

January 8, 2016

NOTE

FROM: Christopher Ryder, Licensing Project Manager
SUBJECT: Summary of Conference Call — Westinghouse Triennial Update Of The Decommissioning Funding Plan

DATE AND TIME

November 30, 2015, at 3:15 PM (eastern)

BACKGROUND

Previously, Westinghouse Electric Company LLC (Westinghouse) submitted their triennial update of the decommissioning funding plan in June 2012 (Ref. 1). A key assumption of that submittal is that inventory quantities of special nuclear material (SNM) will have been removed from the Columbia Fuel Fabrication Facility (CFFF) prior to the start of decommissioning. In the Work Breakdown Structure for the project, this inventory disposition activity was listed as a pre-requisite activity that is performed prior to the commencement of decommissioning activities.

On December 2012, a change in rulemaking became effective, requiring licensees to justify key assumptions (Ref. 2). Westinghouse submitted a triennial update of the Decommissioning Funding Plan (DFP) in June 2015 (Ref. 3). In a request for additional information (RAI) from the staff at the U.S. Nuclear Regulatory Commission (NRC) (Ref. 4), RAI 3, in part, the following:

Discuss and include estimated costs for removal and disposition of uranium hexafluoride (UF₆) cylinders. Certify the cost estimate. Provide a suitable method of financial assurance. Account for all relevant costs, such as loading, shipping, and the end destination of UF₆ cylinders and other forms SNM. Distinguish between customer-owned and Westinghouse-owned UF₆ cylinders.

During the subject conference call, the NRC staff discussed their expectations of Westinghouse to respond to the RAIs. Most of the discussion was about RAI 3.

PARTICIPANTS

| <u>NRC</u> | <u>Westinghouse</u> |
|-------------------------------------|-------------------------------|
| Robert Johnson ^(a) | Douglas Weaver ^(e) |
| Christopher McKenney ^(b) | Nancy Parr ^(f) |
| Kenneth Kline ^(c) | Camille Zozula ^(g) |
| Leira Cuadrado ^(d) | Conrad Cooke ^(h) |
| Christopher Ryder ^(d) | Steve Garner ^(h) |

Notes:

- a. Chief, Fuel Manufacturing Branch, Division of Fuel Cycle Safety and Environmental Review, Office of Nuclear Material Safety and Safeguards
- b. Chief, Performance Assessment Branch, Division of Decommissioning, Uranium Recovery and Waste Programs, Office of Nuclear Material Safety and Safeguards
- c. Financial Technical Reviewer
- d. Licensing Project Manager
- e. Vice President, Nuclear Regulatory Affairs
- f. Licensing Manager
- g. Westinghouse Engineer
- h. REI Nuclear

DISCUSSION

Westinghouse

A typical assumption is that product material has been removed from the CFFF prior to decommissioning. The assumption of the NRC staff that the CFFF abruptly closes and employees walk away, leaving NRC to use a third party contractor to perform SNM licensed operations as part of decommissioning the site is unrealistic. An independent third party contractor can perform licensed decommissioning activities, but would not have the experience to perform SNM licensed operations using CFFF proprietary equipment and processes of the CFFF. Westinghouse has to be responsible for removing the SNM. Westinghouse rhetorically asked how the NRC would readily license a third party contractor to operate the site in preparation for decommissioning. Westinghouse believes removal of SNM would be accomplished at the end of operations, using operating funds, before decommissioning occurs.

The DFP submitted of June 2012 was accepted by the NRC staff. The 2012 DFP treats the cost of removing SNM with operating funds. Such removal requires extensive planning. The current perspective of the NRC staff about decommissioning is a significant departure from previous DFPs. Westinghouse prepared the 2012 DFP in anticipation of the December 2012 rule change and believed that assumptions had been adequately justified. Given these current NRC expectations, Westinghouse can revise the 2015 DFP with more detail on this assumption.

Westinghouse mentioned that this issue may be better treated as a generic issue with the Nuclear Energy Institute (NEI). By the end of the discussion with the NRC staff, Westinghouse stated that they could address the matter themselves, without making this matter a generic issue.

NRC Staff

A plan needs to be in place with adequate supporting documentation. The plan must account for an unexpected closure, such as after an unforeseen event (e.g., accident, financial downturn). Unforeseen events have happened in the nuclear industry, such as at Sequoyah Nuclear Fuels (Ref. 5). Funds for training third party employees need to be in the DFP because trained operators employed at the CFFF may leave the site as operations cease. The costs of

packaging, loading, and transporting SNM to an end-destination need to be taken into account. Reasons for excluding costs from the DFP must be stated.

After the previous DFP was submitted in June 2012, a rule change became effective in December 2012 requiring key assumptions to be justified. The DFP submitted in June 2015 has little justification for the assumption that SNM removal will be done with operating cost prior to decommissioning.

Both the public and the State of South Carolina must be assured that the CFFF can be decommissioned, not just in a planned closure, but also under unforeseen circumstances. The NRC staff must have reasonable assurance of sufficient funds to remove all forms of SNM from the CFFF and decommission the site, accounting for both a planned closure and under adverse circumstance. Westinghouse must distinguish cylinders of uranium hexafluoride (UF₆) owned by customers and those owned by Westinghouse.

OTHER

Westinghouse asked about financial assurance of decommissioning commercial nuclear power plants. The NRC staff replied that such financial assurance is much different than for fuel cycle facilities. Materials licensees are required to have decommissioning funds upfront whereas power reactors are allowed a growth rate over time.

Westinghouse and NRC briefly discussed other remaining RAIs, including the following:

- RAI 4 requests the basis for the unit costs of equipment, materials, and subcontracts in Appendix D of the DFP. The NRC staff said that a discussion of the sources of the costs is needed.
- RAI 5 requests Westinghouse to discuss and justify the use of reduced per diem rates on page b of the DFP. Westinghouse stated that the rates are taken as 70 percent of the conus rate. Westinghouse indicated that it will provide a detailed basis for this assumption.
- RAI 8 requests a contingency factor be incorporated into the DFP per 10 CFR 70.25(e)(1)(i)(D). Westinghouse stated that the DFP is used to comply with both NRC regulations and other regulations. A version of the DFP, with the contingency factor, will be made to comply with NRC regulations.

CLOSING REMARKS

Westinghouse acknowledge receipt of the formal RAIs dated November 17, 2015, requesting a reply 30 days after the date of the letter. Additional time will be needed to address RAI 3. The NRC staff stated that the RAIs, except for RAI 3, can be answered. A reply to RAI 3 can be made at a later (unspecified) date. The NRC staff is willing to have additional discussion.

FOLLOW-UP ACTIONS

Westinghouse will begin responding to the RAIs by addressing all but RAI 3. The response to RAI 3 can follow. The NRC staff will be available for further discussion.

REFERENCES

1. Letter from D. Precht, Westinghouse Electric Company LLC, "Westinghouse Columbia Fuel Fabrication Facility Decommissioning Funding Plan", June 8, 2012. ADAMS accession number ML121650753.
2. Federal Register, Vol. 76, No. 117, page 35512 to 35575, June 17, 2011.
3. Letter from N. Parr, Westinghouse Electric Company LLC, "Westinghouse Columbia Fuel Fabrication Facility Decommissioning Funding Plan", June 5, 2015. ADAMS accession number ML15156B312.
4. Letter to N. Parr, Westinghouse Electric Company LLC, "Request For Additional Information: Triennial Update Of The Decommissioning Funding Plan (Technical Assignment Control Number L33376)", November 17, 2015. ADAMS accession number ML15264B004.
5. U.S. Nuclear Regulatory Commission, "Release of UF₆ from a Ruptured Model 48Y Cylinder at Sequoyah Fuels Corporation Facility: Lessons-Learned Report." NUREG-1198, June 1986. ADAMS accession number ML070080302.