

NOTE

FROM: Christopher Ryder, Licensing Project Manager

SUBJECT: Summary of Conference Call on March 13, 2015: Annual Certification to Use the Parent Company Guarantee for Financial Assurance of Decommissioning

1. Date and Time

March 13, 2015, at 1:00 PM (eastern)

2. Participantsⁱ

NRC	<u>licensee</u>
Nick Baker ^(a)	Michele Gutman ^(c)
Kenneth Kline ^(b)	Ariel Kuperminc ^(d)

Notes

- a. Backup Licensing Project Manager
- b. Technical Reviewer
- c. Deputy General Counsel
- d. Director, Treasury

3. Background

The Westinghouse Electric Company LLC, (Westinghouse) submitted documents to demonstrate their continued eligibility to use the parent company guarantee as financial assurance for decommissioning (Refs. 1, 2, and 3). Though the staff at the U.S. Nuclear Regulatory Commission (NRC) was in the process of completing the acceptance review for a detailed technical review, the NRC staff needed additional information. The NRC staff outlined the information that would be requested in scheduling the subject conference call. The purpose of the subject conference call was to convey the expectations of the NRC staff for Westinghouse to respond to formal requests for additional information (RAIs).

4. Discussion

The NRC staff had the impression that an outdated version of applicable regulations and guidance was used by Westinghouse. Before the subject call, a link to both the regulations and the guidance was sent to the licensee to facilitate the conference call.

The NRC staff had outlined issues with the subject submittals for Westinghouse to prepare for the conference call.

CFO's letter

Pursuant to Appendix A to Title 10 of the *Code of Federal Regulations* (10 CFR) Part 30, II.B, the independent accountant must compare data used by parent company):

ⁱ This summary of the conference call on March 13, 2015, was written by C. Ryder, licensing project manager, from notes taken by the technical reviewer and reviewed for accuracy by Westinghouse.

1. Item number 7 of the letter states one prong of the test to be \$10 million when the requirement is \$21million. Regulatory basis: 10 CFR Part 30, Appendix A, Section II.A.2.(iii)
2. The bond rating needs to be confirmed. Regulatory basis: 10 CFR Part 30, Appendix A.II.B.
3. Need to state assets in U.S. after deducting out off-balance sheet transactions are at least six times the decommissioning costs. Regulatory basis: 10 CFR Part 30, Appendix A, Section II.A.2.(iv).

Letter from Toshiba

1. The financial calculation page does not include total net worth and incorrectly reflects a \$10 million tangible net worth requirement when it is a \$21 million requirement. Regulatory basis: 10 CFR Part 30, Appendix A, Section II.A.2 (ii) and (iii).

Parent Company Guarantee

1. Bond rating does not state uninsured, uncollateralized and unencumbered, including stated adjustments. Regulatory basis: 10 CFR Part 30, Appendix A, Section II.A.2.(i).
2. Tangible net worth test is \$21 million not \$10 million. Regulatory basis: 10 CFR Part 30, Appendix A, Section II.A.2.(iii).
3. Mark-ups in Sections 7-11 are more accurate and follow the template
4. Template language Sections 17-19 from p. A-92 and A-93 of NUREG-1757, Vol. 3, Rev. 1 (Ref. 4) are required. Regulatory basis: 10 CFR Part 30, Appendix A, Sections III.E, F, and G.
5. The licensee has not signed the guarantee to acknowledge their responsibilities. The witness/notary section is missing.

As a result of the conference call, Westinghouse acknowledged the need for a revision to the submittals. Lacking the Parent Company Guarantee document for the conference call, changes as such were not as obvious; nonetheless, the need for a revision is understood. Westinghouse requested that the hand-markup documents be sent to them. The licensee stated they may have some follow-up questions, but indicated that they intend to follow the templates in the guidance. Westinghouse inquired about the need for a notary to witness the signatures of the Parent Company Guarantee. The NRC staff stated that NRC guidance allows for a witness, not specifically a notary, to sign, thus, confirming the signatures.

Follow-Up Actions

The NRC staff will send mark-ups of submitted documents, followed by formal RAIs at a later date. Before sending the RAIs as such, a draft version will be sent to Westinghouse to ensure that the formal request is understood.

References

1. Letter from M. Gutman, Westinghouse, "Westinghouse Electric Company LLC Decommissioning Financial Assurance Parent Guarantee", July 25, 2014. ADAMS accession number ML14212A649.

2. Letter from J. Zorn, Westinghouse, "Supplement to Westinghouse Electric Company LLC Decommissioning Financial Assurance Parent Guarantee (Toshiba Annual Report) (Docket Nos. 70-1151,70-36, License Nos. SNM-1 107, SNM-33), September 19, 2014. ADAMS accession number ML14268A526.
3. Letter from J. Gresham, Westinghouse, "Submittal of Updated Auditor's Special Report", February 19, 2015. ADAMS accession number ML15057A053.
4. U.S. NRC, "Consolidated Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness, Final Report" NUREG-1757, Vol. 3, Rev. 1, February 2012. ADAMS accession number ML12048A683.