

SAFETY EVALUATION REPORT

DOCKET NO.: 70-143

LICENSEE: NUCLEAR FUEL SERVICES, INC.

SUBJECT: AMENDMENT 7 - APPROVAL OF UPDATED FINANCIAL ASSURANCE INSTRUMENTS (COST ACTIVITY CODE L33434)

1. BACKGROUND

By letter dated December 15, 2016, Nuclear Fuel Services, Inc. (NFS) requested approval of updated financial assurance instruments that guarantee funds in the amount specified in the updated decommissioning cost estimate. The revised cost estimate was approved by U.S. Nuclear Regulatory Commission (NRC) in a letter dated September 16, 2016 [Agencywide Documents Access and Management System (ADAMS) Accession Number ML16252A377].

2. DISCUSSION

The regulations in Title 10 of the *Code of Federal Regulations* (10 CFR) Paragraph 70.25(f) state the requirements for financial instruments assuring funds for decommissioning. The financial instruments submitted by NFS are sorted into the following liability categories for its \$414 million cost estimate:

1. U.S. Department of Energy (DOE) government contracts (\$373 million).
2. NFS commercial contracts (\$23.3 million).
3. Joint Venture (AREVA and NFS) commercial contracts (\$18.3 million).

Financial Instruments for DOE Government Contracts

The regulation in 10 CFR 70.25(f)(4) states that government licensees may submit a statement of intent as a financial instrument. NFS is not a government licensee. However, the most recent license renewal (ADAMS ML113030421) granted the continuation of an exemption which allows NFS to use statements of intent from Federal agencies which have signed contracts committing the United States Government to fund the cost of decommissioning. NFS submitted a letter from the DOE Naval Reactors Laboratory Field Office dated November 9, 2016, which acknowledges it's previously approved contractual liability to fund decommissioning activities and indicates it is aware of the \$373 million cost estimate for its share of the decommissioning work at NFS. The staff finds the letter acknowledging the increased cost estimate acceptable.

Financial Instruments for NFS Commercial Contracts

NFS submitted two financial instruments for this liability category – a letter of credit for \$9.7 million and a letter of credit for \$13.6 million. The regulations in 10 CFR 70.25(f)(2) specify the requirements for a letter of credit. These requirements include a provision for a trust fund. The letters of credit and the standby trust agreement were approved by NRC previously in letters dated March 14, 2016 (ADAMS ML16068A335) and August 4, 2016 (ADAMS ML16209A430). NFS submitted amendments to reflect the new dollar amounts. As these documents have been approved previously, and the amendments cover the respective portion of the revised cost estimate, the staff finds the documents acceptable.

Financial Instruments for Joint Venture Commercial Contracts

NFS submitted four financial instruments for this liability category - three letters of credit provided by AREVA, one letter of credit provided by NFS, and a standby trust agreement. These documents were approved by NRC previously. Amendments to the documents reflect the new dollar amounts. As the documents have been approved previously, and the amendments cover the respective portion of the revised cost estimate, the staff finds the documents acceptable.

Certification of Financial Assurance

NFS submitted a new Certification of Financial Assurance. The regulations in 10 CFR 70.25(e)(1)(iv) require the licensee to certify financial assurance has been provided in the amount of the decommissioning cost estimate. As the new certification is consistent with the amount of the updated cost estimate and follows the format in the guidance of NUREG-1757, Vol. 3, Rev. 1, the staff finds the certification acceptable.

3. ENVIRONMENTAL REVIEW

This action involves the amendment of a license to change financial assurance requirements. A proposed action is categorically excluded from an environmental review under 10 CFR 51.22(c)(10) if it involves the amendment of a license to change surety, insurance, and/or indemnity requirements. Therefore, neither an environmental assessment nor an environmental impact statement is warranted for this action.

4. CONCLUSION

The NRC staff finds that the changes to the financial assurance documents provide reasonable assurance that sufficient funds will be available to perform decommissioning when required.

5. PRINCIPAL CONTRIBUTORS

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