

DOCKET NO.: 70-143

LICENSEE: NUCLEAR FUEL SERVICES, INC.

SUBJECT: SAFETY EVALUATION REPORT: APPROVAL OF UPDATED
DECOMMISSIONING FINANCIAL ASSURANCE, TECHNICAL
ASSIGNMENT CONTROL NUMBER L33293

BACKGROUND

By letter dated April 4, 2014, Nuclear Fuel Services, Inc. (NFS) submitted updated financial assurance documents to support its decommissioning funding plan. The documents guarantee the estimated funds that will be needed to decommission the NFS site. The cost estimate amount was approved previously in a letter dated June 11, 2013 [Agencywide Document Access and Management System (ADAMS) No. ML13156A395].

DISCUSSION

The regulations in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 70.25(f) state the requirements for financial instruments assuring funds for decommissioning. The financial instruments submitted by NFS are sorted into the following liability categories for its \$415 million cost estimate:

1. U.S. Department of Energy (DOE) government contracts (\$375 million).
2. NFS commercial contracts (\$21.6 million).
3. Joint Venture (AREVA and NFS) commercial contracts (\$18.3 million).

Financial Instruments for DOE Government Contracts

The regulation in 10 CFR 70.25(f)(4) states that government licensees may submit a statement of intent as a financial instrument. NFS is not a government licensee. However, the most recent license renewal (ADAMS No. ML113030421) granted the continuation of an exemption which allows NFS to use statements of intent from Federal agencies which have signed contracts committing the United States Government to fund the cost of decommissioning. NFS submitted a letter from the DOE Naval Reactors Laboratory Field Office dated July 19, 2013, which acknowledges it's previously approved contractual liability to fund decommissioning activities and indicates it is aware of the \$375 million cost estimate for its share of the decommissioning work at NFS. The staff finds the letter acknowledging the increased cost estimate acceptable.

Financial Instruments for NFS Commercial Contracts

NFS submitted two financial instruments for this liability category – a statement of intent for \$8.1 million and a letter of credit for \$13.5 million. The statement of intent was a letter from the DOE National Nuclear Security Administration Production Office dated September 4, 2013. As discussed above, NFS has been granted an exemption allowing it to use a statement of intent from a Federal agency. The letter acknowledges the agency's previously approved contractual liability to fund decommissioning activities and indicates it is aware of the \$8.1 million cost estimate for its share of the decommissioning work at NFS. The staff finds the letter acknowledging the increased cost estimate acceptable.

The regulations in 10 CFR 70.25(f)(2) specify the requirements for a letter of credit. These requirements include a provision for a trust fund. The existing letter of credit and standby trust agreement were approved by NRC previously when the license was renewed in 2012

(ADAMS No. ML113040421) and when a new trustee was designated in 2013 (ADAMS No. ML13016A042). NFS submitted an amendment to the letter of credit issued by Compass Bank increasing the amount to \$13.5 million. As this letter of credit has been approved previously, and the amendment covers the respective portion of the increased cost estimate, the staff finds this amendment acceptable. In addition, NFS submitted an amendment (new Schedule A) to a standby trust agreement issued by Union Bank. As this standby trust agreement has been approved previously and the new Schedule A documents are consistent with guidance in Section A.12.5 of NUREG 1757, Vol. 3, Rev. 1, Consolidated Decommissioning Guidance - Financial Assurance, Recordkeeping, and Timeliness, the staff finds the amendment acceptable.

Financial Instruments for Joint Venture Commercial Contracts

As discussed above, three letters of credit (provided by AREVA) and a standby trust agreement were approved by NRC previously when the license was renewed and when a new trustee was designated. NFS submitted an amendment to one letter of credit issued by Credit Industriel et Commerical increasing the amount by \$2.6 million so the total of all three letters increased to \$18.3 million. As the letters of credit have been approved previously, and the amendment covers the respective portion of the increased cost estimate, the staff finds this amendment acceptable. In addition, NFS submitted an amendment (new Schedule A) to a standby trust agreement issued by Union Bank. As this standby trust agreement has been approved previously and the new Schedule A documents are consistent with guidance in Section A.12.5 of NUREG-1757, Vol. 3, Rev. 1, the staff finds the amendment acceptable.

Certification of Financial Assurance

NFS submitted a new Certification of Financial Assurance. The regulations in 10 CFR 70.25(e)(1)(iv) require the licensee to certify financial assurance has been provided in the amount of the decommissioning cost estimate. As the new certification is consistent with the amount of the updated cost estimate and follows the format in the guidance of NUREG-1757, Vol. 3, Rev. 1, the staff finds the certification acceptable.

ENVIRONMENTAL REVIEW

This action involves the amendment of a license to change financial assurance requirements. A proposed action is categorically excluded from an environmental review under 10 CFR 51.22(c)(10) if it involves the amendment of a license to change surety, insurance, and/or indemnity requirements. Therefore, neither an environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

The NRC staff finds that the changes to the financial assurance documents provide reasonable assurance that sufficient funds will be available to perform decommissioning when required.

PRINCIPAL CONTRIBUTORS

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