



In reply refer to:
266/2

September 9, 1992

Director, Office of Nuclear Material
Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington DC 20555

Gentlemen:

General Atomics is owned by General Atomic Technologies Corporation (GATC). GATC is inactive other than serving as a parent holding company for its investments in Baywood Holdings, Inc., General Atomics (Germany) GmbH and in General Atomics and General Atomics' subsidiaries including CECA Corporation, Sequoyah Holding Corporation, Sorrento Electronics, Inc., Rio Grande Resources Corporation, and General Atomics International Services Corporation. All financial information used to demonstrate compliance with 10 CFR Parts 50 and 70 is that of General Atomics consolidated.

Guarantee is made this September 9, 1992 by General Atomic Technologies Corporation, a corporation organized under the laws of the State of Wyoming, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC) on behalf of our subsidiary, General Atomics, 3550 General Atomics Court, San Diego CA 92121-1194.

1. The guarantor has full authority and capacity to enter into this guarantee under its Bylaws, Articles of Incorporation, and the laws of the State of Wyoming, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 50 and 70, which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 70 and a holder or applicant for a research reactor license issued pursuant to 10 CFR Part 50 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for license SNM-696 as required by 10 CFR Part 70; and licenses R-38 and R-67 as required by 10 CFR Part 50. The current cost estimate of General Atomics' cost for decommissioning is \$3,885,000.
4. The guarantor meets or exceeds the financial test criteria in A(1) of Appendix A to 10 CFR Part 30 and agrees to comply with all notification requirements as specified in 10 CFR Parts 50 and 70. The guarantor meets the following financial tests:

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- (a) Net working capital and tangible net worth each at least six times the current total decommissioning cost estimates plus certified amount; and
 - (b) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the amount of the current decommissioning cost estimates; and
 - (c) Meets two of the following three ratios: A ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities that is greater than 0.1; and a ratio of current assets to current liabilities that is greater than 1.5; and
 - (d) Tangible net worth of at least \$10 million.
5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee:

General Atomics

3550 General Atomics Court

San Diego CA 92121-1194

Facilities include: GA's San Diego Facilities, license under SNM-696
TRIGA Reactor Facility, license under R-38 and R-67.

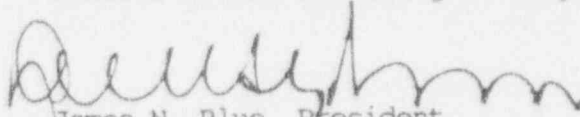
6. Decommissioning activities as used below refers to the activities required by 10 CFR Parts 50 and 70 for decommissioning of facilities identified above.
7. For value received from General Atomics, and pursuant to the authority conferred upon the guarantor by the unanimous resolution of its directors, a certified copy of which is attached, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License Nos. SNM-696, R-38 and R-67, the guarantor, at its option, shall:
- (a) Carry out the required activities, or
 - (b) Set up a trust fund in favor of the above identified beneficiary in the amount of these current cost estimates for these activities. The amount of funds to be placed in the trust fund by guarantor may be adjusted to account for the sums paid by General Atomics towards the required decommissioning.


8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Parts 50 and 70. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if General Atomics has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or General Atomics provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that within 30 days after it determines that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor for the facility under License Nos. SNM-696, R-38 and R-67, it shall establish an alternative financial assurance as specified in 10 CFR Parts 50 and 70 in the name of General Atomics unless General Atomics has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Parts 50 and 70.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary NRC in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as General Atomics must comply with the applicable financial assurance requirements of 10 CFR Parts 50 and 70 for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and General Atomics, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and General Atomics as evidenced by the return receipts.

15. The guarantor agrees that if General Atomics fails to provide alternative financial assurance as specified in 10 CFR Parts 50 and 70, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and General Atomics from the guarantor, the guarantor shall provide such alternative financial assurance in the name of General Atomics or make full payment under the guarantee.
16. If General Atomics or the guarantor substitutes a commercial letter of credit in the amount of these current cost estimates for the decommissioning activities, then this guarantee shall terminate and be returned to guarantor within 30 days after receipt of such notice by the NRC as evidenced by the return receipt.
17. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by General Atomics. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
18. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

General Atomic Technologies Corporation


James N. Blue, President


Witness or Notary

Price Waterhouse





GENERAL ATOMICS
REPORT ON AGREED-UPON PROCEDURES
SEPTEMBER 4, 1992

Price Waterhouse



September 4, 1992

To the Board of Directors of
General Atomics and the
U.S. Nuclear Regulatory Commission

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of General Atomics (the Company) as of and for the year ended December 31, 1991, and have issued our report thereon dated March 26, 1992.

General Atomics has prepared documents to demonstrate its financial responsibility under the Nuclear Regulatory Commission's (NRC) financial assurance regulations, Volume 10 of the Code of Federal Regulations Part 30, Appendix A. This report is furnished solely to assist General Atomics in complying with these regulations and should not be used for any other purpose.

The attached schedule (Exhibit A) reconciles the specified information furnished in the Chief Financial Officer's (CFO) letter (Exhibit B) in response to the regulations with the Company's financial statements. In connection therewith, we have:

1. Read the attached schedule (Exhibit A), and the CFO's letter (Exhibit B);
2. Compared the amounts in the column "Per Financial Statements" in Exhibit A with amounts contained in the Company's consolidated financial statements as of and for the year ended December 31, 1991;
3. Compared the amounts in the column "Per CFO's Letter" in Exhibit A with the letter prepared in response to the NRC's request (Exhibit B);
4. Compared the amount in the column "Reconciling Items" in Exhibit A with analyses prepared by the Company setting forth the indicated item; and
5. Recomputed the totals on Exhibit A.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on the manner in which the amounts were derived in the items referred to above. In connection with the procedures referred to above, no matters came to our attention that cause us to believe that the amounts set forth in the attached schedule (Exhibit A) and in lines 2 through 9 of the Chief Financial Officer's letter (Exhibit B) should be adjusted.

Price Waterhouse

GENERAL ATOMICS

YEAR ENDED DECEMBER 31, 1991
(Dollar amounts in thousands)

Line No. in CFO's Letter		Per Financial Statements	Reconciling Items	Per CFO's Letter
2	Total current liabilities	\$ 67,993		
	Long-term debt	19,211		
	Other long-term liabilities	33,899		
	Deferred income taxes	<u>2,483</u>		
	Total liabilities	<u>\$123,586</u>		<u>\$123,586</u>
3 & 4*	Total assets	176,140		
	Less: Total liabilities	<u>123,586</u>		
	Total net worth	<u>\$ 52,554</u>		<u>\$ 52,554</u>
5	Current assets	<u>\$126,485</u>		<u>\$126,485</u>
6	Current liabilities	<u>\$ 67,993</u>		<u>\$ 67,993</u>
8	Net income	\$ 7,175		
	Depreciation	<u> </u>	<u>\$ 8,728</u>	<u> </u>
	Total net income	<u>\$ 7,175</u>	<u>\$ 8,728</u>	<u>\$ 15,903</u>

* The Company's assets and liabilities are primarily tangible. There is no significant difference between the Company's net worth and its tangible net worth.

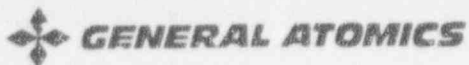


EXHIBIT B

In reply refer to:
266/141

September 4, 1992

Director, Office of Nuclear Material
Safety and Safeguards
US Nuclear Regulatory Commission
Washington DC 20555

Dear Sir:

I am the Chief Financial Officer of General Atomics, a Corporation. General Atomics is located at 3550 General Atomics Court in San Diego, California. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 50 and 70, for the decommissioning of the following Company-owned facilities:

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Current Cost Estimate</u>
General Atomics (License SNM-696)	3550 General Atomics Court San Diego CA 92121-1194	\$3,740,000
TRIGA Reactor Facility (Licenses R-38 and R-67)	(same as above)	\$ 145,000

The Current Cost Estimate is our best estimate of the net cost to General Atomics for decommissioning.

General Atomics is not required to file a Form 10K with the US Securities and Exchange Commission for the latest fiscal year which ends December 31, 1992.

The figures for the following items marked with an asterisk are derived from General Atomics' consolidated, independently audited financial statements for the most recently completed fiscal year--December 31, 1991:

Financial Test: Alternative I
(Dollars in Thousands)

- | | |
|---|-----------|
| 1. Decommissioning cost estimates for facility,
Licenses No. SNM-696, R-38, and R-67 | \$ 3,885 |
| *2. Total Liabilities | \$123,586 |
| *3. Tangible Net Worth | \$ 52,554 |
| *4. Net Worth | \$ 52,554 |
| *5. Current Assets | \$126,485 |
| *6. Current Liabilities | \$ 67,993 |
| *7. Net Working Capital (Line 5 minus Line 6) | \$ 58,492 |
| *8. The sum of Net Income plus Depreciation | \$ 15,903 |
| *9. Total Assets in United States | \$176,140 |


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Director, Office of Nuclear Material
Safety and Safeguards
Page 2
September 4, 1992

	<u>Yes</u>	<u>No</u>
10. Is line 3 at least \$10 million?	X	
11. Is line 3 at least 6 times line 1?	X	
12. Is line 7 at least 6 times line 1?	X	
13. Are at least 90% of Assets located in US?	X	
14. Is line 9 at least 6 times line 1?	X	
15. Is line 2 divided by line 4 less than 2.0?		X
16. Is line 8 divided by line 2 greater than 0.1?	X	
17. Is line 5 divided by line 6 greater than 1.5?	X	

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



Max D. Kemp
Sr. Vice President, Finance



EXHIBIT B

In reply refer to:
266/141

September 4, 1992

Director, Office of Nuclear Material
Safety and Safeguards
US Nuclear Regulatory Commission
Washington DC 20555

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(Dollars in Thousands)

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*2. Total Liabilities	\$123,586
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*4. Net Worth	\$ 52,554
*5. Current Assets	\$126,485
*6. Current Liabilities	\$ 67,993
*7. Net Working Capital (Line 5 minus Line 6)	\$ 58,492
*8. The sum of Net Income plus Depreciation	\$ 15,907
*9. Total Assets in United States	\$176,14

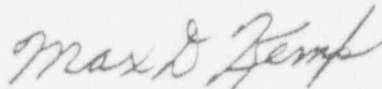
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Director, Office of Nuclear Material
Safety and Safeguards
Page 2
September 4, 1992

	<u>Yes</u>	<u>No</u>
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I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



Max D. Kemp
Sr. Vice President, Finance

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 70-0734 General Atomics, San Diego, CA, 07000734
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 ASMUSSEN, K.E. General Atomics (formerly GA Technologies, Inc./General Ato
 RECIP. NAME RECIPIENT AFFILIATION
 BERNERO, R.M. Office of Nuclear Material Safety & Safeguards

SUBJECT: Forwards revised financial statements, financial test data &
 special auditor rept. Encl withheld, per 10CFR2.790.

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4/25/94

C. Enright
 C. Wilson
 D. Houtley ←
 E. K...

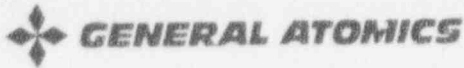
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Attachment 1



March 31, 1994
696-2217

Justin

VIA FEDERAL EXPRESS

Mr. Robert M. Bernero, Director
Office of Nuclear Material Safety and Safeguards
U. S. Nuclear Regulatory Commission
Washington, DC 20555

Subject: **Docket Nos. 50-89, 50-163 and 70-734; License Nos. R-38, R-67 and
SNM-696 Respectively; Submittal of Revised Financial Statements
Re: Financial Assurance for Decommissioning**

- Reference: 1) Asmussen, Keith E., Letter No. 38/67-1884 to U.S. Nuclear Regulatory Commission
ATTN: Mr. Marvin Mendonca, "Docket Nos. 50-89 and 50-163; License Nos. R-38
and R-67; Decommissioning Report and Financial Assurance" dated July 26, 1990.
- 2) Asmussen, Keith E., Letter No. 696-1963 to Mr. John W. N. Hickey, U.S. Nuclear
Regulatory Commission, "Docket No. 70-734; License No. SNM-696; Submittal of
Decommissioning Funding Plan," dated September 10, 1992.

Dear Mr. Bernero:

General Atomic (GA) operates two TRIGA research reactors under Nuclear Regulatory Commission (NRC) License Nos. R-38 and R-67, and conducts operations involving the use of special nuclear material under NRC License No. SNM-696. In compliance with 10 CFR Parts 50.33 and 70.25, GA previously submitted financial assurance for the estimated cost of decommissioning its reactors and its SNM-696 licensed facilities (Refs. 1 & 2). The financial assurance was provided by a parent company guarantee based on the financial test contained in Appendix A of 10 CFR 30. The guarantee included a commitment by the parent guarantor (General Atomic Technologies Corporation) to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year. Submitted herewith is said information for 1993.

As set forth in the enclosed affidavit of Mr. Edwards, General Atomic requests that this information be treated as proprietary information under the provisions of 10 CFR 2.790. GA is a privately held corporation and the enclosed financial statements contain sensitive financial information.

If you should have any questions regarding this submittal, please contact me at (619) 455-2823.

Very truly yours,

Keith E. Asmussen

Keith E. Asmussen, Director
Licensing, Safety and Nuclear Compliance

KEA:shs

Enclosures as stated

cc: Mr. Bobby Faulkenberry, Regional Administrator, U.S. NRC Region V (w/o enclosures)
Mr. Alexander Adams, Jr., NRC/PDNP, NRC Headquarters (w/o enclosures)
Mr. Robert Wilson, NRC Headquarters (w/o enclosures)

NLPS
11


STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

AFFIDAVIT OF JAMES R. EDWARDS

I, James R. Edwards, Vice President, General Counsel and Secretary of General Atomics, do hereby affirm and state:

1. I am an officer of General Atomics and I am authorized to execute this affidavit on behalf of General Atomics.
2. The affidavit is submitted under the provisions of 10 CFR 2.790 in order to withhold the enclosed financial statements and other enclosed financial information of General Atomics from public disclosure or publication.
3. The subject documents constitute confidential financial information of a privately-held corporation which has been held in confidence by the owner and are customarily held in such confidence, and are not available in public sources. Public disclosure would create substantial harm to the owner by providing detailed financial information to its competitors and other parties whose interest may be adverse to the owner.

General Atomics


James R. Edwards, Vice President,
General Counsel and Secretary

SUBSCRIBED AND SWORN to before me this 31st day of March, 1994.

WITNESS my hand and official seal.




Notary Public