

STATE OF ILLINOIS
DEPARTMENT OF NUCLEAR SAFETY

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February 27, 2003

Duane W. Schmidt, Project Manager
Office of Nuclear Material Safety and Safeguards
Mail Stop T-7F27
US Nuclear Regulatory Commission
Washington, DC 20555-0001

Re: Comments on Draft NUREG-1757, Volume 3

Dear Mr. Schmidt:

The Illinois Department of Nuclear Safety (Department) has reviewed the captioned document, *Consolidated NMSS Decommissioning Guidance - Financial Assurance, Recordkeeping, and Timeliness*. NRC is seeking public comments to ensure all information is relevant. The Department offers the following comments:

Page	Comment
xxiii	The definition of "License Termination Plan (LTP)" refers to activities of a reactor licensee. It is stated on page 1-1 that, "This volume does not apply to Part 50 licensees." It would appear that the definition is unnecessary for this document.
4.24 & 4.25	The reviewer is directed to the Federal Deposit Insurance Corporation's (FDIC) Institution Directory on the World Wide Web at < http://www2.fdic.gov/structur/search/ >. The link identified is out of date and the FDIC website to which a searcher is redirected does not readily provide the information indicated.
A-107	A <i>parent company guarantee</i> is a guarantee from a licensee's <u>corporate parent</u> that it will fund or carry out decommissioning activities if the licensee fails to do so. The <u>corporate parent must</u> ... (emphasis added). An entity is properly described as "corporate" only if it is a corporation.

U.S. Nuclear Regulatory Commission

A-109 The statement in the note at the bottom of the page is incorrect. A bond rating of BBB from Standard & Poor's or Baa from Moody's is sufficient for a parent company guarantee. 10 CFR Part 30, Appendix A, II.A.2.(i).

A-114 The model corporate guarantee CFO letter states,

“I am the chief financial officer of [*insert name and address of parent guarantor*] a [*insert 'proprietorship,' 'partnership, or 'corporation'*].”

Corporations, proprietorships and partnerships are distinct forms of legal entities. If the entity providing the parent company guarantee must be a corporation, as indicated on pages A-107 and A-108, the CFO providing the letter must necessarily be providing the letter as the CFO of the corporation and could not provide the letter as the CFO of a proprietorship or a partnership. Conversely, if a parent company guarantee may be provided by a proprietorship or a partnership, the company providing the guarantee cannot be a “corporate parent.” The language on A-114 is inconsistent with the language on A-107 and A-108.

A-119 The model parent company guarantee agreement includes the following:

“Guarantee made this [*insert date*] by [*insert name of guaranteeing entity*], a [*insert 'proprietorship,' 'partnership,' or 'corporation'*]”

1. The guarantor has full authority and capacity to enter into this guarantee [*if the guarantor is a corporation, insert the following: 'under its bylaws, articles of incorporation, and the laws of the State of [*insert guarantor's State of incorporation*], its State of incorporation.'*] [*If the guarantor has a Board of Directors, insert the following: 'Guarantor has approval from its Board of Directors to enter into this guarantee.'*]”

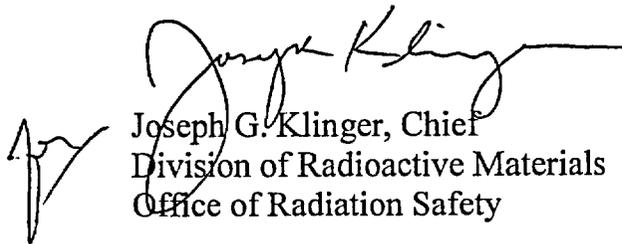
This language is consistent with the language on A-114 but is inconsistent with the language on A-107 and A-108. Furthermore, if the entity providing the parent company guarantee must be a corporation, the quoted language in subparagraph 1 would necessarily always be included in the guarantee.

The inconsistencies in the language need to be eliminated. The Department doubts that any entity other than a corporation would ever be able to meet

the tests for the parent company guarantee and suggests that the language be revised to recognize that only a corporation would be allowed to provide a parent company guarantee. Has the NRC ever accepted a parent company guarantee from a proprietorship or a partnership?

Thank you for the opportunity to comment on this draft document. Should you have any questions regarding the Department's comments, please contact me at (217) 785-9947.

Sincerely,



Joseph G. Klinger, Chief
Division of Radioactive Materials
Office of Radiation Safety