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STATE OF ILLINOIS  
DEPARTMENT OF NUCLEAR SAFETY  
1035 OUTER PARK DRIVE  
SPRINGFIELD, ILLINOIS 62704

Jim Edgar  
Governor

217-785-9900  
217-782-6133 (TDD)

DOCKETED  
USNRC  
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Thomas W. Ortiger  
OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCH

July 18, 1997

Secretary of the Commission  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

DOCKET NUMBER  
PROPOSED RULE **PR** 30.40.50.70+72  
(62FR23394)

Attention: Docketing and Service Branch

Re: Proposed Rule, "Self-Guarantee of Decommissioning Funding by Non-Profit and Non-Bond Issuing Licensees."

Gentlemen:

The Illinois Department of Nuclear Safety (Department) hereby submits its comments on the referenced proposed rule. The proposed rule represents changes to surety rules that would allow non-profit licensees and commercial licensees who do not issue bonds, the option to use self-guarantee as a surety funding mechanism. Specific comments on the proposed rule are detailed below.

1. Under II. Analyses of Financial Criteria, A. Criteria for Colleges and Universities, there is a statement that non-profit entities or for-profit firms that do not issue bonds may opt to obtain a bond rating from one of the major ratings agencies. However, the proposed language in Section 30.35 does not clearly indicate this option.

2. Under II. Analyses of Financial Criteria, B. Criteria for Hospitals, "liquidity" is incorrectly defined twice as "current assets and depreciation fund, divided by current liabilities." (emphasis added) The same mistake is made in II.B.(2)(c) of the proposed Appendix E to Part 30. The underscored language should be deleted. Inclusion of "depreciation fund" in the liquidity test makes no sense from an accounting perspective. The study upon which the proposed rule is based, NUREG/CR-6514, correctly defines the liquidity test on page 32 as "Liquidity," measured by the current ratio (current assets divided by current liabilities)."

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Secretary of the Commission

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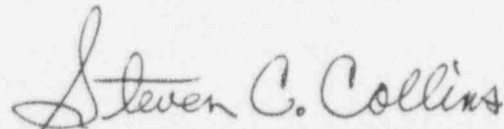
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3. Provisions in 10 CFR 30.35(f)(2), 40.36(e)(2), 50.75(e)(2)(iii), 70.25(f)(2) and 72.30(c)(2), provide that neither a parent company guarantee nor a guarantee by an applicant may be used in combination with other financial methods to satisfy financial assurance requirements. What are the reasons for these restrictions? It would seem that the licensing agency would, for instance, have stronger financial assurance for decommissioning if there were a 50% prepayment and a 50% guarantee than if there if just a 100% guarantee.

4. Under Finding of No Significant Environmental Impact, the notice states that, "The proposed action is intended to offer non-profit and non bond-issuing nuclear materials licensees and non-power reactor licensees greater flexibility by allowing an additional mechanism that meet the financial criteria for use of self guarantee." (emphasis added) The underscored language inaccurately reflects the scope of the proposed rule to reactor licensees. The factor which determines whether a Part 50 reactor licensee can use the new mechanism is whether the licensee is an electric utility, not whether the reactor is a power reactor. See section 50.75(e)(2). In other words, a non-electric utility licensed to operate a power reactor under Part 50 could use the new guarantee mechanism. This issue is correctly addressed in the first sentence of the Summary at the beginning of the notice, which refers to "non-electric utility reactor licensees."

Overall, we believe that the NRC has increased the flexibility of this rule by developing additional surety options for licensees. If you have any questions regarding these comments, please contact either me or Kathy Allen at (217) 785-9947.

Sincerely,



Steven C. Collins, Chief  
Division of Radioactive Materials

SCC:kaa

cc: Jim Lynch, State Agreements Officer, RIII