

December 9, 2014

NOTE

FROM: Christopher Ryder, Licensing Project Manager

SUBJECT: Summary of Conference Call: Off-Balance Sheet Transactions Regarding Annual Certification of Financial Assurance

Date and Time

Friday, November 14, 2014, at 9:30 AM (eastern)

Participants

<u>NRC</u>	<u>Westinghouse</u>
Kenneth Kline ^(a)	Cory Weber ^(b)
	Wayne Bognar ^(c)
	Satoshi Hoshino ^(d)
	Ariel Kuperminc ^(e)

Notes

- a. Technical Reviewer
- b. Lead Accounting Analyst, Technical and External Reporting
- c. Treasury Manager
- d. Manager, Financial Planning and Analysis
- e. Treasury Director

Background

The Westinghouse Electric Company (Westinghouse) submitted an annual certification of financial assurance (Ref.1) to demonstrate their continued eligibility to use the parent company guarantee so as to assure adequate funds for decommissioning.

Regulatory changes that became effective in 2012 require an opinion about the off-balance sheet transactions. But guidance from the American Institute of Certified Public Accountants (AICPA) prohibits such opinions. The NRC staff wanted to explore information that the independent accountant for Westinghouse's parent would be willing to provide.

Discussion

NRC clarified a requirement to include off-balance sheet transactions in its computation demonstrating that Westinghouse meets the appropriate financial test in order to qualify for using a parent company guarantee. In particular, in the Auditor's Special Report, the aggregate amount of all off-balance sheet transactions are to be deducted from each numeric component of the financial test clearly demonstrating the licensee still meets the financial test after deducting out all off-balance sheet transactions.

Follow-Up Actions

NRC would send an example of a (public) letter from another licensee whose independent accountant had provided information that has been acceptable in satisfaction of the NRC requirement.

References

1. Letter from M. Gutman, Westinghouse Electric Company, "Westinghouse Electric Company LLC Decommissioning Financial Assurance Parent Guarantee", July 25, 2014. ADAMS accession number ML14212A649.
2. Letter from Jim Pritchett, Honeywell, "Supplemental Information Related to the Alternate Financial Assurance and Final Financial Instruments, Honeywell Metropolis Works (TAC L36036)", September 9, 2014. ADAMS accession number ML14254A423.