

August 2, 2010

Mr. Erhard W. Koehler
Senior Technical Advisor, N.S. SAVANNAH
Office of Ship Disposal programs
U.S. Maritime Administration
1200 New Jersey Ave., S.E.
Washington, DC 20590

SUBJECT: RECEIPT OF DECOMMISSIONING FUNDS STATUS UPDATE FOR CALENDAR
YEAR 2009 FOR N.S. SAVANNAH (DOCKET NO. 50-238, LICENSE NO. NS-1)

Dear Mr. Koehler:

The U.S. Nuclear Regulatory Commission (NRC) has received the Decommissioning Funds Status Update for Calendar Year 2009 and Government Statement of Intent for Decommissioning Financial Assurance for the Nuclear Ship Savannah (NSS) submitted by the United States Maritime Administration (MARAD) dated June 4, 2010. The staff has determined that report meets the financial reporting requirements of 10 CFR 50.75(e)(1)(iv), and 10 CFR 50.75(f)(1), and the requirements of 50.82(a)(7) to notify NRC of major changes to the Post-Shutdown Decommissioning Activities Report (PSDAR).

Although MARAD's submittal meets the regulatory requirements, the staff makes the following observations:

- (1) In accordance with 10 CFR 50.75 (f)(1), decommissioning funding status reports are to be submitted by March 31 of each year. MARAD's report was submitted approximately two months late on June 4, 2010.
- (2) The staff is concerned about MARAD's inability to meet the SAFSTOR preparations activity schedule described in the PSDAR. The PSDAR describes an acceptable plan for ensuring safekeeping the NSS in SAFSTOR mode until active decommissioning is initiated. Significant delays to the SAFSTOR preparation activities will delay bringing the NSS in compliance with SAFSTOR standards. The staff notes that the Finding of No Significant Impact (FONSI) supporting MARAD's decommissioning activities for the NSS states that maintaining the NSS in its current condition (essentially the No Action Alternative) "would fail to comply with current NRC requirements for the safekeeping of the NSS" and would substantially increase future decommissioning costs.
- (3) Although revising the decommissioning schedule provided in the PSDAR does not violate the schedule requirements in 10 CFR 50.82 for termination of your license, NRC is concerned that congressional appropriations for decommissioning also may not be available in the future unless specific funding is requested for decommissioning the NSS. Section A.3 of Appendix A, "Statement of Intent" states, "The Maritime Administration recognizes that it bears ultimate responsibility for requesting budgetary resources in sufficient quantity to meet its decommissioning obligations and to prevent delay of its required activities." The staff notes that MARAD did not request nor receive funds specifically for decommissioning for FY 2009, FY2010 or FY 2011.

- (4) NRC understands that MARAD cannot publicly announce changes to the decommissioning schedule as provided in the PSDAR, until appropriated funds to support those activities is provided by Congress. NRC finds MARAD's proposal to submit future written notifications of decommissioning schedule changes under a 10 CFR 2.390 withholding from public disclosure to be acceptable. However, the staff believes the submittal should be released for public disclosure after the budget is formally approved. This process should allow MARAD to notify NRC in writing before performing any decommissioning activity inconsistent with, or making any significant schedule change from, those actions and schedules described in the PSDAR, as required by 10 CFR 50.82 (a)(7).

In addition to the comments above, the staff requests that MARAD revise its Decommissioning Funds Status Update and Government Statement of Intent for Decommissioning Financial Assurance to address the enclosed Request for Additional Information. If you have comments or questions regarding this letter please contact me at 301-415-6607.

Sincerely,

/RA/

John Buckley, Senior Project Manager
Reactor Decommissioning Branch
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Protection Programs

Enclosure
Request for Additional Information

Docket No.: 50-238
License No.: NS-1

cc: NS Savannah Service List

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Sincerely,

John Buckley, Senior Project Manager
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NS Savannah Service List - John Buckley, Project Manager

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Request for Additional Information

Comment 1:

Provide a revised decommissioning activities schedule, and provide an updated cost estimate. [10 CFR 50.82(a)(7)]

Basis:

The Maritime Administration's (MARAD's) submittal indicates that "MARAD cannot meet the SAFSTOR preparations activity schedule described in its PSDAR." Provide a revised decommissioning activities schedule, and update the cost estimate appropriately to account for the change in scheduled activities, and all applicable changes in cost.

Comment 2:

Pursuant to the below listed regulatory requirements, provide an updated Certification of Financial Assurance, indicate the amount of decommissioning funds estimated to be required, and describe the assumptions and bases relied on to escalate decommissioning costs. [10 CFR 50.75(b)(1), 10 CFR 50.75(b)(2), 10 CFR 50.75(f)(1), Regulatory Guide 1.159-7]

Basis:

The regulation [10 CFR 50.75(b)(1)] states that a certification of financial assurance for decommissioning must be provided with a decommissioning report, and 10 CFR 50.75(b)(2) states that the amount must be adjusted annually. 10 CFR 50.75(f)(1), in part, describes the minimum requirements of the annual decommissioning funding report. Two such requirements are to indicate the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c), and to include the assumptions used regarding rates of escalation of decommissioning costs.

Comment 3:

Indicate the amount of decommissioning funds estimated to be required in the Statement of Intent. [10 CFR 50.75(e)(1)(iv), Regulatory Guide 1.159-19]

Basis:

The regulation [10 CFR 50.75(e)(1)(iv)] states that a statement of intent shall contain a cost estimate for decommissioning. Revise the Statement of Intent to include this information.

Enclosure