

Decommissioning Funding Plan
for
General Atomics' Facilities
in
San Diego, California

Docket No. 70-734

Special Nuclear Material License No. SNM-696

September 10, 1992

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1. Introduction

This Decommissioning Funding Plan is being submitted in support of the renewal of General Atomics' (GA's) Special Nuclear Material License SNM-696. This plan includes:

- 1) an estimate of the costs GA will incur when it decommissions its licensed facilities in San Diego, California;
- 2) a description of the method of assuring those funds for decommissioning;
- 3) GA's financial assurance documents, and;
- 4) a commitment to periodically review and update the cost estimate, and correspondingly, the funding level in GA's financial assurance documents.

2. Estimate of GA's Decommissioning Costs

The costs for which GA will be responsible when it decommissions its facilities which are under NRC Licenses SNM-696, R-38 and R-67 have been estimated. It has been assumed that each of these facilities will be decontaminated to levels below the current criteria for release to unrestricted use. It is also assumed that a commercial licensed burial site similar to those currently in the States of Nevada, Washington and South Carolina will be available at the time of decommissioning.

2.1 Decommissioning Cost Estimate

The task of decontaminating and decommissioning each of GA's major facilities licensed by NRC has been broken down into work subtasks. The time and materials cost have been developed for the respective subtasks. From the analysis of these costs and knowledge and estimates of the materials requiring disposal, overall costs for decommissioning the respective facilities have been estimated. Contingency factors ranging from about 20 to 30% were applied, based upon the extent of uncertainties in the estimate. Those costs, or portions of costs, for which GA will not be responsible are not included. Such costs include the cost of decommissioning GA's HTGR Fuel Fabrication Facility (GA Bldg. 39-North); the decommissioning of which is

nearing completion and which is being funded 100% by Valley Pines Associates - as described in GA's NRC approved SVA Decommissioning Plan. Similarly, those costs for which the U.S. Department of Energy is, and will be, responsible are not included.

GA estimates its costs for decommissioning its NRC licensed facilities to be \$6,475,,000 (in current dollars):

All costs in \$000:

Facility	Labor & Equipment	Waste Packaging Shipping & Burial	D&D Support	Total GA Cost
GA Facilities (License SNM-696)	1,877	1,613	2,743	6,233
GA's TRIGA Reactor Facility (Licenses R-38 & R-67)	56	113	73	242
TOTALS	1,933	1,726	2,816	6,475

2.2 Net Cost to GA

Estimated expenses for decommissioning are not deductible for tax purposes under the IRS economic performance rules Code Section 461. Under the economic performance rule, a deduction for the cost of services to be performed by the taxpayer is not permitted until the taxpayer performs the services.

The payment for decommissioning expenses will result in a deduction when decommissioning is performed which will have the effect of a positive cash flow to GA for the tax benefit of the expenditure at the time of decommissioning. The combined Federal and State return, based on current tax rates, would be 40% of the total expenditure. This tax credit would be realized as credit against revenue, or rebated if there were not any revenue. Thus, the estimated decommissioning cost for which GA will be responsible would be reduced to 60% of \$6,475,000 equals \$3,885,000.

2.3 Periodic Adjustments

Periodically, with no interval exceeding five (5) years, GA will review its cost estimate and make appropriate adjustments to account for: inflation, changes in disposal fees, changes in facility condition, changes in decommissioning procedures and other site-specific factors, as appropriate. When such a review results in a significant change in the estimated decommissioning costs, the funding level in GA's financial assurance documents will be adjusted accordingly and submitted to the NRC.

3. Financial Assurance for Decommissioning

3.1 Description of Method for Assuring Funds for Decommissioning

Pursuant to the provisions of 10 CFR 70.25(f)(2), financial assurance for \$3,885,000 is being provided by a parent company guarantee based on the financial test as contained in Appendix A of 10 CFR 30. The following pages contain the following financial assurance documents to support the parent company guarantee.

Section 3.2 Letter from GA's Chief Executive Officer, certifying that licensee is a going concern with positive tangible net worth.

Section 3.3 Letter from Chief Financial Officer, including cost estimate and financial test: Alternative I.

Section 3.4 Auditors' Special report by Price Waterhouse

Section 3.5 Parent Company Guarantee

3.2 Letter from GA's Chief Executive Officer