

D.C.D.



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

DEC 06 1999

ICF Incorporated
ATTN: Ms. Frances Schossow
Project Administrator
9300 Lee Highway
Fairfax, Virginia 22031-1207

Dear Ms. Schossow:

Subject: Modification No. 1 to Task Order No. 19
under Contract No. NRC-04-95-065

The purpose of this modification is to (1) add within scope work to the Statement of Work in accordance with the attached four pages and the contractor's revised technical proposal dated November 23, 1999, which is hereby incorporated by reference and made a part of the subject task order; (2) increase the ceiling and obligated amounts by \$68,932, from \$44,882 to \$113,814; and (3) extend the period of performance by 13 months.

The Accounting Data for this task order is as follows:

B&R No.:	05015203115
Job Code No.:	J5236
APPN No.:	31X0200
BOC No.:	252A
Obligated Amt.:	\$68,932.00

A summary of obligations for this task order, from award date through the date of this action, is given below:

Total FY99 Obligation Amount:	\$ 44,882.00
Total FY00 Obligation Amount:	\$ 68,932.00
Cumulative Total of NRC Obligations:	\$113,814.00

This modification obligates FY00 funds in the amount of \$68,932.00.

In addition, the period of performance is amended to read "Task Order No. 19 shall be in effect from March 12, 1999 through December 31, 2000."

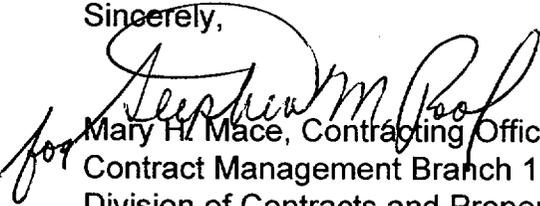
PDR CONTR NRC-04-95-065

DF02

Please indicate your acceptance of this modification by having an official, authorized to bind your organization, execute three copies of this document in the space provided and return two copies to the U.S. Nuclear Regulatory Commission, ATTN: Ms. Amy Siller, Division of Contracts and Property Management, Contract Management Branch 1, M/S T-7-I-2, Washington, D.C. 20555. You should retain the third copy for your records.

Should you have any questions regarding this modification, please contact the contract specialist, Ms. Amy Siller, on (301) 415-6747.

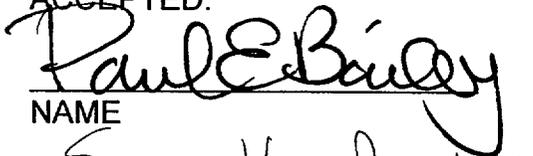
Sincerely,



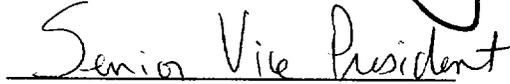
for Mary H. Mace, Contracting Officer
Contract Management Branch 1
Division of Contracts and Property Management
Office of Administration

Enclosure:
As stated

ACCEPTED:



NAME



TITLE

12/6/99
DATE

STATEMENT OF WORK

DEVELOPMENT OF INFORMATION TO SUPPORT RULEMAKING

Financial Assurance for Materials Licensees
Task Order #19, Modification 1

BACKGROUND

Under current decommissioning regulations, materials licensees using substantial quantities of nuclear materials must provide financial assurance for decommissioning (most materials licensees do not need to provide financial assurance because their possession limits are below the threshold for requiring financial assurance). The financial assurance requirements were promulgated in 1988 as part of the decommissioning rulemaking (53 FR 24018, June 27, 1988). Revision to some of the financial assurance requirements for materials licensees are needed because there have been changes in decommissioning costs since that time, and NRC experience has revealed that for certain types of licensees, such as waste brokers, special considerations exist which require different treatment.

The Office of Nuclear Material Safety and Safeguards had been planning on two separate rulemakings to accomplish these revisions - one for waste brokers and another for sealed sources and certification amounts. However, NRC has decided to merge these into one rulemaking. Previous task orders have been initiated for waste brokers (TO 10, which expired July 8, 1999) and for sealed sources and certification amounts (TO 19). This modification of TO 19 includes support for work on waste brokers, sealed sources, and certification amounts. As all deal with financial assurance aspects of licensing and regulation, conducting this work together is more efficient.

1. Certification Amounts

The amount of financial assurance which must be provided can be based on either: 1) a facility-specific decommissioning cost estimate provided by the licensee in a decommissioning funding plan¹; or 2) one of several dollar amounts (certification amounts) given in the regulations. Which certification amount is required of a licensee depends on the possession limits for radioactive materials applicable to that license. At present, about 60% of materials licensees required to have financial assurance use the certification amounts.

The present certification amounts are based on decommissioning cost estimates that are now more than 10 years old. It is necessary to review the current decommissioning cost information and make adjustments to the certification amounts in cases where decommissioning costs for licensees clearly exceed the certification amounts which the licensees may use.

¹For some types of licensees using large amounts of radioactive material, a facility-specific cost estimate must be used.

2. Sealed Source Licensees

The NRC has approximately 3,800 sealed source licensees of which approximately 350 require financial assurance. Decommissioning costs for sealed source licensees are greatly dependent on how the sources are disposed. Sealed source disposal costs can be extremely variable, depending on the availability of opportunities to return sources to the seller/manufacturer, or transfer the sources to another licensee. Where this is the case, disposal costs are relatively low. However, where the licensee cannot return or transfer sources and must dispose of them, this can be relatively expensive.

For some sealed source licensees, it appears that the financial assurance requirements do not provide funding sufficient to cover decommissioning costs. This is especially apparent in the case of certain large irradiators. Under current regulations, irradiators with possession limits allowing millions of curies may use the \$75K certification amount. Estimates of decommissioning costs for these large irradiators are substantially above \$75K². The threshold possession limits triggering a requirement for financial assurance and the adequacy of the certification amounts for financial assurance for sealed source licensees should be reviewed and revised where needed.

3. Waste Broker Licensees

Waste broker licensees are those licensees that handle radioactive waste associated with or generated under other licenses. There is no definition of "waste broker" in existing NRC regulations and the term is commonly used to describe several different activities. The NRC financial assurance regulations treat waste brokers in the same way as other materials licensees; there are no special financial assurance requirements applicable only to waste brokers. However, NRC practice has been that waste broker refers to any licensee that engages in the following activities: waste collection and consolidation; waste storage; waste processing, repackaging, or other treatment (e.g., decay in storage, compaction); or transfer to another waste broker or to a licensed low-level radioactive waste land disposal facility. The NRC has 13 waste broker licensees of which 6 require financial assurance. Many waste broker licensees also conduct other types of licensed activities as part of their overall business.

From the viewpoint of financial assurance, waste broker activities are unique in that: 1) waste brokers are likely to have radioactive wastes generated by other licensees, and the inventory of waste a waste broker will have on site at any time may fluctuate considerably and be difficult to predict; and 2) waste brokers have a financial interest in maximizing the amount of radioactive waste that they handle -- waste broker revenues are directly correlated to the amount of waste accepted.

²Technology, Safety, and Costs of Decommissioning a Reference Large Irradiator and Reference Sealed Sources, NUREG/CR-6280, Pacific Northwest National Laboratory, January 1996, p. 4.9.

The disposal costs of waste inventories are very high - much greater than when the decommissioning regulations were promulgated. The current financial assurance regulations do not consider the costs of disposing of significant volumes of waste generated outside the decommissioning process, such as inventories of brokered waste. Waste brokers currently may be required to maintain a level of financial assurance which is inadequate for disposal of waste inventories. Charges for disposal of waste at low-level waste disposal facilities are based on volume of waste disposed, and also on level of activity of the waste. The possession limits that determine what level of financial assurance a waste broker licensee must have are based on activity level of material possessed, not volume of material possessed. A waste broker that must dispose of large volumes of relatively low activity waste would be subject to substantial waste disposal charges. However, that same waste broker may have an inadequate amount of financial assurance to pay these charges because the financial assurance requirements are based only on activity level. In addition, some waste brokers with low possession limits may not be subject to any financial assurance requirements, even though, by waste volume, waste inventories may be very large.

OBJECTIVE

This task order is for information and reports to be developed by the contractor suitable for NRC to use in the rulemaking, such as regulatory analysis information, information on current decommissioning costs, and responding to management questions. The specific types of information which are used in the development of a rulemaking is referenced in the overall contract.

WORKSCOPE

The contractor shall provide information on decommissioning costs of various types of materials licensees using the certification amounts. The contractor shall develop estimates of the impact of the rulemaking on certification amount user licensees, sealed source licensees, and waste broker licensees; the number affected, likely cost impacts, and other impacts on operations, suitable for use in a regulatory analysis, regulatory flexibility analysis, and an OMB information collection burden analysis.

The contractor shall provide information to assist NRC staff in summarizing and analyzing public comments on the proposed rule.

The contractor shall provide information as needed to assist the staff in responding to management questions.

The contractor shall provide information on impacts of any changes in the rulemaking from proposed to final. This information must be suitable for NRC to include in a final regulatory analysis, final OMB information collection burden analysis, and regulatory flexibility analysis.

PERIOD OF PERFORMANCE

The period of performance shall commence on the effective date of this task order and continue for 13 months.

DELIVERABLES

1. Report on decommissioning costs of materials licensees using the certification amounts. Because of uncertainties at this time, a due date shall be coordinated between the NRC Project Officer and the contractor.
2. Report analyzing the impacts of the proposed rule on licensees. Because of uncertainties at this time, a due date shall be coordinated between the NRC Project Officer and the contractor.

Again, because of uncertainties at this time, other deliverables, to be determined by the NRC Project Officer, and associated due dates shall be coordinated between the NRC Project Officer and the contractor.

LEVEL OF EFFORT

The level of effort for this task order shall increase 5.5 staff months for a total of 9.5 staff months.

MEETINGS AND TRAVEL

Only local travel is anticipated. The contractor shall plan on meetings every 2 months at NRC headquarters in Rockville, MD.

REQUIRED EXPERTISE

Expertise in decommissioning costs, financial assurance, and knowledge of NRC materials regulatory program.

TECHNICAL DIRECTION

The NRC Project Officer for this task order is Carolyn Boyle and may be contacted on 301-415-7818.

The NRC Technical Project Manager for this task order is Clark Prichard and may be contacted on 301-415-6203.