



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D C 20546-0001

July 1, 1996  
7/9/96

Dr. Keith E. Asmussen, Director  
Licensing, Safety and Nuclear  
General Atomics  
3550 General Atomics Court  
San Diego, CA 92121-1194

SUBJECT: FINANCIAL ASSURANCE FOR NRC LICENSES SNM-696, R-38, R-67  
DOCKET NOS. 70-0734, 50-89, 50-163

Dear Dr. Asmussen:

This is in response to your letter dated May 20, 1996, concerning financial assurance for funding the decommissioning of the facilities located in San Diego that are the subject of the above-referenced licenses (San Diego facilities).

According to your submittal, the estimated costs to General Atomics (GA) of decommissioning the San Diego facilities has recently been revised upward to approximately \$6.809 million, taking into account an expected contribution of funds from the Department of Energy. You have indicated that GA's parent company, GATC, will no longer qualify to provide a guaranty of the full amount of these estimated costs in light of their escalation and a tentative settlement of an ongoing proceeding involving GA and the staff concerning the Sequoyah Fuels Corporation facility in Gore, Oklahoma. Under the tentative settlement, GA would contribute significant funds towards the decommissioning of the Gore facility. GA has further stated that attempting to provide financial assurance by a method specified in the regulations other than a parent company guaranty would immediately endanger GA's financial health.

GA has proposed in the alternative that it be permitted to provide financial assurance by combining a limited parent company guaranty in the amount of \$4.086 million and a newly established sinking fund to which funds would be contributed on an annual basis. The details of such proposal were outlined in Annex B to your May 20, 1996 letter. As a condition to offering the alternative proposal, GA would want the staff to exercise its enforcement discretion not to enforce strict compliance with the financial assurance regulations given GA's inability to comply with them under the circumstances described in the May 20, 1996 submittal and attachments thereto.

The staff has considered all of the information contained in your May 20, 1996 submittal and attachments thereto, as well as the letter referenced therein from you to the Document Control Desk, Attention A. Adams (Jan. 22, 1996) with enclosures. The staff has also reviewed GA's most recent consolidated financial statements, and other relevant information, and has evaluated the merits of attempting to enforce GA's compliance with the applicable financial assurance regulations, in light of the present facts and circumstances. The staff has concluded that for so long as GA implements and complies with GA's

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facilities as specified in Annex B of GA's May 20, 1996 submittal, namely providing a parent company guaranty in the amount of \$4.086 million and establishing an external sinking fund under the terms and conditions contained in such Annex B, the staff will exercise its discretion and forbear from instituting an action against GA or its officers and directors to enforce compliance with the Commission's financial assurance regulations at 10 C.F.R §§ 50.75 and 70.25 in connection with the San Diego facilities; provided, however, that should circumstances materially change such that GA's parent becomes able to qualify under the regulations to provide a guaranty in the full amount of the estimated costs of decommissioning the San Diego facilities, this forbearance shall cease; and provided further that GA has entered into and is subject to a settlement with the staff regarding Docket 40-8027-EA as described in the May 20, 1996 submittal.

If there are any questions concerning this letter, please contact Mr. Charles E. Gaskin, Office of Nuclear Material Safety and Safeguards, at (301) 451-8116, or Mr. Alexander Adams, Jr., Office of Nuclear Reactor Regulation, at (301) 415-1127.

Sincerely,

ORIGINAL SIGNED BY:

Seymour H. Weiss, Chief  
 Non-Power Reactors and Decommissioning  
 Project Directorate  
 Division of Reactor Program Management  
 Office of Nuclear Reactor Regulation

ORIGINAL SIGNED BY:

Robert C. Pierson, Chief  
 Licensing Branch  
 Division of Fuel Cycle Safety  
 and Safeguards  
 Office of Nuclear Material Safety  
 and Safeguards

Docket 70-734  
 License SNM-696  
 Docket 50-89, 40-8027, 50-163

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