



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

**SAFETY EVALUATION REPORT**

**Docket No.: 70-938**

**License No.: SNM-986**

**BACKGROUND**

By letter dated September 28, 2023 (Agencywide Documents Access and Management System Accession No. ML23284A126), Massachusetts Institute of Technology (MIT) submitted its annual certification of self-guarantee (SG) for decommissioning financial assurance of special nuclear material (SNM) license SNM-986 and the MIT Research Reactor license R-37. This review pertains only to SNM-986.

**DISCUSSION**

**Regulatory Requirements**

Nuclear facilities licensed under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 70 are required to establish adequate financial assurance for decommissioning, decontamination, and reclamation pursuant to 10 CFR Section 70.25, "Financial assurance and recordkeeping for decommissioning" respectively. Section 70.25 of 10 CFR requires nonprofit college and university licensees that provide reasonable assurance of available funds for decommissioning costs through an SG to annually provide an SG agreement and pass a Financial Test pursuant to appendix E to 10 CFR Part 30, "Criteria Relating to Use of Financial Tests and Self-Guarantees for Providing Reasonable Assurance of Funds for Decommissioning by Nonprofit Colleges, Universities, and Hospitals."

**Staff Review of Self-Guarantee and Supporting Documentation**

The U.S. Nuclear Regulatory Commission (NRC) staff reviewed MIT's September 28, 2023, submittal. The NRC staff finds that MIT's SG application is acceptable.

In its review, the NRC staff relied on the regulations set forth in appendix E of 10 CFR Part 30 and 10 CFR 70.25, as well as the NRC guidance contained in "Consolidated Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," NUREG-1757, Volume 3, Rev. 1, appendix A.9 (ML12048A063). The MIT's September 29, 2022, SG submission included:

- an SG;
- a letter from MIT's Interim Executive Vice President and Treasurer and Financial Test; a report of independent accountants confirming the Chief Financial Officer (CFO) letter and reconciling amounts in the CFO letter with the licensee's financial statements;
- MIT's audited financial statements for the most recent fiscal year, including, among other things, the auditor's opinion on the financial statements.

MIT has previously submitted both an SG agreement and Standby Trust Agreement (STA); which have both been approved by the NRC staff. Both agreements remain adequate to cover the current certified decommissioning costs for MIT's part 70 license.

Enclosure

For MIT to qualify for the use of an SG, it must satisfy the criteria found in 10 CFR Part 30, appendix E, section II.A.1 or A.2. MIT's SG submission intends to demonstrate compliance with 10 CFR Part 30, appendix E, section II.A.1 (the "Financial Test"). The Financial Test, in part, requires that MIT have a current rating for its most recent bond issuance of AAA, AA, or A as issued by Standard & Poor's or Aaa, Aa, or A as issued by Moody's. As part of the SG submission, the letter from MIT's Interim Executive Vice President and Treasurer (CFO) indicated that MIT completed Checklist 9-B of NUREG-1757, Volume 3, appendix A, to demonstrate passage of the Financial Test. The SG submission states that the current bond rating of the most recent unsecured bond issuance is AAA, as rated by Standard & Poor's. Therefore, MIT meets the requirement of 10 CFR Part 30, appendix E, section II.A.1. Thus, MIT meets the requirements of the Financial Test.

Part 30 of 10 CFR, appendix E, section III.A through F, describes the terms that are required in an SG:

- A. The guarantee will remain in force unless the licensee sends notice of cancellation by certified mail, and/or return receipt requested to the NRC. Cancellation may not occur unless an alternative financial assurance mechanism is in place;
- B. The license shall provide alternate financial assurance as specified in the NRC's regulations within 90 days following receipt by the NRC of a notice of cancellation of the guarantee;
- C. The guarantee and Financial Test provisions must remain in effect until the NRC has terminated the license or until another financial assurance method acceptable to the NRC has been put in effect by the licensee;
- D. The applicant or licensee must provide to the NRC a written guarantee which states that the licensee will fund and carry out the required decommissioning activities, or upon issuance of an order by the NRC, the licensee will set up and fund a trust in the amount of the current cost estimates for decommissioning; and
- E. If, at any time, the licensee's most recent bond issuance ceases to be rated in any category of "A" or above by either Standard and Poor's or Moody's, the licensee shall provide notice in writing of such fact to the NRC within 20 days after publication of the change by the rating service;
- F. A standby trust must be established to protect public health and safety and the environment for decommissioning costs prior to an SG being submitted.
- G. Guarantor agrees that if guarantor admits in writing its inability to pay its debts generally, or makes a general assignment for the benefit of its creditors, or any proceeding is instituted against, by or against the guarantor seeking to adjudicate it a bankrupt or insolvent...then the Commission may: (a) declare the financial assurance guaranteed by the guarantee agreement is immediately due and payable to the standby trust...; and (b) exercise any and all of its other rights under applicable law.

The NRC staff finds the language of the SG meets the requirements of 10 CFR 70.25 and 10 CFR Part 30, appendix E, section III.A, B, C, D, E, F, and G. The SG also addresses the terms and conditions provided in NRC guidance (NUREG-1757, Volume 3, appendix A.9, checklist B and appendix A.13).

In addition, per 10 CFR Part 30, appendix E, NRC staff reviewed the MIT's unrestricted endowment consisting of assets located in the U.S. and compared it to the decommissioning cost estimate. The NRC staff found that MIT's current unrestricted endowment is at least thirty times the total current decommissioning cost estimate for all decommissioning activities for which MIT is responsible for a self-guarantee license.

Relying upon the SG submission, the NRC staff finds that MIT meets the requirements of the Financial Test set forth in 10 CFR part 30, appendix E, section II. A.1 and A.2, the SG and CFO Letter are consistent with NRC guidance, and that the SG meets the requirements of 10 CFR Part 30, appendix E, section III.A through G.

### **CONCLUSION**

Based on the NRC staff's review, as discussed above, MIT has demonstrated that: (1) its financial condition meets the requirements of 10 CFR Part 30, appendix E, and (2) the language of the CFO letter, auditor's opinion on MIT's audited financial statements, and previously submitted and approved SG agreement and STA agreement are consistent with NRC guidance. Therefore, the NRC staff finds that MIT's SG and supporting documentation are acceptable and reasonable.

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