

From: [Betsy Ullrich](#)
To: [Messina, Edward \(Ed\)](#)
Subject: Timken Financial Assurance requirement ns RE: contact
Date: Friday, February 17, 2023 1:24:00 PM
Attachments: [0121-02 Timken Motor and Crane Services LLC, RAI letter dated January 20, 2022.Update.pdf](#)

Mr. Messina,

Based on our telephone conversation today, I understand that you are the new contact for the financial assurance action for Timken. Here is my understanding of the timeline of events, and where we are at the moment:

Timken requires provision of financial assurance for the NRC license, and the amount to be provided is based on a cost estimate developed using NRC's guidance for a "Decommissioning Funding Plan (DFP). The DFP cost estimate is funded by one of NRC's approved financial assurance instruments. Our guidance for financial assurance may be found in NUREG-1757, Volume 3 <https://www.nrc.gov/reading-rm/doc-collections/nuregs/staff/sr1757/v3/index.html>

- Timken provided a Trust account in 2016 as the financial assurance instrument. The DFP was updated in 2018. This lists only the location in New Haven.
- In April 2021, Timken requested the addition of a location in East Haven. In order to move from one location to another, both locations had to be listed on the license so that licensed materials could be moved from one location to the other. Amendment 17 was issued in July 2021 with the East haven location authorized only for storage of materials in closed containers – no work to be done there yet.
- In October 2021, Timken requested an amendment to allow work to be done at the new location. In order to do so, a new financial assurance instrument, a Surety Bond, was to be provided. Because review of financial assurance takes some time, and because we have the Trust fund for the other location, not yet released, a separate action was opened to complete the issues related to financial assurance. Amendment 18 was issued in December 2021, discussed the need to complete the decommissioning of the facilities in New Haven.
 - **The financial assurance action for Timken was assigned Mail Control No. 629074; this is the action that is remains incomplete for us, and the mail control number is on the documentation related to this.**
 - The amount of the Surety was based on a cost estimate dated April 2021
 - The Surety dated September 10, 2021 was received
 - A letter was sent to Timken dated January 20, 2022 accepting the cost estimate, and requesting the documentation for a Standby Trust Account needed to support the Surety
 - At this point, there was some confusion between the "Trust" and the "Standby Trust Account" These are two different financial assurance instruments. A Trust Fund already contains monies set aside for a specific purpose. A "Standby Trust Account" is a trust account that is not yet funded but is otherwise ready to accept monies from a particular source. NRC guidance requires that when a surety bond, letter of credit, or insurance is used as the funding, a Standby Trust Account must be part of the financial assurance

instrument.

- In January 2022, Timken requested release of the facilities in New Haven for unrestricted use, based on results of surveys [all information provided to us for review. Amendment 19 was issued in April 2022. **The Trust fund was not returned because we did not yet have all the documentation we need for the Surety Bond for East haven.**
 - This also led to a series of emails related to financial assurance, between January and May, as the documents that listed locations of use needed to be revised as one location was first added [both locations should have been listed] and the original location was released [now needed revision to list only the new location]

Here is the current status:

- We have the Trust Fund. You may continue to use this, if you like, but it will need to be revised to list the new address of the current location.
- We have a Surety. We have not accepted this, because the Surety requires a Standby Trust Account.
 - At one point, Timken planned to contact the bank to see if the Trust Fund could be converted to a Standby Trust Account.
- We need an updated Certification of Financial Assurance document, due to only the new address needing to be listed.

NUREG 1757 Volume 3 contains our guidance.

This is a lot to absorb. I will be happy to talk with you again. Please let me know if you need copies of documents. If you want to follow the pathway, you would use

- Checklist 1 Master Checklist to see what you require
- Section A.2.4 Model Certification of Financial Assurance
- Appendix A4 to see the requirements for Trust Funds. Each Appendix has its own checklist as well.
- Appendix A5 to see the requirements for a Surety
- Appendix A.12 to see the requirements for the Standby Trust Account.

Betsy

From: Messina, Edward (Ed) <e.messina@schulzelectric.com>

Sent: Friday, February 17, 2023 11:37 AM

To: Betsy Ullrich <Elizabeth.Ullrich@nrc.gov>

Subject: [External_Sender] contact

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