CORNELL
UNIVERSITY

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August 13, 1998

Document Control Desk
c/o Dr. Theodore S Michaels
Office of Nuclear Reactor Regulations
U. S. Nuclear Regulatory Commission
Washington, DC 20555

Subject: Submission of Decommissioning Report, 10 C.F.R. 50.75(d)
Cornell TRIGA Reactor, Facility License R-80, Doc. No. 50-157
Cornell Zero Power Reactor, Facility License R-89, Doc. No. 50-97

Dear Dr. Michaels:

In response to the regulations published in the June 1st, 1998, issue of the Federal Register, 63 Fed. Reg. 29,535 (codified at 10 C.F.R. §§ 30, 40, 50, 70, 72), Cornell University would like to be considered for the self-guarantee financial assurance method for the decommissioning of its TRIGA Reactor and Zero-Power Reactor, pursuant to 10 C.F.R. 50.33 (k)(2) and 50.75(d). Cornell University meets all of the necessary requirements for the financial test and believes that the self-guarantee would be a desirable option for both Cornell and the Commission.

Cornell University currently maintains an AA bonding rating from Standard and Poor's and a rating of Aa from Moody's. In addition, enclosed is the most recent independently audited financial report for fiscal year 1996-1997. The report for fiscal year 1997-1998 will be completed shortly and, as soon as it is available, forwarded to you. Also enclosed are the updated decommissioning costs, recently evaluated by Dr. Kenan Ünlü, the Director of the university's Ward Center for Nuclear Sciences.

1/1

A020

The university's annual financial report and updated decommissioning cost estimate will be sent to the Commission yearly, within the required 90 days after the close of the fiscal year. Furthermore, should there be any reason that Cornell no longer meets the self-guarantee requirements, a notice will be sent to the NRC establishing an alternative financial assurance.

In reviewing my file I see a letter sent from you dated July 17, 1996, to my predecessor. Having taken my position as Vice Provost for Research on July 1, 1998, I have been unable to ascertain from our records what response was sent. I sincerely apologize if you did not receive an answer to that letter. I hope to maintain the highest level of communication between the university and the Commission at all times. Dr. Ünlü is similarly committed to maintaining our good working relationship with the Commission.

Cornell believes that the enclosed information fulfills the requirements of the new self-guarantee financial assurance method. If there are any questions concerning this report, please do not hesitate to contact me or Dr. Kenan Ünlü, Director of the Ward Center for Nuclear Sciences, 105 Ward Laboratory, Cornell University, Ithaca, New York, 14853 (607-255-5224) or Patricia Johnson, Assistant Treasurer, 3rd Floor Terrace Hill, Ithaca, New York 14850 (607-277-0022).

Sincerely,

Robert C. Richardson

Robert C. Richardson
Vice Provost for Research

Encs: Decomissioning Report, Doc. Nos. 50-157 and 50-97
Financial Report
Bond Rating Publication Excerpts

cc: Patricia Johnson, Assistant Treasurer
Dr. Kenan Ünlü, Director, Ward Center
Shirley K. Egan, Associate University Counsel

DECOMMISSIONING REPORT

pursuant to 10 CFR 50.33 (k) (2) and 50.75 (d)
for the Cornell University TRIGA (License R-80)
and Zero Power (License R-89) Reactors

The cost estimate for decommissioning the Cornell University TRIGA Reactor facility, in FY 98 dollars, is $3.82 million including a 25% contingency. This estimate is based on a cost study for decommissioning the University of Illinois, Urbana, Illinois (UIUC) Reactor conducted by GTS Duratek, Inc. in April 1998. The cost estimate for the 1.5 MW, UIUC-TRIGA reactor was $4.38 million in terms of FY 98 dollars. The UIUC-TRIGA and Cornell TRIGA facilities are structurally very similar. However, the operating power levels of the two reactors are different, therefore estimated decommissioning cost for the Cornell TRIGA has been adjusted accordingly. The new cost estimate for the Cornell TRIGA revises the previous estimate of $1.35 million (1991 dollars) provided as part of the decommissioning report of May 1991. We believe that $3.82 million (1998 dollars) is a more realistic and appropriate value considering projected 1991 decommissioning costs. The cost estimate for decommissioning the Cornell TRIGA facility will be adjusted annually using the formula given in 10 CFR 50.75 (c) (2) or increased inflation costs and uncertain increases in other cost factors.

The decommissioning process for the Cornell Zero-Power Reactor (ZPR) is continuing. The cost estimate for finishing the decommissioning process is $450,000. The main expense for the rest of decommissioning process is the shipment of ZPR fuel. We believe that the above cost figure is sufficient to complete the decommissioning of the Cornell ZPR reactor.

Moody's **Municipal** Credit Report

Cornell University
New York State Dormitory Authority

July 15, 1996

New Issue Update | **Higher Education**

Moody's rating: Aa
Higher Education Revenue

Related rating:

Moody's rating: Aa/VMIG 1
Variable Rate Demand/Fixed Rate Series 1990B
(SBPA: Morgan Guaranty Trust)
(VMIG rating expires December 26, 2000, upon conversion to fixed rate or upon earlier termination of liquidity facility)

credit comment:

Cornell's Aa rating is confirmed in conjunction with the pending sale of $132 million in refunding revenue bonds through the New York State Dormitory Authority. The rating outlook is stable. The rating and rating outlook are based on the following:

Strong Student Demand for Unique Combination of Private and Public Schools

Cornell is a unique, hybrid institution offering both Ivy League private education and publicly subsidized programs, such as agriculture. Student demand is strong in both areas, although selectivity is slightly weaker than some main competitors.

Substantial Endowment Supports Large Cost Base

Endowment ranks in the top 15 among the nation's universities, and is growing as cash rolls in from a $1.5 billion capital campaign; investment returns remain strong. This large asset must support an exceptionally large student body and research program.

Capacity to Raise Tuition Likely to Offset State Funding Cuts

Cornell's state-supported statutory colleges offer students an extremely reputable degree at an affordable price, thereby ensuring strong demand. Should state government cut funding to these colleges, Cornell still has the capacity to raise tuition to compensate.

Medical College Explores New Options

The Medical College is located in New York City. The uncertain outlook for federal funding for medical research and education is prompting the University to consider new partnerships with medical schools in the highly competitive New York market.

This update supplements the Credit Comment published in *Moody's Rating Recap* on May 23. The update was prepared in conjunction with the June 6, 1996 sale of $132,000,000 Revenue Bonds, Series 1996.

Cornell University
New York State Dormitory Authority

key facts:

	Medians A1 Large Private	Medians Aa Large Private	Cornell
Student Demand Data (academic year beginning fall 1995):			
Total enrollment	6,385	17,560	19,532
Undergraduate selectivity ratio (%)	74.6	46.3	[1] 34.2
Undergraduate matriculation ratio (%)	35.3	37.1	[1] 45.4
Financial Data (fiscal year 1995):			
Total debt ($000)	$61,901	$206,903	$445,461
Total endowment ($000)	$126,658	$772,411	$1,475,576
Endowment per student ($)	$19,273	$71,840	$75,547
Unrestricted available funds ratio (%)	42.7	83.4	62.3
Unrestricted available funds to debt (%)	115.6	139.5	135.4
State appropriations % of revenues	-	-	9.4

[1] Demand data for combined private and public college freshmen.

sale information:

Legal Name of Issuer: Dormitory Authority of the State of New York.

Date of Bonds: May 1, 1996.

Security: General obligation of the University under the Loan Agreement.

Purpose of Borrowing: Refund outstanding maturities of Series 1986, except for $18 million maturity in 2015.

Key Contacts:

University: Frederick Rogers, Senior Vice President and Chief Financial Officer, (607) 255-4618; Patricia Johnson, Assistant Treasurer, (607) 277-0022.

Underwriter: Morgan Stanley, New York, (212) 761-6849.

Bond Counsel: Hughes, Hubbard & Reed, New York, (212) 837-6000.

rating history:

May 1984:	Aa
October 1972:	A

analysts:

John Nelson
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STANDARD
&POOR'S

Public Finance New Issue Review

July 9, 1998

ISSUER: NEW YORK STATE DORMITORY AUTHORITY/TOMPKINS COUNTY INDUSTRIAL DEVELOPMENT AGENCY, NEW YORK

CORNELL UNIVERSITY
NEW RATING
New York State Dormitory Authority
Cornell University, New York
$100 mil comm pap nts ser 1998 dtd Sept 15, 1998 due July 1, 2028 — A-1+
Tompkins County Industrial Development Agency, New York
Cornell University, New York
$50 mil civ fac rev bnds (Cornell Univ project) ser 1998 dtd Aug 1, 1998 due July 1, 2028 — AA
Sale date: Sept 15, 1998
AFFIRMED
New York State Dormitory Authority
Cornell University, New York
$60 mil multimodal var-rt ser 1990B — AA/A-1+
$278.86 mil rev bnds various ser — AA
Cornell University, New York
$18.55 mil taxable rev bnds ser 1987B — AA

OUTLOOK: STABLE

RATIONALE

The 'A-1+' rating on New York State Dormitory Authority, N.Y.'s bonds, issued for Cornell University, reflects the university's own liquidity.

The 'AA' rating issued for Tompkins County Industrial Development Agency, N.Y.'s bonds issued for Cornell University, reflects:

- A stable enrollment and strong student quality,
- Consistent operating surpluses, and
- A growing endowment.

At the same time, Standard & Poor's affirmed its ratings on the authority's and Cornell University's revenue bonds.

Cornell's liquidity continues to improve following the completion of a very successful $1.25 billion capital campaign, which raised $1.5 billion for endowment, fellowships, program enhancement, and various capital projects. Additional gifts, such as a $100 million gift for the Medical College, continue to bolster the University's endowment.

The 'A-1+' on the variable-rate series 1990B bonds reflects Cornell's own liquidity, which provides coverage of a full tender and a nonrated standby bond purchase agreement with Morgan Guaranty. The series 1998 bonds will provide initial funding for the university's Lake Source Cooling project, and the commercial paper program will provide interim financing for the university's long-term capital plan.

Enrollment has remained stable with 1998 headcount at 19,066, remaining relatively flat over the past five years, and no future growth is planned. The university remains highly selective, accepting 34% of undergraduate applicants in 1998 and enrolling students with average SAT scores of 1,339. The graduate

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82
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programs are also very selective with the medical school accepting 3% of applicants, the veterinarian school 15%, and the law school 26%.

Cornell's program structure is unique in that the university consists of nine privately funded (endowed) schools, such as the College of Engineering and the School of Hotel Administration, and four state-supported colleges—the College of Agriculture and Life Sciences, College of Human Ecology, School of Industrial and Labor Relations, and the College of Veterinary Medicine. The statutory colleges operate separately from the endowed, generating revenues mainly from state appropriations and tuition income.

OUTLOOK

The outlook reflects the expectation that Cornell will continue to be a selective institution, generating sufficient surpluses to support operating needs.

OPERATIONS

Cornell's operations have historically been strong and the total bottom line in fiscal 1997 was 22% and 23% in fiscal 1996. The operations at the medical school have shown improvement with surpluses in 1997, an expected surplus in 1998, and a budgeted $12.5 million surplus in 1999. Total endowment as of May 31, 1998 was $2.5 billion, an increase of 59% from 1995. Quasi endowment also increased significantly to $626 million at fiscal year-ended 1997. Unrestricted resources total an impressive $1.84 billion, 134% of operations and 309% of pro forma debt. Cornell's U.S. Treasury bonds and notes in the short-term and long-term investment pools provide 2.2 times (x) coverage of outstanding variable-rate put bonds and the commercial paper program. Total pro forma debt of $570.6 million is manageable with maximum annual debt service at about 4.2% of operations. The rating also encompasses the possible issuance of an additional $50 million-$90 million in debt in 1999 and $87 million in 2000 to refund the series 1990A bonds.