



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

**SAFETY EVALUATION BY THE OFFICE OF NUCLEAR MATERIAL SAFETY AND
SAFEGUARDS RELATED TO THE REQUEST FOR DIRECT TRANSFER OF CONTROL OF
POSSESSION ONLY LICENSE NOS. DPR-1, TR-1, R-33, AND DR-10 AND SPECIAL
NUCLEAR MATERIAL LICENSE NO. SNM-960 FROM GE-HITACHI NUCLEAR ENERGY
AMERICAS, LLC TO NORTHSTAR VALLECITOS, LLC
DOCKET NOS. 50-18, 50-70, 50-73, 50-183, and 70-754**

Proprietary information pursuant to Title 10 of the *Code of Federal Regulations* Section 2.390, "Public inspections, exemptions, requests for withholding," has been redacted from this document. Redacted information is identified by blank space enclosed within brackets, as shown here: [].

1.0 INTRODUCTION

By application dated September 1, 2023 (Agencywide Documents Access and Management System Accession No. ML23244A247), as supplemented by letters dated September 5, 2023 (ML23248A232), October 19, 2023 (ML23292A336), November 1, 2023 (ML23305A052), January 22, 2024 (ML24022A323), and March 15, 2024 (ML24075A277), GE-Hitachi Nuclear Energy Americas, LLC (GEHA) and NorthStar Vallecitos, LLC (NorthStar Vallecitos) (collectively, the Applicants), under Section 184, "Inalienability of Licenses," of the Atomic Energy Act of 1954, as amended (the Act or AEA), and Sections 50.80, "Transfer of licenses," and 70.36, "Inalienability of licenses," of Title 10 of the *Code of Federal Regulations* (10 CFR), requested that the U.S. Nuclear Regulatory Commission (NRC, the Commission) consent to the direct transfer of control of Possession Only License No. DPR-1 for the Vallecitos Boiling Water Reactor (VBWR), Possession Only License No. TR-1 for the General Electric Test Reactor (GETR), Possession Only License No. R-33 for the Nuclear Test Reactor (NTR), Possession Only License No. DR-10 for the Empire State Atomic Development Associates Experimental Vallecitos Superheat Reactor (EVESR), and Special Nuclear Material (SNM) License No. SNM-960 (collectively, the licenses) at the Vallecitos Nuclear Center (VNC) in Sunol, California, from GEHA to NorthStar Vallecitos.

The Applicants stated that the proposed transfer transaction would not occur until after License No. R-33 had been converted to a possession only license. On February 28, 2024, the NRC issued Amendment No. 26 to License No. R-33 (ML24031A622). This amendment removed the authority to operate the NTR, and authorized possession only of the reactor and fuel. The amendment also removed operational requirements not needed for the possession only status and replaced the requirement for NRC-licensed reactor operators with certified fuel handlers.

The Applicants also requested that the NRC impose the 10 CFR 50.75(h)(1) and 10 CFR 50.82(a)(8) requirements related to Nuclear Decommissioning Fund (NDF) investments, NDF withdrawals, and NDF report submittals, which are applicable to Possession Only License No. DPR-1 and Possession Only License No. DR-10, as license conditions on Possession Only License No. TR-1, Possession Only License No. R-33, and SNM-960 such

that the requirements related to NDF investments, NDF withdrawals, and NDF report submittals would be the same for all the licenses. Finally, the Applicants requested that the NRC approve conforming administrative amendments to the licenses to reflect the proposed direct transfer of control of the licenses from GEHA to NorthStar Vallecitos under 10 CFR 50.90, "Application for amendment of license, construction permit, or early site permit," and 10 CFR 70.34, "Amendment of licenses."

The Applicants provided the following supplemental information in support of their license transfer application:

- (1) Exhibit L-2, "Conforming Amendments and License Conditions Clean," which was inadvertently omitted from the original application, by supplemental letter dated September 5, 2023;
- (2) NorthStar Group Services, Inc. (NorthStar Group) audited financial statements and financial projections, by supplemental letter dated October 19, 2023;
- (3) A revised, redacted version of Exhibit H, "Asset Purchase and Sale Agreement," to the original application, by supplemental letter dated November 1, 2023;
- (4) Responses to NRC staff requests for additional information, by supplemental letter dated January 22, 2024; and
- (5) Red-line draft of proposed Possession Only License No. R-33, Amendment No. 27 and Possession Only License No. R-33 Technical Specifications, Revision 9, by supplemental letter dated March 15, 2024.

The supplemental information provided contained clarifying information and did not expand the scope of the license transfer application as originally noticed in the *Federal Register* (FR) on November 8, 2023 (88 FR 77113).

Upon NRC approval of the license transfer application and the completion of the proposed direct transfer transaction, NorthStar Vallecitos would be the licensed owner for the VNC licenses. NorthStar Vallecitos would also own the associated assets and real estate, including the decommissioning trust fund (DTF) (i.e., the NDF), title to spent nuclear fuel, and rights under the terms of the Standard Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste with the U.S. Department of Energy (DOE Standard Contract). NorthStar Vallecitos would perform day-to-day activities, including decommissioning activities, at the VNC.

The NRC published a notice of consideration of approval of the license transfer application in the *Federal Register* on November 8, 2023 (88 FR 77113) and included an opportunity to comment, request a hearing, and petition for leave to intervene. As discussed in Section 11.0 of this safety evaluation (SE), the NRC received one public comment. This SE addresses the topics of the comment received that were within the scope of the NRC staff's review of the license transfer application. As discussed in Section 12.0 of this SE, the NRC did not receive any hearing requests.

2.0 REGULATORY EVALUATION

2.1 Background

The VNC is in Sunol, California, near the center of the Pleasanton quadrangle of Alameda County. VNC is east of San Francisco Bay, approximately 35 miles east-southeast of San Francisco and 20 miles north of San Jose. The VBWR was licensed as a power reactor and entered decommissioning status in 1965. The GETR was licensed as a nonpower research and test reactor and entered decommissioning status in 1986. The NTR was licensed as a nonpower research and test reactor and nondestructively examined hardware and components using neutron radiography. The NRC renewed License No. R-33 for the NTR for 20 years in June 2023, and amended the license on February 28, 2024 to authorize possession only. The EVESR was licensed as a power reactor and entered decommissioning status in 1970. SNM-960, which was issued by the Atomic Energy Commission in 1966, authorizes the storage of SNM at the Hillside Storage Facility (or Hillside Bunker) on the VNC site. The NRC renewed SNM-960 for 10 years in August 2017.

The Applicants stated that the proposed transfer transaction would permit the accelerated decommissioning and remediation of the VNC. If the NRC were to consent to the license transfer, the Applicants would enter into a transaction that would transfer the VNC to NorthStar Vallecitos. This transaction would occur under the terms of an “Asset Purchase and Sale Agreement” (see license transfer application, appendices G (proprietary) and H (redacted)). Under that agreement, NorthStar Vallecitos, a direct, wholly owned subsidiary of NorthStar Group, would be the licensed owner for the VNC licenses. Exhibits D-1 and D-2 of the license transfer application show the corporate ownership structure, including the identity of the licensed owner, before and after the proposed transfer transaction.

2.2 Regulations and Guidance

The proposed transaction described in the license transfer application involves the transfer of control of the VNC licenses and, therefore, requires prior NRC approval. Generally, to approve a direct license transfer, the NRC must find that the proposed transferee is qualified to be the holder of the licenses and that transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the NRC pursuant thereto.

2.2.1 Reactor License Regulations

The Applicants requested approval of the direct transfer of control of reactor licenses, as described above and as discussed in this SE, under 10 CFR 50.80. Section 50.80(a) of 10 CFR states, in part, the following:

No license for a production or utilization facility ... or any right thereunder, shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of the license to any person, unless the Commission gives its consent in writing.

Section 50.80(b) of 10 CFR states that an application for a license transfer shall include as much of the information described in 10 CFR 50.33, “Contents of applications; general information,” and 10 CFR 50.34, “Contents of applications; technical information,” with respect to the identity and technical and financial qualifications of the proposed transferee as would be required by those sections if the application were for an initial license.

Section 50.80(c) of 10 CFR states, in part, the following:

...the Commission will approve an application for the transfer of a license, if the Commission determines: (1) That the proposed transferee is qualified to be the holder of the license; and (2) That transfer of the license is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission under thereto.

In 10 CFR 50.33(a) through (d), the NRC requires applicants to provide information, including the name of the applicant, address of the applicant, description of the corporate structure of the applicant, citizenship of the applicant, and foreign ownership, control, or domination (FOCD) of the applicant, as applicable.

In addition, 10 CFR 50.33(f) states, in part, the following:

Except for an electric utility applicant for a license to operate a utilization facility of the type described in [10 CFR] 50.21(b) or [10 CFR] 50.22, [each application shall state] information sufficient to demonstrate to the Commission the financial qualification of the applicant to carry out, in accordance with regulations in this chapter, the activities for which the permit or license is sought.

Section 50.2, "Definitions," of 10 CFR states, in part, that an electric utility means—

[A]ny entity that generates or distributes electricity and which recovers the cost of this electricity, either directly or indirectly, through rates established by the entity itself or by a separate regulatory authority.

In 10 CFR 50.33(k)(1), the NRC requires that applicants provide the information described in 10 CFR 50.75, "Reporting and recordkeeping for decommissioning planning," indicating how the applicant will provide reasonable assurance that funds will be available to decommission the facility.

The regulations in 10 CFR 50.75 specify how a reactor licensee will provide reasonable assurance that funds will be available for the decommissioning process. Specifically, 10 CFR 50.75(b) requires that, for power reactor licensees, decommissioning financial assurance be provided in an amount not less than the minimum formula amount in 10 CFR 50.75(c). For nonpower reactor licensees, 10 CFR 50.75(d) requires that decommissioning financial assurance be provided with respect to a cost estimate for decommissioning the facility. In 10 CFR 50.75(e), the NRC includes the methods acceptable to the agency for covering the decommissioning financial assurance amount, including using a DTF. Finally, 10 CFR 50.75(f) and (h) provide additional requirements for reporting and managing a DTF.

In addition, 10 CFR 50.82(a)(8)(i) states that power reactor licensees may use a DTF in the following cases:

- (A) The withdrawals are for expenses for legitimate decommissioning activities consistent with the definition of decommissioning in [10 CFR] 50.2;
- (B) The expenditure would not reduce the value of the decommissioning trust below an amount necessary to place and maintain the reactor in a safe storage condition if unforeseen conditions or expenses arise and;

- (C) The withdrawals would not inhibit the ability of the licensee to complete funding of any shortfalls in the decommissioning trust needed to ensure the availability of funds to ultimately release the site and terminate the license.

For nonpower reactor licensees, decommissioning is preceded by a proposed decommissioning plan, which, under 10 CFR 50.82(b)(4) must include, in part, the following:

An updated cost estimate for the chosen alternative for decommissioning, comparison of that estimate with present funds set aside for decommissioning, and plan for assuring the availability of adequate funds for completion of decommissioning....

In accordance with 10 CFR 50.2, the term “decommission” means to remove a facility or site safely from service and reduce residual radioactivity to a level that permits (1) release of the property for unrestricted use and termination of the license or (2) release of the property under restricted conditions and termination of the license.

In 10 CFR 50.54(bb), the NRC requires, in part, a power reactor licensee to submit, for NRC review and preliminary approval, the program by which the licensee intends to manage and provide funding for the management of all spent fuel at the reactor following permanent cessation of operation of the reactor until title to the spent fuel and possession of the spent fuel are transferred to the DOE for its ultimate disposal in a repository. In addition, 10 CFR 50.82(a)(8)(vii) provides, in part, for the licensee’s annual submittal to the NRC of a report on the status of its funding for managing spent fuel. If the funds accumulated do not cover the projected cost, a plan to obtain additional funds to cover the cost must be included.

In 10 CFR 50.34(b)(6), the NRC requires applicants to provide certain information on facility operation, including the following:

- (i) The applicant’s organizational structure, allocations or responsibilities and authorities, and personnel qualifications requirements.
- (ii) Managerial and administrative controls to be used to assure safe operation.

In 10 CFR 50.34(b)(7), the NRC also requires applicants to provide the following:

The technical qualifications of the applicant to engage in the proposed activities in accordance with the regulations in this chapter.

In addressing FOCD issues, Sections 103d and 104d of the AEA provide, in relevant part, that no license may be issued to the following:

[A]ny corporation or other entity if the Commission knows or has reason to believe it is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

The NRC regulation at 10 CFR 50.38, “Ineligibility of certain applicants,” implements the FOCD provisions of the AEA. The NRC staff evaluates license transfer applications in a manner that is consistent with the guidance provided in the agency’s “Final Standard Review Plan on Foreign Ownership, Control, or Domination” (SRP on FOCD), published in the *Federal Register* on September 28, 1999 (64 FR 52355), to determine whether the proposed transferee is owned,

controlled, or dominated by an alien, a foreign corporation, or a foreign government. The NRC's position on FOCD, outlined in the SRP on FOCD, states that "the foreign control limitation should be given an orientation toward safeguarding the national defense and security." Further, the SRP on FOCD outlines how the effects of foreign ownership may be mitigated through implementation of a "negation action plan" to ensure that any foreign interest is effectively denied control or domination over the licensee.

The NRC staff also reviews information that relates to nuclear onsite property damage insurance requirements under 10 CFR 50.54(w) and the Price-Anderson insurance and indemnity requirements under Section 170 of the AEA and 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements," as applicable.

Finally, with respect to license amendments, 10 CFR 50.90 states, in part, the following:

Whenever a holder of a license ... desires to amend the license..., application for an amendment must be filed with the Commission ... fully describing the changes desired, and following as far as applicable, the form prescribed for original applications.

Under 10 CFR 2.1315, "Generic determination regarding license amendments to reflect transfers," where administrative license amendments are necessary to reflect an approved license transfer, such amendments will be included in the order that approves the transfer. Additionally, such amendments involve no significant hazards consideration, unless otherwise determined by the Commission.

2.2.2 Special Nuclear Material License Regulations

The Applicants requested approval of the direct transfer of control of an SNM license, as described above and as discussed in this SE, under 10 CFR 70.36. Section 70.36(a) of 10 CFR states the following:

No license granted under the regulations in this part and no right to possess or utilize special nuclear material granted by any license issued pursuant to the regulations in this part shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person unless the Commission shall after securing full information, find that the transfer is in accordance with the provisions of the Act, and shall give its consent in writing.

Section 70.36(b) of 10 CFR states the following:

An application for transfer of license must include: (1) The identity, technical and financial qualifications of the proposed transferee; and (2) Financial assurance for decommissioning information required by [10 CFR] 70.25.

The regulations at 10 CFR 70.22(a) state the information that each application for an SNM license shall contain. This includes, under 10 CFR 70.22(a)(1), if the applicant is a corporation or other entity, the following:

[T]he State where it was incorporated or organized, the location of the principal office, the names, addresses, and citizenship of its principal officers, and shall include

information known to the applicant concerning the control or ownership, if any, exercised over the applicant by any alien, foreign corporation, or foreign government.

This also includes, under 10 CFR 70.22(a)(6), (8), and (9), respectively, the technical qualifications of the applicant, the proposed procedures to protect health and minimize danger to life or property, and financial assurance for decommissioning.

In accordance with 10 CFR 70.4, the term “decommission” means to remove a facility or site safely from service and reduce residual radioactivity to a level that permits (1) release of the property for unrestricted use and termination of the license or (2) release of the property under restricted conditions and termination of the license.

The regulations at 10 CFR 70.25, “Financial assurance and recordkeeping for decommissioning,” specify how an SNM licensee will provide reasonable assurance that funds will be available for the decommissioning process. Specifically, 10 CFR 70.25(d) states the minimum required amounts of financial assurance for decommissioning by quantity of material. In 10 CFR 70.25(f), the NRC identifies the methods acceptable to the agency for covering this decommissioning financial assurance amount, including using a DTF. Additional requirements for DTF reporting and management are in 10 CFR 70.25(e) and (h). Finally, 10 CFR 70.25(g) requires the retention of records of information important to the decommissioning of a facility.

The regulations at 10 CFR 70.51, “Records requirements,” state, in part, that if licensed activities are transferred or assigned, the following records shall be transferred to the new licensee and the new licensee will be responsible for maintaining these records until the license is terminated:

- (1) Records of disposal of licensed material made under 10 CFR 20.2002 (including burials authorized before January 28, 1981), 20.2003, 20.2004, 20.2005;
- (2) Records required by 10 CFR 20.2103(b)(4); and
- (3) Records required by [10 CFR] 70.25(g).

The regulations at 10 CFR 70.38, “Expiration and termination of licenses and decommissioning of sites and separate buildings or outdoor areas,” require, in part, a licensee to maintain in effect all decommissioning financial assurances established by the licensee pursuant to 10 CFR 70.25, which must be increased, or may be decreased, as appropriate, to cover the detailed cost estimate for decommissioning.

With respect to license amendments, 10 CFR 70.34 states, in part, the following:

Applications for amendment of a license ... shall specify the respects in which the licensee desires his license to be amended and the grounds for such amendment.

Under 10 CFR 2.1315, when administrative license amendments are necessary to reflect an approved license transfer, such amendments will be included in the order that approves the transfer.

2.2.3 Regulatory Guidance

The NRC staff used the following regulatory guidance in evaluating whether the proposed transferee is qualified to be the holder of the VNC licenses and that transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the NRC pursuant thereto:

- (1) NUREG-0800, "Standard Review Plan for the Review of Safety Analysis Reports for Nuclear Power Plants: LWR [Light-Water Reactor] Edition," Chapter 13, "Conduct of Operations," Section 13.1.1, Revision 6, "Management and Technical Support Organization," issued August 2016 (ML15005A449), which provides guidance for the review of changes to the technical organization or personnel qualifications proposed as a result of a license transfer. Specifically, Section I.4, "Reviews of Operating License Transfers," states that the applicant for transfer of an operating license should provide a description of the organization to support plant operations. This description should include (1) organizational charts of the corporate-level management and technical support organizations, emphasizing the changes to be made as a result of the transfer, (2) the relationship of the nuclear-oriented parts of the organization to the rest of the corporate organization, and (3) the specific provisions that have been made for uninterrupted technical support for operations.
- (2) NUREG-1520, Revision 2, "Standard Review Plan for Fuel Cycle Facilities License Applications," Chapter 10, "Decommissioning," issued June 2015 (ML15176A258).
- (3) NUREG-1556, Volume 15, Revision 1, "Consolidated Guidance About Materials Licenses: Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," issued June 2016 (ML16181A003), which provides guidance for the review of changes of control for materials licenses.
- (4) NUREG-1577, Revision 1, "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," issued December 2001 (ML013330264), which describes the process used to review the financial qualifications and methods of providing decommissioning funding assurance required of power reactor license applicants and licensees.
- (5) NUREG-1713, "Standard Review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors," issued December 2004 (ML043510113), which provides a list of items for which DTFs can be used. The bases for NUREG-1713 can be found in two documents that reference decommissioning at a pressurized water reactor and at a boiling water reactor, respectively: NUREG/CR-5884, "Revised Analyses of Decommissioning for the Reference Pressurized Water Reactor Power Station," issued November 1995 (ML14008A187), and NUREG/CR-6174, "Revised Analyses of Decommissioning for the Reference Boiling Water Reactor Power Station," issued July 1996 (ML14008A186).
- (6) NUREG-1757, Volume 3, Revision 1, "Consolidated Decommissioning Guidance, Financial Assurance, Recordkeeping, and Timeliness," issued February 2012 (ML12048A683), which provides guidance for reviewing cost estimates, financial assurance, and use of financial assurance instruments for materials licenses.
- (7) Regulatory Guide (RG) 1.8, Revision 4, "Qualification and Training of Personnel for Nuclear Power Plants," issued June 2019 (ML19101A395), which endorses American

National Standards Institute/American Nuclear Society (ANSI/ANS)-3.1-2014, “Selection, Qualification, and Training of Personnel for Nuclear Power Plants.”

- (8) RG 1.202, “Standard Format and Content of Decommissioning Cost Estimates for Nuclear Power Reactors,” issued February 2005 (ML050230008), which provides guidance for licensees to use in meeting the NRC’s regulatory requirements for the various cost estimates that the agency requires for different stages and methods of decommissioning.

3.0 FINANCIAL QUALIFICATIONS EVALUATION

As noted above, under 10 CFR 50.2 and 10 CFR 70.4, “decommission” means to remove a facility or site safely from service and reduce residual radioactivity to a level that permits (1) release of the property for unrestricted use and termination of the license or (2) release of the property under restricted conditions and termination of the license. As explained below, the NRC staff’s evaluation of financial qualifications for the license transfer application assessed whether the Applicants provided reasonable assurance that funds will be available to the transferee to cover estimated costs for radiological decommissioning and spent fuel and SNM management activities related to the VNC licenses, in accordance with the requirements of 10 CFR 50.33(f), 10 CFR 50.33(k)(1), 10 CFR 50.75, 10 CFR 50.82, 10 CFR 70.22(a)(9), 10 CFR 70.25, and 10 CFR 70.38.

The Asset Purchase and Sale Agreement provided that the proposed transfer transaction is subject to the NTR having permanently ceased operations. By letter dated February 28, 2024, the NRC amended License No. R-33 for the NTR to a possession only license. Accordingly, subsequent to any completion of the proposed transfer transaction, NorthStar Vallecitos would not be authorized under the NTR license to operate or load fuel in the NTR reactor. Additionally, all of the other reactor licenses subject to the proposed transfer transaction are also possession only licenses. Consequently, NorthStar Vallecitos could not conduct the operations contemplated by the financial qualifications provisions of 10 CFR 50.33(f). Rather, all of NorthStar Vallecitos’ licensed activities would involve the possession of radioactive material in connection with maintaining the safe condition of the VNC, radiological decommissioning of the licensed facilities at the VNC, license termination, and operational responsibilities associated with the management of spent fuel, as well as the management of SNM under License No. SNM-960. Therefore, as described in this SE, the NRC staff’s evaluation of the NorthStar Vallecitos financial qualifications consisted of an analysis of the projected costs for decommissioning the licensed facilities at the VNC and maintaining spent fuel and SNM until the DOE takes title to and possession of the material. In performing this evaluation, the NRC staff referred to the guidance in NUREG-1577, NUREG-1713, NUREG-1757, and RG 1.202, as applicable.

3.1 Reactor License Financial Qualifications

As stated in the license transfer application, NorthStar Vallecitos plans to provide the decommissioning financial assurance required by 10 CFR 50.33(f), 10 CFR 50.33(k)(1), 10 CFR 50.75, and 10 CFR 50.82 for the VNC reactor licenses using the prepayment method in accordance with 10 CFR 50.75(e)(1)(i). Specifically, under the terms of the Asset Purchase and Sale Agreement, General Electric Company (GE) would make an initial deposit of up to [] into a single DTF (i.e., the NDF), which would subsequently be assigned to GEHA. GEHA would then transfer the NDF to NorthStar Vallecitos at or upon the closing of the transfer transaction.

The Applicants based the amount to be deposited into the NDF on the combination of the most recent decommissioning cost estimates for the reactor licenses, SNM-960, and the byproduct radioactive materials license issued by the California Department of Public Health (License No. CA 0017-01).¹ The cost estimates considered decommissioning activities that have, or are expected to have, occurred before the closing of the transfer transaction and the transfer of the licenses to NorthStar Vallecitos. The Applicants also anticipated that certain decommissioning activities would take place prior to the closing of the transfer transaction and, therefore, the amount of the NDF ultimately transferred to NorthStar Vallecitos would be reduced from the [] to reflect the costs of those activities funded by the current licensee. The Applicants asserted that the amount ultimately transferred would be sufficient to provide reasonable assurance that funding will be available, under the prepayment method, to complete radiological decommissioning of the VNC reactor licenses. A summary of the decommissioning cost estimates that are the basis for the amount to be transferred is provided below:

Facility	Radiological Decommissioning Cost Estimate
VBWR	[]
EVESR	[]
GETR	[]
NTR	[]
SNM-960 & CA 0017-01	[]
Project Staff and Equipment Costs for the Site and Facility	[]
Total	[]

The Applicants also stated that NorthStar Vallecitos will have additional sources of funds available, if necessary, to ensure the completion of the decommissioning of the reactor licenses. These additional sources of funds are the following:

- (1) a Financial Support Agreement from NorthStar Group to provide up to [] to NorthStar Vallecitos under certain specified conditions;
- (2) a Disposal Guarantee whereby Waste Control Specialists (WCS) guarantees that it has the capacity within its low-level radioactive waste disposal facility in Andrews County, Texas to dispose of the low-level waste generated at the VNC;
- (3) a reservation of letter of credit capacity to provide a standby letter of credit of at least [] if the project decommissioning and site release is delayed or certain default conditions occur;
- (4) a Standby and Provisional Trust to provide up to []; and
- (5) a parent guarantee issued by NorthStar Group for the payment and performance of obligations of NorthStar Vallecitos with respect to the VNC.

¹ GEHA, Site-Specific Cost Estimate and Decommissioning Funding Plan for the GETR, License No. TR-1, Docket No. 50-70 (March 6, 2020) (ML20066J983); GEHA, Decommissioning Funding Plan for SNM-960 (March 30, 2022) (ML22089A087); GEHA, Financial Assurance of Decommissioning Funds (March 31, 2023) (ML23104A417).

These additional sources of funds will remain in effect until the terms of termination for each, as described in the license transfer application, are met.

Based on its independent review of the application, as supplemented, the NRC staff determined that the Applicants have adequately addressed and evaluated the activities required to complete the radiological decommissioning of the VNC reactor licenses and their costs. Therefore, the staff concludes that the Applicants' estimate of the cost required to complete the radiological decommissioning of the VNC reactor licenses appears to be reasonable. Moreover, the staff determined that the Applicants have provided information sufficient to demonstrate that there is reasonable assurance that, after the proposed transfer transaction, funds will be available to cover the estimated cost for completing the radiological decommissioning of the VNC reactor licenses.

3.2 Special Nuclear Material License Financial Qualifications

As discussed above, NorthStar Vallecitos plans to provide the decommissioning financial assurance required by 10 CFR 70.22(a)(9), 10 CFR 70.25, and 10 CFR 70.38 for SNM-960 using the prepayment method in accordance with 10 CFR 70.25(f)(1). The NDF amount discussed in the previous section includes the radiological decommissioning cost estimate for SNM-960. In addition, the additional sources of funds described in the previous section (e.g., the NorthStar Group Financial Support Agreement, etc.) also apply to radiological decommissioning costs for SNM-960.

The Applicants also explained that, in addition to the radiological decommissioning costs listed in the table above, there would be annual costs for activities other than radiological decommissioning at the VNC; these include costs related to spent fuel management and maintaining SNM in the Hillside Bunker. The Applicants stated that these annual costs are estimated to amount to approximately []. NorthStar Vallecitos [] expects to recover these costs from the DOE because of the DOE's breach of the DOE Standard Contract (see Section 4.0 of this SE, below). For costs that cannot be recovered from the DOE, the Asset Purchase and Sale Agreement provides that NorthStar Vallecitos will have access to other sources of funds, including the ability to seek reimbursement of up to a total of [] in costs from GE for activities unrelated to radiological decommissioning. NorthStar Vallecitos would also have access to the additional sources of funds described in the previous section, as applicable.

Based on its review, and in consideration of the planned establishment and transfer of funds within a decommissioning trust that fully satisfy prepayment of radiological decommissioning activities at the VNC, along with additional sources of funds and capacity, as described in the license transfer application, as supplemented, to cover costs beyond those estimated as well as annual costs for activities other than radiological decommissioning, the NRC staff concludes that the Applicants have provided information sufficient to demonstrate that there is reasonable assurance that, after the proposed transfer transaction, funds will be available to cover estimated costs for completing the decommissioning of SNM-960.

3.3 Decommissioning Funding Assurance License Conditions

As discussed above, the Applicants adequately addressed and evaluated all decommissioning costs associated with decommissioning the licenses and the NRC staff determined that the NDF, which would be transferred to NorthStar Vallecitos as part of the proposed transfer

transaction and used as the source of funds for decommissioning, would be sufficient to cover these costs.

Because the Applicants proposed to use the NDF to cover the decommissioning costs of all the licenses, the Applicants also proposed that the NRC impose conditions on the nonpower reactor (NTR and GETR) and materials (SNM-960) licenses such that the 10 CFR 50.75(h)(1) and 10 CFR 50.82(a)(8) requirements related to the investments of the NDF, withdrawals of funds from the NDF, and submittal of reports to the NRC would be the same for these licenses as for the power reactor (VBWR and EVESR) licenses. Generally, for power reactor licenses, 10 CFR 50.75(h)(1) requires that the terms of the arrangements governing DTFs provide restrictions regarding the amendment of such terms as well as the funds' investment and disbursement. Sections 50.75(h)(1) and 50.82(a)(8)(i) of 10 CFR restrict the disbursement of DTFs to expenses for decommissioning activities. Sections 50.82(a)(8)(v)-(vi) of 10 CFR require status reports on decommissioning funding assurance and specify what is required for any funding shortfalls identified.

Consistent with the Applicants' request, the NRC is imposing, as a conforming amendment, the following condition regarding decommissioning funding assurance on the NTR and GETR licenses:

NorthStar Vallecitos, LLC must comply with 10 CFR 50.75(h)(1) with respect to the Nuclear Decommissioning Fund and may only make withdrawals from the Nuclear Decommissioning Fund consistent with 10 CFR 50.75(h)(1) and 10 CFR 50.82(a)(8)(i).

Until NorthStar Vallecitos, LLC has completed the final radiation survey and demonstrated that residual radioactivity has been reduced to a level that permits termination of this license, NorthStar Vallecitos, LLC must annually submit to the NRC, by March 31, a decommissioning financial assurance status report consistent with 10 CFR 50.82(a)(8)(v) and must comply with 10 CFR 50.82(a)(8)(vi).

Consistent with the Applicants' request, the NRC is imposing, as a conforming amendment, the following condition regarding decommissioning funding assurance on the SNM-960 license:

The licensee must comply with 10 CFR 50.75(h)(1) with respect to the Nuclear Decommissioning Fund and may only make withdrawals from the Nuclear Decommissioning Fund consistent with 10 CFR 50.75(h)(1) and if:

- a. The withdrawals are for expenses for activities consistent with the definition of decommission in 10 CFR 70.4;
- b. The expenditure would not reduce the value of the Nuclear Decommissioning Fund below an amount necessary to place and maintain the facility in a safe storage condition if unforeseen conditions or expenses arise; and
- c. The withdrawals would not inhibit the ability of the licensee to complete funding of any shortfalls in the Nuclear Decommissioning Fund needed to ensure the availability of funds to ultimately release the site and terminate the license.

Until the licensee has completed the final radiation surveys and demonstrated that residual radioactivity has been reduced to a level that permits termination of License Nos. R-33, DPR-1, DR-10, and TR-1, the licensee must annually submit to the NRC, by

March 31, a decommissioning financial assurance status report consistent with 10 CFR 50.82(a)(8)(v) and must comply with 10 CFR 50.82(a)(8)(vi).

The NRC staff reviewed these decommissioning funding assurance license conditions to ensure that they do not conflict with the decommissioning funding assurance requirements applicable to the NTR, GETR, and SNM-960 licenses.

The decommissioning funding assurance regulations applicable to the NTR and GETR, as they are nonpower reactor licenses in decommissioning, are 10 CFR 50.75(d) and 10 CFR 50.82(b). In pertinent part, 10 CFR 50.75(d) and 10 CFR 50.82(b) require assurance of funds for decommissioning and a means of adjusting the cost estimate and associated funding level periodically over the life of the facility. These requirements are satisfied by the license condition's requirement for submitting the 10 CFR 50.82(a)(8)(v) annual decommissioning financial assurance status reports, for complying with 10 CFR 50.82(a)(8)(vi), and for restricting withdrawals consistent with 10 CFR 50.75(h)(1) and 10 CFR 50.82(a)(8)(i). Additionally, 10 CFR 50.82(b) requires that a decommissioning plan include an updated decommissioning cost estimate, a comparison of that estimate with funds set aside for decommissioning, and a plan for ensuring the availability of adequate funds for the completion of decommissioning. This requirement is also satisfied by the license condition's requirements regarding 10 CFR 50.82(a)(8)(v)-(vi) and, for withdrawals, 10 CFR 50.75(h)(1) and 10 CFR 50.82(a)(8)(i).

The financial assurance regulations for both power reactor and nonpower reactor licensees refer to 10 CFR 50.75(e) as providing the acceptable methods for covering the required amount of financial assurance. For the prepayment method, 10 CFR 50.75(h)(1) provides additional requirements for "[l]icensees" that are not "electric utilities" as defined in 10 CFR 50.2. The NRC staff notes that the term "[l]icensees" used in this regulation likely makes it applicable to both power reactor and nonpower reactor licensees; however, to avoid confusion, the staff is imposing as a condition on the NTR and GETR licenses, as requested by the Applicants, that the licensee must comply with 10 CFR 50.75(h)(1) and to explain that, in this instance, the applicable prepayment trust is the NDF.

The decommissioning funding assurance regulation applicable to SNM-960 is 10 CFR 70.25. In pertinent part, 10 CFR 70.25(e) requires assurance of funds for decommissioning and a means of adjusting the cost estimate and associated funding level periodically over the life of the facility. Additionally, 10 CFR 70.25(e) specifically requires that the decommissioning cost estimates and associated funding levels be updated at the time of license renewal and at intervals not to exceed 3 years. These requirements are satisfied by the license condition's requirement for submitting the 10 CFR 50.82(a)(8)(v) annual decommissioning financial assurance status reports and for complying with 10 CFR 50.82(a)(8)(vi). Section 70.25(h) of 10 CFR states that financial assurance funds may be only used for decommissioning activities; this requirement is satisfied and further restricted by the license condition's requirement for restricting withdrawals consistent with 10 CFR 50.75(h)(1) and language that is analogous to 10 CFR 50.82(a)(8)(i). Section 70.25(f) of 10 CFR includes requirements regarding changes to financial instruments used for decommissioning funding assurance; the license condition's imposition of 10 CFR 50.75(h)(1) satisfies these requirements. Section 70.25(f) of 10 CFR also states that financial assurance for decommissioning must be provided by one or more of the listed methods and includes prepayment into a trust account as an acceptable method; the license condition's imposition of 10 CFR 50.75(h)(1) does not conflict with this requirement, provides additional restrictions on the prepayment method, and explains that, in this instance, the applicable prepayment trust is the NDF. Finally, the license condition's imposition of the decommissioning financial assurance status reporting requirements of

10 CFR 50.82(a)(8)(v)-(vi) ends when the licensee completes the final radiation surveys and demonstrates that residual radioactivity has been reduced to a level that permits termination of License Nos. R-33, DPR-1, DR-10, and TR-1.

Based on the above, the NRC staff concludes that the decommissioning funding assurance license conditions are consistent with the decommissioning funding assurance regulatory requirements applicable to the NTR and GETR as nonpower reactors in decommissioning and to SNM-960, in that the conditions do not conflict with any of those requirements and, in fact, satisfy a number of them. However, because the license conditions do not satisfy all applicable requirements, the staff notes that NorthStar will be subject to the unsatisfied, applicable requirements. For example, for nonpower reactor licenses in decommissioning, 10 CFR 50.82(b) requires the submission of decommissioning plans for approval. For specific SNM licenses, 10 CFR 70.25(e)(2) requires that, at the time of license renewal and at intervals not to exceed 3 years, the decommissioning funding plan be resubmitted for approval. Section 70.25(e)(2) also requires that the decommissioning funding plan be adjusted as necessary to account for changes in costs and the extent of contamination, as well as specifically enumerated events, and states that a downward adjustment cannot be done until the updated decommissioning funding plan is approved. Similarly, SNM-960 License Condition 14 requires that, at intervals not to exceed 3 years, the licensee update the decommissioning funding plan and provide it to the NRC for review and approval. Additionally, 10 CFR 70.25(h) requires that the licensee monitor for market variations and increase the fund balance in specific situations and by specific times and provide a written report to the NRC. All of these requirements remain applicable despite the license conditions.

3.4 Financial Qualifications Evaluation Conclusion

The NRC staff determined that the Applicants adequately addressed and evaluated the activities required to complete the radiological decommissioning of the VNC and to manage spent fuel and SNM. The staff also determined that the Applicants' estimates of these costs appear to be reasonable. Further, the staff determined that the Applicants provided information sufficient to demonstrate that there is reasonable assurance that, after the proposed transfer transaction, funds will be available to cover estimated costs for radiological decommissioning, along with additional sources of funds and capacity to cover costs beyond those estimated as well as annual costs for activities other than radiological decommissioning. Therefore, the staff concludes that the Applicants provided reasonable assurance that the transferee would be financially qualified to be the holder of the VNC licenses in accordance with the requirements of 10 CFR 50.33(f), 10 CFR 50.33(k)(1), 10 CFR 50.75, 10 CFR 50.82, 10 CFR 70.22(a)(9), 10 CFR 70.25, and 10 CFR 70.38.

4.0 DOE STANDARD CONTRACT FOR DISPOSAL OF SPENT NUCLEAR FUEL

Under the Asset Purchase and Sale Agreement, at the completion of the proposed transfer transaction, NorthStar Vallecitos would hold title to and interests in any spent fuel and high-level radioactive waste located at the VNC, including all rights and obligations pursuant to the terms of GEHA's DOE Standard Contract. DOE Standard Contract No. CR01-83NE44426, dated June 29, 1983, was entered into by GE and the United States of America, represented by the DOE, to govern the disposal of the spent fuel and high-level radioactive waste located at the VNC. It was assigned to GEHA effective October 22, 2007. NorthStar Vallecitos expects to seek recovery from the DOE, through litigation or settlement of its claims, of the spent fuel and high-level radioactive waste management costs that it will incur as a result of the DOE's breach of its obligations under the DOE Standard Contract.

5.0 ANTITRUST REVIEW

The AEA does not require or authorize antitrust reviews of post-operating license transfer applications (*Kansas Gas and Electric Co., et al.* (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999)). The license transfer application postdates the issuance of the operating licenses for the units under consideration in this SE. Therefore, no antitrust review is required or authorized.

6.0 FOREIGN OWNERSHIP, CONTROL, OR DOMINATION

The license transfer application identifies that NorthStar Vallecitos is a wholly owned subsidiary of NorthStar Group, a Delaware corporation. The application concludes that, accordingly, NorthStar Vallecitos is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government. The NRC staff performed open-source research to verify the information provided in the application related to FOCD and found no indication that the proposed transferee may be foreign owned, controlled, or dominated. Additionally, certain conditions currently in the VBWR, GETR, NTR, and EVESR licenses provide additional assurance that safety and security decision-making at the VNC will be made by U.S. citizens and that the NRC will be provided information regarding potential foreign ownership from stock acquisition. As they would be amended to reflect the proposed transfer, these license conditions read as follows:

The Manager of the Vallecitos Nuclear Center, the Vice President, Reactor Facility Safety and Security of NorthStar Vallecitos, LLC, and the Manager of NorthStar Vallecitos, LLC, shall be U.S. citizens. These individuals shall have the responsibility and exclusive authority to ensure and shall ensure, that the business and activities of NorthStar Vallecitos, LLC, with respect to this License, are at all times conducted in a manner consistent with the protection of the public health and safety and the common defense and security.

NorthStar Vallecitos, LLC shall cause to be transmitted to the Director, Office of Federal and State Materials and Environmental Management Programs within 30 days of filing with the U.S. Securities Exchange Commission (SEC), any schedule 13D or 13G filed pursuant to the Securities Exchange Act of 1934 that discloses beneficial ownership of a registered class of any of its publicly traded parent companies' stock.

Based on this information, the NRC staff finds that the transfer of the VNC licenses to NorthStar Vallecitos, as proposed, does not raise any issues related to FOCD within the meaning of the AEA and the NRC's regulations. In light of the above, and under Sections 103d and 104d of the AEA and 10 CFR 50.38, the staff concludes that it does not know or have reason to believe that the transferee will be owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government as a result of the license transfer.

7.0 NUCLEAR INSURANCE AND INDEMNITY

According to the application, under the terms of the Asset Purchase and Sale Agreement, NorthStar Vallecitos will acquire GEHA's rights to third-party nuclear liability protection under the American Nuclear Insurers (ANI) Facility Form policy relating to the VNC, thus maintaining the required nuclear property damage insurance under 10 CFR 50.54(w) and nuclear liability

insurance under the Price-Anderson Act (Section 170 of the AEA) and the NRC's implementing regulations in 10 CFR Part 140, as applicable.

The NRC staff reviewed the Asset Purchase and Sale Agreement and confirmed that the terms of the agreement in Sections 2.1.13 and 6.15, respectively, include the transfer to NorthStar Vallecitos of all of GEHA's interest in the nuclear liability insurance policies from ANI relating to the VNC and all activities at the VNC, to the extent transferable, as well as that GEHA will maintain until closing the level of nuclear property damage and nuclear liability insurance for the VNC as required by the NRC and will cooperate with NorthStar Vallecitos' efforts to obtain insurance required under the Price-Anderson Act or other nuclear laws. The NRC staff determined that the terms of the Asset Purchase and Sale Agreement provide assurance that the appropriate amount of insurance under 10 CFR Part 140 and 10 CFR 50.54(w), as applicable, will be maintained both before and after the closing of the proposed transfer transaction. Moreover, consistent with NRC practice, the NRC staff will require NorthStar Vallecitos to provide evidence that it has or will have obtained the appropriate amount of insurance under 10 CFR Part 140 and 10 CFR 50.54(w), as applicable, and that the insurance is effective concurrent with the date of the license transfer. Accordingly, the order approving the transfer will be conditioned as follows:

Prior to the closing of the license transfer transaction, NorthStar Vallecitos, LLC shall provide the Director of the NRC's Office of Nuclear Material Safety and Safeguards (NMSS) satisfactory documentary evidence that it has obtained, or will have obtained upon the closing of the transaction, the appropriate amount of insurance under 10 CFR Part 140 and 10 CFR 50.54(w), as applicable.

Finally, under the requirements of the Price-Anderson Act and the NRC's implementing regulations in 10 CFR Part 140, the NRC staff will modify, upon any closing of the license transfer transaction, the related indemnity agreement to reflect that, after the transaction, NorthStar Vallecitos will be the licensee for the VNC licenses.

Based on the above, the NRC staff concludes that the proposed license transfer, as conditioned, satisfies the nuclear insurance and indemnity requirements of 10 CFR Part 140 and 10 CFR Part 50.

8.0 TECHNICAL QUALIFICATIONS EVALUATION

8.1 Introduction

The Applicants stated that the VNC licenses will not authorize NorthStar Vallecitos to operate or load fuel in the reactors, but will only authorize NorthStar Vallecitos to possess radioactive material, decommission the facilities and site, and terminate the licenses. Therefore, the NRC staff evaluated the license transfer application against the NRC requirements that require that the applicant be technically qualified to possess radioactive material, decommission the facilities and site, and terminate the licenses. Accordingly, the staff reviewed the application in accordance with the acceptance criteria in NUREG-0800, Section 13.1.1, Revision 6, to determine the acceptability of the proposed corporate management and technical support organization, ANSI/ANS-3.1-2014 (Section 4.3.3, "Radiation protection"), which is endorsed in RG 1.8, Revision 4, NUREG-1520, Chapter 10, and the acceptance criteria for license transfers in NUREG-1556, Volume 15, Revision 1. The purpose of the staff's technical qualifications evaluation is to ensure that the proposed corporate management is involved with, informed of,

and dedicated to the safe maintenance and decommissioning of the facilities, and that adequate technical resources will be provided to support these activities.

8.2 Management and Technical Support Organization

8.2.1 Strategic Partner Evaluation

The Applicants stated that NorthStar Vallecitos plans to draw on the experience of its parent company, NorthStar Group, which has expertise in demolition and asbestos abatement. The Applicants stated that NorthStar Group participated in the decommissioning of four NRC-regulated research reactors at the Universities of Buffalo, Arizona, Illinois, and Washington, as well as the decommissioning of the DOE's facilities at Hanford and Savannah River. NorthStar Group also holds, through its subsidiaries, the NRC licenses for Vermont Yankee Nuclear Power Station (Vermont Yankee) in Vernon, Vermont, and Crystal River Unit 3 Nuclear Generating Plant (Crystal River Unit 3) in Citrus County, Florida, which are actively undergoing decommissioning. As outlined in the SE issued with the order approving the application to transfer the Vermont Yankee license in support of decommissioning, the NRC staff determined that NorthStar Group had the necessary qualifications and experience to successfully manage decommissioning projects; to perform planning, dismantlement, decontamination, waste packaging, facility demolition, and site restoration of nuclear facilities; to possess radioactive material; and to terminate the license (ML18242A639). Based on the above, for the current license transfer application, the NRC staff finds that NorthStar Vallecitos, a wholly owned subsidiary of NorthStar Group, has the necessary qualifications and experience to perform demolition and decontamination work at the VNC.

According to the Applicants, NorthStar Vallecitos also plans to take advantage of the expertise and services of its affiliate, WCS. The Applicants stated that WCS is a leader in low-level radioactive waste management, packaging, transportation, and disposal. They explained that WCS currently operates radioactive and hazardous waste disposal facilities in Texas, and that it has experience with onsite waste processing, management, packaging, and loading. The Applicants stated that WCS would bring extensive Class A, B, and C and Exempt Waste Disposal experience to the VNC decommissioning project. The NRC staff stated in the SE issued with the order approving the application to transfer the Crystal River Unit 3 license in support of decommissioning that WCS is licensed to treat, store, and dispose of Class A, B, and C low-level radioactive waste (ML20069A027). Based on the above, for the current license transfer application, the NRC staff finds that WCS has the necessary qualifications and experience to perform onsite low-level radioactive waste processing, management, packaging, and loading operations at the VNC.

After reviewing the application, the NRC staff determined that NorthStar Vallecitos has the necessary technical qualifications to possess radioactive material, decommission the facilities, and terminate the licenses at the VNC. Consequently, the staff finds that the license transfer application complies with the related NRC requirements in 10 CFR 50.34(b), 50.80, 70.22(a), and 70.36(b)(1).

8.2.2 Organization Evaluation

The Applicants provided the proposed NorthStar Vallecitos project management organization in Exhibit E of the license transfer application. It identifies the NorthStar Group Chief Executive Officer, Scott State, as leading the executive-level support. It also identifies David Carlson, the President and Chief Operating Officer of WCS; Gary Thibodeaux, Vice President/Director of

Health and Safety for NorthStar Group; and Billy Reid, the Nuclear Decommissioning Program Manager for NorthStar Group as providing support for Scott State. NorthStar Group corporate support would assist NorthStar Vallecitos in the areas of licensing, regulatory matters, quality control, external affairs, legal, contracts, accounting, finance, payroll, human resources, and information technology. In response to an NRC staff request for additional information, the Applicants updated the organization chart and explained that Gary Thibodeaux would oversee the environmental health and safety functions, which include environmental, security, licensing, emergency planning, training, fire protection, and quality.

The organization chart, as supplemented, identifies a single project manager position to be filled by Luke Self. The organization chart indicates that managers responsible for facility management, planning and engineering, radiation (RAD) protection, waste management, the individual reactors, the hot cells, and SNM-960 report directly to Luke Self. The organization chart also identifies an NTR and Hillside Storage Facility manager reporting to Luke Self. NorthStar Vallecitos explained during a telephone call on January 29, 2024, that the NTR and Hillside Storage Facility managers would have the day-to-day responsibility for the safe storage of irradiated SNM while the managers for the NTR reactor and SNM-960 discussed previously would be responsible for decommissioning the structures associated with the NTR and the Hillside Bunker. The Applicants indicated that the RAD protection manager would have the ultimate responsibility for overseeing the safe storage, handling, and maintenance of SNM, including spent nuclear fuel, and that Bryant Akins would fill the RAD protection manager position. The Applicants stated that NorthStar Vallecitos intends to staff technical support positions important to the safe storage of spent nuclear fuel with members of the existing trained and qualified VNC staff. They explained that these personnel would fill positions with responsibilities analogous to their pre-license transfer responsibilities (e.g., senior reactor operators would perform the duties of certified fuel handlers). The Applicants also stated that fissile material handling operations would be subcontracted to a qualified vendor.

After reviewing the application, the NRC staff finds the organizational structure described above acceptable because it provides clear lines of control, communication, and accountability for VNC operations. The staff finds that the individuals identified in the organization chart, as supplemented, have the necessary experience and qualifications to satisfy the applicable ANSI/ANS-3.1-2014 requirements. The staff also finds it acceptable that NorthStar Vallecitos will employ personnel who currently have applicable training, qualifications, and VNC experience. Finally, the staff finds subcontracting fissile material handling operations acceptable because NorthStar Vallecitos committed to employing personnel who are qualified in accordance with the applicable Vallecitos technical specifications and Quality Assurance Program Manual requirements. Consequently, the staff determined that the license transfer application complies with the related NRC requirements in 10 CFR 50.34(b), 50.80, 70.22(a), and 70.36(b)(1).

8.2.3 Asset and Records Evaluation

8.2.3.1 Reactor License Assets Evaluation

The Applicants stated that GEHA would transfer to NorthStar Vallecitos control of the VNC assets needed to maintain both the VNC reactors and the site in accordance with the reactor licenses and NRC requirements. These assets include the structures, equipment, necessary books, records, safety manuals, maintenance manuals, and engineering construction documents, as set forth in the Asset Purchase and Sale Agreement. The Applicants stated that these assets will either transfer or remain available to NorthStar Vallecitos. The Applicants also

stated that NorthStar Vallecitos was aware of, and had access to any, and all, relevant NRC inspection findings. NorthStar Vallecitos also stated that it would implement the existing VNC Radiological Emergency Plan. The NRC staff finds these statements acceptable because they provide reasonable assurance that NorthStar Vallecitos will effectively and safely decommission the VNC. Consequently, the staff determined that the license transfer application complies with the related NRC requirements in 10 CFR 50.34(b), 50.80, 70.22(a), and 70.36(b)(1).

8.2.3.2 Special Nuclear Material License Records Evaluation

For the SNM-960 license, the Applicants stated that GEHA will transfer or maintain available to NorthStar Vallecitos all required records, including surveillance items, as necessary. The Applicants also stated that GEHA made NorthStar Vallecitos aware of all material NRC inspection findings, if any, and that NorthStar Vallecitos has access to all NRC inspection findings. NorthStar Vallecitos agreed to abide by all constraints, conditions, requirements, representations, and commitments previously made by GEHA to the NRC. In the application, NorthStar Vallecitos also assumed all responsibilities identified in and attributed to the existing NRC licenses including compliance with the current SNM-960 licensing basis. The NRC staff finds this acceptable because it provides reasonable assurance that NorthStar Vallecitos will effectively and safely decommission the VNC. Consequently, the staff determined that the license transfer application complies with the related NRC requirements in 10 CFR 70.25(g) and 10 CFR 70.51.

8.2.3.3 Quality Assurance Evaluation

According to the license transfer application, NorthStar Vallecitos plans to develop a new Quality Assurance Program Manual to implement NorthStar quality assurance documents that would control any activities impacting the quality of structures, systems, and components classified as important-to-safety. The Applicants stated that NorthStar Vallecitos employees and contractors will be qualified for their positions in accordance with the applicable Vallecitos technical specifications and Quality Assurance Program Manual requirements. The NRC staff finds this acceptable because it provides reasonable assurance that NorthStar Vallecitos will safely maintain and decommission the VNC. Consequently, the staff determined that the license transfer application complies with the related NRC requirements in 10 CFR 50.34(b), 50.80, 70.22(a), and 70.36(b)(1).

8.3 Technical Qualifications Evaluation Conclusion

Based on its review of the license transfer application, the NRC staff concludes that the management and technical support organization and technical capabilities of NorthStar Vallecitos are adequate to support the proposed possession of radioactive material, decommissioning of the facilities and site, and termination of the licenses at the VNC. The staff also determined that the Applicants provided reasonable assurance that NorthStar Vallecitos would meet the NRC requirements relevant to technical qualifications in 10 CFR Parts 50 and 70. Accordingly, the staff concludes that NorthStar Vallecitos is technically qualified to be the holder of the VNC licenses.

9.0 LICENSE TRANSFER EVALUATION SUMMARY

Based on its review of the information in the license transfer application, as supplemented, its independent analysis, and the conditions described herein, the NRC staff finds that NorthStar Vallecitos, with respect to being the licensed owner of the VNC and the associated licenses, has

satisfied the NRC's financial qualifications; antitrust; FOCD; nuclear insurance and indemnity; and technical qualifications requirements. Therefore, the NRC staff concludes that: (1) the proposed transferee is qualified to be the holder of the licenses and (2) the transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

10.0 CONFORMING LICENSE AMENDMENTS

10.1 Conforming Amendments

The Applicants requested conforming amendments to License No. DPR-1 for the VBWR, License No. TR-1 for the GETR, License No. R-33 for the NTR, License No. DR-10 for the EVESR, and SNM-960 to reflect NorthStar Vallecitos as the new licensee. These proposed conforming amendments do not involve any change in the design or licensing bases, facility configurations, the status of the site, or the requirements of the licenses.

The NRC staff reviewed the proposed changes to the licenses and determined that they involve no safety questions, are administrative in nature, and are necessary to reflect the approved license transfer. Accordingly, the staff concludes that the proposed conforming amendments are acceptable. The amendments shall be issued and made effective at the time of the completion of the proposed transfer transaction.

10.2 No Significant Hazards Consideration

As provided in 10 CFR 2.1315, unless otherwise determined by the Commission with regard to a specific application, the Commission has determined that any amendment to the license of a utilization facility, which does no more than conform the license to reflect the transfer action, involves no significant hazards consideration. No contrary determination has been made by the Commission with regard to this specific application.

10.3 Conforming License Amendments Conclusion

The Commission has concluded, based on the considerations discussed above, that (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) there is reasonable assurance that such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

11.0 PUBLIC INVOLVEMENT

The NRC published in the *Federal Register* on November 8, 2023 (88 FR 77113) a notice of consideration of approval of the license transfer application and conforming amendments to the licenses to reflect the proposed transfer. This notice provided an opportunity to request a hearing within 20 days and an opportunity to comment within 30 days. The NRC did not receive any requests for hearing and received one comment (ML23342A032). In this comment, the commentor asserted that statements within the license transfer application about the NorthStar Vallecitos management approach providing the presence of a safety conscious work environment and a proven, effective corrective action program were not substantiated by the performance of the NorthStar Group subsidiary involved with the Crystal River Unit 3 decommissioning.

The NRC staff reviewed the comment and its references and considered them as part of the staff's evaluation of the license transfer application. As relevant to the comment, this evaluation specifically analyzed the technical qualifications of NorthStar Vallecitos to hold the VNC licenses. The staff notes that the Crystal River Unit 3 organizational structure involved a partnership between NorthStar Group and Orano Decommissioning Holdings, LLC while the proposed organizational structure at the VNC would more closely resembled the organizational structure at Vermont Yankee. Accordingly, the staff also reviewed Vermont Yankee inspection reports issued since the Vermont Yankee license transfer involving NorthStar Group. The Vermont Yankee inspection reports revealed neither safety conscious work environment nor corrective action program implementation issues. Moreover, because the issues of safety conscious work environment and corrective action program implementation are regulated via continuing NRC oversight, the staff made the regional inspectors responsible for the VNC aware of the contents of the comment. Based on all of these considerations, the staff determined, as summarized above, that NorthStar Vallecitos is technically qualified to be the holder of the VNC licenses.

12.0 STATE CONSULTATION

In accordance with the Commission's regulations, the California State official was notified of the proposed license transfer and issuance of draft conforming amendments on April 18, 2024. The State official provided no comments.

13.0 ENVIRONMENTAL CONSIDERATION

The action that is the subject of this SE is approval of a direct transfer of licenses issued by the NRC and associated amendments of the licenses required to reflect the approval of the direct transfer of the NRC licenses. Accordingly, this action meets the eligibility criteria for categorical exclusion set forth in 10 CFR 51.22(c)(21). Therefore, under 10 CFR 51.22(b), no environmental assessment or environmental impact statement need be prepared in connection with this action.

14.0 CONCLUSION

The Commission has concluded, based on the considerations discussed above, that (1) the proposed transferee is qualified to be the holder of the licenses and (2) transfer of the licenses is otherwise consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant thereto.

The Commission has concluded, based on the considerations discussed above, that (1) there is reasonable assurance that the health and safety of the public will not be endangered by operation in the proposed manner, (2) there is reasonable assurance that such activities will be conducted in compliance with the Commission's regulations, and (3) the issuance of the amendments will not be inimical to the common defense and security or to the health and safety of the public.

Date: April 25, 2024