

## MEETING REPORT

DATE: November 17, 2005

TIME: 9:30 am - 11:00 am

PLACE: U.S. Nuclear Regulatory Commission (NRC)  
One White Flint North, Room O4 B4  
11555 Rockville Pike  
Rockville, MD 20852

SUBJECT: TO DISCUSS ALTERNATIVES TO THE AVAILABLE FINANCIAL ASSURANCE INSTRUMENTS USED FOR DECOMMISSIONING COSTS.

ATTENDEES: Refer to Attachment A

### BACKGROUND:

Members of the Gamma Industry Processing Alliance (GIPA) presented their proposal for an alternative decommissioning cost model for large scale irradiators. The requirements for financial assurance for decommissioning were amended in 2003 to require large scale irradiators to provide financial assurance based on site-specific decommissioning cost estimates rather than the use of certification amounts (67FR62403).

### DISCUSSION:

GIPA members maintain that decommissioning cost estimates overstate the decommissioning costs for large irradiators because under NRC regulations the salvage value of irradiator sources may not be used to offset decommissioning costs. In addition, GIPA members must provide financial assurance for the entire licensed capacity of their facilities instead of the actual amount of radioactive material installed. They believe this places an unnecessary financial burden on licensees. For example, providing a letter of credit to cover decommissioning cost reduces the credit available to fund a member firm's operations. They maintain that because of the limited production capacity for the irradiator sources used at their facilities (Co-60) there will be a significant residual value because used sources can be remanufactured into easily saleable new sources. GIPA supported its argument that used sources have significant salvage value by noting that the source manufacturers have contracts to buy back used sources.

GIPA representatives proposed that the NRC modify the regulations to allow the industry to define an activity threshold above which the irradiator sources would not be viewed as a liability for decommissioning purposes and that financial assurance only need be provided to cover curie content listed in the Source Tracking System for a facility, rather than the authorized capacity for the facility.

NRC staff pointed out that existing regulations permit a licensee to seek an amendment to its license to reduce the amount of radioactive material it is authorized to have at a site to the amount it plans to install, therefore lowering the amount of financial assurance required for the site. The NRC also recommended GIPA members explore the possibility of using insurance as an alternative financial assurance mechanism since it would not impact the availability of credit for operations.

The NRC noted that the manufacturers' buy back contracts did not provide financial assurance equivalent to the financial instruments specified by regulation. For example, NRC would have no standing to compel the manufacturer to perform its contract, and therefore could not rely on the contract for financial assurance.

#### ACTIONS:

GIPA members committed to investigate the use of insurance to guarantee that funds will be available to dispose of an irradiator source in the event that the source manufacturer does not buy back the source for raw material to make a new source.

NRC committed to considering GIPA's comments in the rulemaking process currently in progress to amend the NRC's financial assurance regulations.

#### ATTACHMENTS

Attachment A: Meeting Attendees

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**ATTACHMENTS**

Attachment A: Meeting Attendees

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