

September 17, 2015

Dr. Melinda Krahenbuhl, Director  
Reed College  
Reed Research Reactor  
3203 SE Woodstock Blvd.  
Portland, OR 97202-8199

SUBJECT: REED COLLEGE 2014 FINANCIAL ASSURANCE (SELF-GUARANTEE) U.S.  
NUCLEAR REGULATORY COMMISSION STAFF REVIEW (TAC NO. M79578)

Dear Dr. Krahenbuhl:

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," Reed College (the licensee) submitted a self-guarantee letter to the U.S. Nuclear Regulatory Commission (NRC) demonstrating financial assurance for decommissioning on September 17, 2014 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML14279A025), as supplemented by letter dated March 23, 2015 (ADAMS Accession No. ML15090A113).

The NRC staff completed its review and finds that the Reed College 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 Reed College's submittal.

If you have any questions regarding this matter, please feel free to contact me at 301-415-0893 or by electronic mail at [Geoffrey.Wertz@nrc.gov](mailto:Geoffrey.Wertz@nrc.gov).

Sincerely,

/RA/

Geoffrey Wertz, Project Manager  
Research and Test Reactors Licensing Branch  
Division of Policy and Rulemaking  
Office of Nuclear Reactor Regulation

Docket No. 50-288  
License No. R-112

Enclosure:  
As stated

cc: See next page

Reed College

Docket No. 50-288

cc:

Mayor of the City of Portland  
1220 Southwest 5<sup>th</sup> Avenue  
Portland, OR 97204

Dr. Nigel Nicholson, Dean of Faculty  
Reed College  
3203 SE Woodstock Boulevard  
Portland, OR 97202-8199

John Kroger, President  
Reed College  
3203 SE Woodstock Boulevard  
Portland, OR 97202-8199

Division Administrator  
Nuclear Safety Division  
Oregon Department of Energy  
625 Marion Street NE  
Salem, OR 97301-3737

Program Director  
Radiation Protection Services  
Public Health Division  
Oregon Health Authority  
800 NE Oregon Street, Suite 640  
Portland, OR 97232-2162

Test, Research, and Training  
Reactor Newsletter  
University of Florida  
202 Nuclear Sciences Center  
Gainesville, FL 32611

September 17, 2015

Dr. Melinda Krahenbuhl, Director  
Reed College  
Reed Research Reactor  
3203 SE Woodstock Blvd.  
Portland, OR 97202-8199

SUBJECT: REED COLLEGE 2014 FINANCIAL ASSURANCE (SELF-GUARANTEE) U.S.  
NUCLEAR REGULATORY COMMISSION STAFF REVIEW (TAC NO. M79578)

Dear Dr. Krahenbuhl:

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," Reed College (the licensee) submitted a self-guarantee letter to the U.S. Nuclear Regulatory Commission (NRC) demonstrating financial assurance for decommissioning on September 17, 2014 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML14279A025), as supplemented by letter dated March 23, 2015 (ADAMS Accession No. ML15090A113).

The NRC staff completed its review and finds that the Reed College 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 Reed College's submittal.

If you have any questions regarding this matter, please feel free to contact me at 301-415-0893 or by electronic mail at [Geoffrey.Wertz@nrc.gov](mailto:Geoffrey.Wertz@nrc.gov).

Sincerely,  
*/RA/*  
Geoffrey Wertz, Project Manager  
Research and Test Reactors Licensing Branch  
Division of Policy and Rulemaking  
Office of Nuclear Reactor Regulation

Docket No. 50-288  
License No. R-112

Enclosure:  
As stated

cc: See next page

**DISTRIBUTION:**

PUBLIC DPR/PRLB r/f GWertz, NRR RidsNrrDprPrta Resource  
AAdams, NRR ABowers, NRR EOivera, NRR RidsNrrDprPrtb Resource

ADAMS Accession No.: ML15257A31

\*via e-mail NRR-088

OFFICE	NRR/DPR/PRLB/PM*	NRR/DPR/LA	NRR/DIRS/IFIB	NRR/DPR/PRLB/BC	NRR/DPR/PRLB/PM
NAME	GWertz	NParker	ABowers	AAdams	GWertz
DATE	9/15 /2015	9/15/2015	9/16/2015	9/17/2015	9/17/2015

OFFICIAL RECORD COPY

REED COLLEGE

2014 FINANCIAL ASSURANCE SELF-GUARANTEE REVIEW

DOCKET NO. 50-288

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," Reed College (the licensee) provided a self-guarantee package to the U.S. Nuclear Regulatory Commission (NRC) to demonstrate financial assurance for decommissioning on September 17, 2014 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML14279A025).

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 establishes 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.

The staff reviewed Reed College's submittal pursuant to the requirements of Appendix E to 10 CFR Part 30, including the Financial Test, Additional Requirements, and Self-Guarantee requirements contained in Sections (II)(A)(1), II(C), and III, respectively, and the guidance contained in NUREG-1757. The licensee's initial submittal did not include all of the required information necessary for the staff to complete its review. Specifically, the staff needed the licensee's self-guarantee agreement; an auditor's special report confirming the Chief Executive Officer (CEO) or CFO letter and reconciling amounts in the CEO or CFO letter with licensee's financial statements; and the licensee's audited financial statements for the most recent fiscal year with the auditor's opinion on these documents. The staff issued a "Request for Additional Information (RAI)" by letter dated January 29, 2015 (ADAMS Accession No. ML15027A297) requesting the licensee to provide supporting documents consistent with NRC regulations for a self-guarantee. By letter dated March 23, 2015, Reed College responded to the RAI and submitted the complete information as requested by the NRC (ADAMS Accession No. ML15090A113).

The staff notes that Subsection (II)(C)(1) of Appendix E to 10 CFR Part 30 requires the licensee's independent certified public accountant (CPA) 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. However, the Auditors' Report did state that the 2013 and 2014 financial statements were presented fairly in all material respects.

Enclosure

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. Reed College does not have a parent company holding majority control of its voting stock. The staff's review confirmed that Reed College has a current rating for its most recent uninsured, uncollateralized, and unencumbered bond issuance of "Aa2/VMIGI" by Moody's Investor Service. Additionally, Reed College passed the financial test presented in Appendix E to Part 30. Finally, Reed College certified the 2015 decommissioning cost estimate to be \$2,263,750.

Based on its review and consideration for the licensee's responses to the RAI, the staff finds that the licensee provided complete documentation, including a letter from the CFO containing the self-guarantee financial test; an auditor's special report confirming the CFO letter, and reconciling amounts, with the licensee's financial statements; and the licensee's audited financial statements for the most recent fiscal year. 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. In consideration of the exceptions noted above, 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 Section 50.75 and Appendix E of 10 CFR Part 30.