

**ATTACHMENT C – Independent Accountant’s Report on Applying Agreed-Upon  
Procedures**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of  
The Pennsylvania State University:

We have performed the procedures enumerated below, which were agreed to by The Pennsylvania State University (the "University") and the U.S. Nuclear Regulatory Commission (the "NRC"), solely to assist these specified parties in evaluating the University's compliance with the NRC's financial assurance regulations, Appendix E to 10 CFR Part 30, related to use of financial tests and self-guarantee for providing reasonable assurance of funds for decommissioning the Breazeale Reactor Facility and Special Nuclear Material for research and teaching, as of June 30, 2016. The University's management is responsible for the University's compliance with those regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

The University asserted that the University had a rating of "AA" from Standard & Poor's and a rating of "Aa1" from Moody's for its most recent uninsured, uncollateralized, and unencumbered bond issuance. We agreed such ratings to the letter from Standard & Poor's Rating services to the University dated May 24, 2016 and to the letter from Moody's Investors Service to the University dated May 25, 2016, respectively. These letters were obtained from University management;

A requirement in Appendix E to 10 CFR Part 30 is that the accountant must evaluate the licensee's off-balance sheet transactions and provide an opinion on whether those transactions could materially adversely affect the licensee's ability to pay for decommissioning costs. However, the guidelines established by AICPA prohibit an accountant from rendering an opinion of the type required by the regulation cited above. As a result, we have inquired of management as to the existence of any off-balance sheet exposures. Management provided us with a schedule of all known off-balance sheet exposures totaling [REDACTED] as of June 30, 2016. We recalculated the total figure of off-balance sheet exposures for mathematical accuracy, noting no exceptions. We noted that the total of off-balance sheet exposures included in the schedule provided by University management was less than the total net assets of \$8,206,944,000 reported in the Annual NRC Certification Letter received from the University.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the University's compliance with those regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

December 19, 2016

**Schedule for Reconciling Amounts Contained in Annual NRC Certification Letter  
with Amounts in Financial Statements**

**The Pennsylvania State University  
Year Ended June 30, 2016**

	<b>Per Financial Statements</b>	<b>Reconciling Items</b>	<b>Per Annual NRC Certification Letter</b>
Total positive net assets	\$8,206,944,000	\$ -0-	\$8,206,944,000