

September 11, 2015

MEMORANDUM TO: Alexander Adams, Jr., Chief
Research and Test Reactors Licensing Branch
Division of Policy and Rulemaking
Office of Nuclear Reactor Regulation

FROM: Anthony Bowers, Chief **/RA/**
Financial Analysis and International Projects Branch
Division of Inspection and Regional Support
Office of Nuclear Reactor Regulation

SUBJECT: RENSSELEAR POLYTECHNIC INSTITUTE FINANCIAL
ASSURANCE (SELF-GUARANTEE) REVIEW (TAC M79579)

Pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.75, "Reporting and Recordkeeping for Decommissioning Planning," Subsection (e)(1)(iii)(C), and Appendix E to 10 CFR Part 30, "Criteria Relating to Use of Financial Tests and Self-Guarantee for Providing Reasonable Assurance of Funds for Decommissioning by Nonprofit Colleges, Universities, and Hospitals," Rensselaer Polytechnic Institute (Rensselaer) submitted a self-guarantee letter to the U.S. Nuclear Regulatory Commission demonstrating financial assurance for decommissioning on January 23, 2015 (Agencywide Documents Access and Management System Accession No. ML15041A195). The staff finds that the self-guarantee agreement meets the financial test criteria for a non-profit university that issues bonds, is sufficient for providing financial assurance, conforms to the guidance in NUREG-1757, and meets the applicable requirements of 10 CFR 50.75 and Appendix E of 10 CFR Part 30. Enclosed is a summary of the staff's financial review of Rensselaer's submittal. This effort was conducted under TAC M79579 and may now be closed.

If you have any questions regarding this review, please feel free to contact Michael A. Dusaniwskyj at 301-415-1260.

Enclosure:
RPI Safety Evaluation

Docket No.: 50-225

CONTACT: Michael A. Dusaniwskyj, NRR/DIRS
301-415-1260

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SAFETY EVALUATION BY THE OFFICE OF NUCLEAR REACTOR REGULATION

FINANCIAL TEST 10 CFR PART 30 APPENDIX E FOR

DECOMMISSIONING FUNDING ASSURANCE FOR NON-POWER REACTORS

RENSELEAR POLYTECHNIC INSTITUTE

DOCKET 50-225, LICENSE No. CX-22

1.0 INTRODUCTION:

By letter dated January 23, 2015 (Agencywide Documents Access and Management System (ADAMS) Accession Number ML15041A195), Rensselaer Polytechnic Institute (Rensselaer) provided to the U.S. Nuclear Regulatory Commission (NRC), its documentation in support of a self-guarantee. The self-guarantee is issued to provide financial assurance for decommissioning activities for Rensselaer Polytechnic Institute Reactor Critical Facility located in Schenectady, New York, and operated under Facility Operating License No. CX-22. Rensselaer is a non-profit university organized under the laws of the State of New York.

2.0 REGULATIONS:

This financial test is conducted pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 50.75, "Reporting and Recordkeeping For Decommissioning Planning," Subsection (e)(1)(iii)(C), and Appendix E to 10 CFR Part 30, "Criteria Relating to Use of Financial Tests and Self-Guarantee For Providing Reasonable Assurance of Funds for Decommissioning by Nonprofit Colleges, Universities, and Hospitals."

The requirements of 10 CFR 50.75(e)(1)(iii)(C) state, in part, that "...a guarantee of funds by the applicant or licensee may be used if the guarantee and test are as contained in Appendix E to 10 CFR Part 30." Appendix E to 10 CFR 30 establishes criteria for passing the financial test for the self-guarantee and its terms. Regulatory guidance contained in NUREG-1757, Volume 3, Revision 1, "Consolidated Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," states, in part, that a submittal used to satisfy the requirements of Appendix E to 10 CFR Part 30 can be verified through the use of the Chief Financial Officer's (CFO) Certification, the Independent Auditors' Report, and Financial Statements.

Appendix E to Part 30 states that an applicant or licensee may provide reasonable assurance of the availability of funds for decommissioning based on furnishing its own guarantee that funds will be available for decommissioning costs and on a demonstration that the applicant or licensee passes the financial test of Section II, "Financial Tests" of this appendix. The terms of the self-guarantee are in Section III, "Self-Guarantee" of this appendix.

3.0 REVIEW:

In its January 23, 2015, submittal, Rensselaer states that it is an ongoing institution and that as of June 30, 2014, it possesses positive tangible net worth in the amount of \$471,133,000. The staff reviewed Rensselaer's submittal pursuant to the requirements of Appendix E to 10 CFR Part 30, including, the Financial Test, Additional Requirements, and Self-Guarantee

Enclosure

requirements contained in Sections (II)(A)(1), II(C), and III, respectively, and the guidance contained in NUREG-1757.

The staff notes that Subsection (II)(C)(1) of Appendix E to 10 CFR Part 30 requires the licensee's independent certified public accountant to evaluate the licensee's off-balance sheet transactions and render an opinion on whether those transactions could adversely affect the licensee's ability to pay for decommissioning costs. The guidelines established by the American Institute of Certified Public Accountants prohibit an accountant from rendering such an opinion.

The staff also notes that 10 CFR 50.75(e)(1)(iii)(C) includes a provision, which states, in part, that a guarantee by the licensee may not be used in any situation in which the licensee has a parent company holding majority control of voting stock of the company. Rensselear does not have a parent company holding majority control of its voting stock. The staff's review of the submittal confirmed that Rensselear has a current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of "A" by Standard & Poors. Rensselear also passed the financial test presented in Appendix E to Part 30. Finally, Rensselear certified the 2015 decommissioning cost estimate to be \$450,000 in 2014 dollars.

Based on its review the staff finds that the licensee provided documentation, including statements from the CFO containing the self-guarantee financial test. In addition, the staff finds that the licensee does not have a parent company holding majority control of its voting stock and that the amount of the self-guarantee exceeds the required coverage level. The staff finds that the self-guarantee agreement meets the financial test criteria for a non-profit university that issues bonds, is sufficient for providing financial assurance, conforms to the guidance in NUREG-1757, and meets the requirements of 10 CFR Part 50.75 and Appendix E of 10 CFR Part 30.

Principal Contributor: Michael A. Dusaniwskyj

Date: August 20, 2015