kick-off meeting
2. Final Report for Subtask 1	1 week after NRC comments received on Draft
3. Report on Subtasks 2-4	5 weeks after Draft Report for Subtask 1 is submitted
4. Draft Report for Subtask 5	3 weeks after Report on Subtasks 2-4 is submitted
5. Final Report for Subtask 5	1 week after NRC comments received on Draft
6. Report of Subtasks 6 & 7	4 weeks after Draft Report for Subtask 5 is submitted

10.0 Technical Direction

Technical instructions may be issued from time to time during the duration of this task. Technical instructions shall not constitute new assignments or work or changes of such nature as to justify an adjustment in cost or period of performance. Directions for changes in the scope of work, cost, or period of performance shall be coordinated through the NRC Contracting Officer.