

DOCKET NUMBER: 070-27
LICENSE NUMBER: SNM-42
LICENSEE: BWXT NUCLEAR OPERATIONS GROUP
SUBJECT: SAFETY EVALUATION REPORT REGARDING REQUEST TO
AMEND SNM-42, CHAPTER 10, DECOMMISSIONING
UPDATE OF DECOMMISSIONING COST ESTIMATE

1.0 BACKGROUND

Nuclear facilities licensed under Title 10 of the *Code of Federal Regulations* (10 CFR), Part 70, are required to provide adequate financial assurance for decommissioning, decontamination and reclamation pursuant to 10 CFR 70.25, "Financial assurance and recordkeeping for decommissioning." BWXT Nuclear Operations Group (BWXT or the licensee) is a holder of Special Nuclear Material License, SNM-42. Pursuant to 10 CFR 70.25(e)(2), BWXT is required to submit the decommissioning funding plan and financial assurance every 3 years for Nuclear Regulatory Commission (NRC) review and approval to account for changes in costs and the extent of contamination.

By letter dated November 2, 2018 (Agencywide Document Access and Management System (ADAMS) Accession No. ML18320A096), BWXT submitted a proposed change to SNM-42, Chapter 10 to update the decommissioning cost estimate as required by 10 CFR 70.25(e).

The NRC staff utilizes NUREG-1757, Vol. 3, Rev. 1, "Consolidated Decommissioning Guidance, Financial Assurance, Recordkeeping, and Timeliness" as guidance to evaluate the decommissioning funding plans submitted by 10 CFR 70 licensees.

2.0 REGULATORY REQUIREMENTS

BWXT remains responsible for the current status and future decommissioning of the licensed site and facility, will continue to abide by all commitments and representations previously made to NRC, and will continue to abide by all constraints, conditions, requirements, representations, and commitments identified in the license. Additionally, as required by 10 CFR 70.25(e), BWXT must continue to submit an updated cost estimate for decommissioning for NRC's review at intervals not to exceed three years. After resolution of any NRC comments on the estimate, BWXT must submit signed originals of the financial instruments reflecting an amount sufficient to cover the approved cost estimate. BWXT remains liable for any decommissioning costs not covered by the financial instruments referenced above.

3.0 STAFF EVALUATION

BWXT's 2018 decommissioning cost estimate (DCE) submittal updates the DCE submitted in 2015. In the current submittal, BWXT proposes a DCE of \$36,757,568 which is an increase of approximately \$3.85 million over its previous cost estimate of \$32,903,313.

NOTE: When the last update was approved in Amendment 23 (ADAMS Accession No. ML16305A040), the safety evaluation report cited the wrong dollar amount. It stated that the 2015 DCE was \$38,165,576. This amount included (1) the cost to decommission the site as required by NRC, and (2) other work to be performed after the site was released for unrestricted use. The estimated cost for work required by NRC was \$32,903,313.

By letter dated July 5, 2019 (ADAMS Accession No. ML19143A292), the staff sent a request for additional information (RAI) pertaining to the 2018 DCE. The RAI covered the following three main areas: (1) frequency and methodology by which the licensee updated costs in its DCE, (2) basis for labor costs, and (3) volumes of contaminated soil (4) the volume of waste associated with buildings and structures, and (5) plan for disposition of inventory. By letter dated July 18, 2019 (ADAMS Accession No. ML19204A273), BWXT responded to the staff's RAI. Upon review of the licensee's RAI response, the staff found the DCE acceptable as it meets the regulatory requirements of 10 CFR 70.25(e). Specifically, BWXT submitted a detailed cost estimate for decommissioning which: (1) reflects the cost of an independent contractor to perform decommissioning activities, (2) is based on unrestricted use, (3) includes an adequate contingency factor, and (4) identifies and provides justification for key assumptions.

4.0 ENVIRONMENTAL REVIEW

This action involves a change to surety requirements. Pursuant to 10 CFR 51.22(c)(10), this is a category of action that does not have a significant effect on the human environment. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is required for the proposed action.

5.0 CONCLUSION

Based on the evaluation discussed above, the NRC staff finds that the submitted DCE is based on reasonable and documented assumptions, and that it reasonably estimates the cost, at this time, to decommission the facility. Accordingly, the staff considers that BWXT's 2018 DCE satisfies the requirements of 10 CFR 70.25(e) and is consistent with NUREG-1757, Volume 3, Rev. 1. Therefore, the staff concludes that BWXT's 2018 DCE of \$36,757,568 is acceptable. BWXT shall appropriately revise its financial assurance mechanisms and Certification of Financial Assurance and submit them for NRC review within 30 days from the staff's approval date of the 2018 DCE.

The staff concludes that there is reasonable assurance that the proposed 2018 DCE would continue to provide adequate protection of public health, safety, safeguards, security, and the protection of the environment. Therefore, the staff finds that the proposed update is acceptable and meets the regulatory requirements to provide financial assurance, as set forth in 10 CFR 70.25(e). The licensee remains liable for any costs not covered by the financial instruments.

6.0 PRINCIPAL CONTRIBUTORS

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