**NRC INSPECTION MANUAL** RDB

INSPECTION PROCEDURE 40802

FINANCIAL ASSURANCE AT DECOMMISSIONING POWER REACTORS

Effective Date: 07/01/2025

PROGRAM APPLICABILITY: IMC 2561 B

# 40802-01 INSPECTION OBJECTIVE

## 01.01 To identify site status, decommissioning progress, changes in timelines and strategy, and related expenditures that potentially impact decommissioning cost estimates. To confirm that funding status and decommissioning progress is consistent with financial assurance reports that are required to be submitted annually to NRC by the licensee in accordance with 10 CFR 50.82(a)(8)(v), and to support NRC’s Financial Assessment Branch (FAB) review of the licensee’s annual report.

# 40802-02 GENERAL GUIDANCE

This Inspection Procedure (IP) may be initiated when appropriate, by NMSS/FAB, the appropriate Regional Office, or the Reactor Decommissioning Branch (RDB) project manager. The purpose of this IP is to provide a mechanism for NRC review of the financial status and of overall decommissioning activities for a permanently shut down reactor, to gain confidence in conclusions that the licensee has adequate funds to complete decommissioning activities of the reactor, and that expenditures are for legitimate decommissioning activities. At least one member of FAB, along with the responsible NRC project manager, should be involved in this inspection activity. FAB should lead the development of the scope of the inspection. The inspectors should take the administrative lead (i.e., sending the document request, organizing the interviews, providing technical expertise, and writing the inspection report) for the inspection and lead interviews with the licensee. The bar for initiating this procedure should be very low. FAB, RDB, and/or the region should consider the following:

1. Any questions or anomalies identified during review of the annual decommissioning trust fund (DTF) submittal or identified by an inspector during implementation of IP 71801.
2. Licensee performance from the previous year related to usage of the decommissioning trust fund.
3. Changes in decommissioning strategy (e.g. SAFSTOR to Active Decommissioning).
4. Major changes in the decommissioning schedule.
5. NRC management discretion.

Additionally, the inspectors should assist FAB to determine if any Spot Check factors associated with the licensee and/or its decommissioning funding assurance mechanism exist, as described in Section 03.01 below. The Financial Assurance Spot Check Assessment is performed by FAB to ensure there is reasonable assurance that funding in the DTF remains adequate to complete decommissioning. The inspectors should consider performing this procedure remotely.

Definitions

Decommissioning Trust Fund (DTF): a type of financial instrument required by 10 CFR 50.75 and administered by an independent trustee (a bank or other financial institution acting as a fiduciary) to demonstrate that there is reasonable assurance that the licensee has adequate funds to complete the radiological decommissioning of the site.

Financial Assurance: the requirement in 10 CFR 50.75 that the licensee provide reasonable assurance that funds will be available to complete the radiological decommissioning within 60 years after the permanent cessation of operations.

Financial Assurance Spot Check: an as-needed reactor DTF oversight analysis of a licensee’s decommissioning trust fund or other funding mechanism, which may include review of bank statements and documentation to confirm that decommissioning funding status reports, filed by licensees with the NRC, do not contain inadvertent mistakes or false information.

# 40802-03 INSPECTION REQUIREMENTS AND GUIDANCE

## 03.01 Decommissioning Planning, Scheduling, and Cost Assessment

To conduct a limited inspection to gather information relevant to FAB’s annual review of financial assurance for decommissioning by a reactor licensee if requested by FAB.

Specific Guidance

When implemented, decommissioning inspectors should expect to spend about 4 to 8 hours on this inspection procedure. Time charged by FAB and the project manager may vary depending on the information submitted and interviews of licensee representatives. The project manager and at least one member of FAB should participate in the inspection. The scope of this inspection element is to engage with the licensee on the overall financial status of decommissioning to determine whether further review or a spot check is warranted by FAB. The general inspection could consist of a review of the annual financial assurance report, any schedule changes and effects on the decommissioning funds, any focused document or expenditure review deemed appropriate, and an interview with licensee representatives.

In preparation for this inspection, inspectors should consider reviewing the decommissioning schedule located in the Post Shutdown Decommissioning Activities Report (PSDAR) or License Termination Plan (LTP) with any updates, as applicable, any license conditions associated with decommissioning funding assurance or withdrawals, and the annual financial assurance status report submitted by the licensee in accordance with 10 CFR 50.82(a)(8)(v). NRC staff should determine whether the licensee has made any changes to its decommissioning schedule, to major milestones, or significantly increased decommissioning costs in consideration of 10 CFR 50.82(a)(7).

Title 10 CFR 50.82(a)(7) requires the licensee to notify the NRC, in writing with a copy sent to the affected States, before performing any decommissioning activity that is not consistent with or could be a change from the actions or schedules described in the PSDAR. The inspector should focus on and review major decommissioning activities to determine whether significant departures from docketed schedules are expected or have already occurred, such as the rescheduling of a major milestone by more than 6 months to a year. The inspector should review whether the licensee has assessed and documented any change that significantly impacts the decommissioning cost estimate. Pertinent guidance on changes to the PSDAR, along with what constitutes significant changes in costs, may be found in Regulatory Guide 1.185, Revision 1.

The inspector should request documents from the licensee and assist in the review of those documents based on any questions or concerns expressed by FAB or the NRC project manager. The inspector could consider reviewing a sample of expenditures versus ongoing and previous site activities for the sake of determining whether the disbursements (made or planned) appear to be for legitimate decommissioning activities. The inspector should especially focus their review on expenditures for which DTF withdrawals have been made. Consider any exemptions received by the licensee, the definition of “decommission” found in 10 CFR 50.2, items found in NUREG-1713, Table 1, considerations in 10 CFR 50.82(a)(8)(i), and input from FAB. Questionable expenditures should be referred to FAB staff for disposition based on potential significance as described below. Should inspectors become aware of planned expenditures that appear not to be legitimate uses of the fund, the inspectors should provide feedback to the licensee and could consider documenting that as an observation in an inspection report.

After review of documentation, the inspector should set up and lead an interview with knowledgeable licensee individuals. The inspector should consider the below items, in consultation with FAB, in order to formulate interview questions. The inspectors should also develop interview questions based on any specific concerns. The interview also provides for an opportunity for FAB and the NRC project manager to ask questions and gain clarification on the most up to date financial assurance status.

1. Has there been a significant change in the decommissioning strategy or approach? A significant change would include moving from DECON to SAFSTOR or a decision that would increase the cost or timing of decommissioning expenditures (for example, shipment of all waste to a licensed radioactive disposal facility vs survey for reuse of soils and concrete debris).
2. Has the scope of work changed significantly, such as significant (over 20 percent) increase in the volume of soil to be remediated or significant increase in the time for removal of major components or waste shipments?
3. Have there been significant unplanned decommissioning expenditures, such as an over 25 percent increase to reach a major milestone?
4. What, if any, quality assurance protocols for financial assurance tracking and reporting are used and when?
5. Were there any significant unexpected delays, such as a greater than 25 percent schedule increase in accomplishing planned activities?
6. Are there currently any financial challenges evident in completing decommissioning?
7. Has there been any significant decline in fund balance not explained by expenditures related to decommissioning activities?
8. Were there any 10 CFR 50.82(a)(7) compliance issues (i.e. significant cost and schedule changes from the PSDAR) identified by the licensee?
9. Were there any changes to the financial allocation control process?

After the interview and document reviews, if there are unresolved questions on whether specific uses of the funds were appropriate, the NRC should risk-inform further action by considering whether the issue could constitute a more-than-minor violation. Consider the following: (1) whether the issue affects more than 0.1% of the value of the trust fund; (2) whether the issue could have generic implications; (3) whether the issue may constitute a programmatic failure; and (4) qualitative components such as purposes for which the funds were used. Should further review be desired, the NRC project manager should take the lead with support from FAB to resolve the question(s). Inspectors should be sensitive to expending further inspection efforts until answers are provided by FAB staff.

Additionally, to assist FAB staff, inspectors should consider the below factors to identify any circumstances which may warrant the initiation of an NRC decommissioning reactor financial assurance spot check. If there is indication that any of the conditions listed below have occurred or might occur, FAB will take the lead to determine whether to initiate a Financial Assurance Spot Check Assessment in accordance with REFS 70‑15‑00, “Procedures for NRC’s Independent Analysis of Decommissioning Funding Assurance for Operating Nuclear Power Reactors and Power Reactors in Decommissioning.” FAB staff should keep the NRC project manager apprised.

* 1. A licensee (or its representatives) is indicted or convicted of fraudulent financial activities.
	2. A licensee or parent company declares bankruptcy per Chapter 7 or 11 or the U.S. Bankruptcy Code.
	3. A licensing action (e.g., license transfer) reveals a significant decline in a licensee’s trust fund balance that may have an adverse impact on decommissioning activities.
	4. The staff substantiates an allegation or identifies a more than minor violation of the licensee having misrepresented decommissioning trust fund balances or having made improper withdrawals from the trust fund.

The inspector should review and document conclusions from any completed spot check in an inspection report.

# 40802-04 RESOURCE ESTIMATE

Inspectors should expect to spend about 4–8 hours on this inspection procedure. If an issue is identified and determined to be a violation, then another 4–8 hours may be expended for violation disposition.

# 40802-05 PROCEDURE COMPLETION

Inspection findings, open items, follow-up items, and conclusions shall be documented in accordance with IMC 0610 and other relevant regional or headquarters instructions. Inspections initiated stemming from allegations will be documented and dispositioned in accordance with Management Directive 8.8.

# 40802-06 REFERENCES

“Decommissioning Nuclear Reactors,” October 2011, (ML112160012)

“Final Rule on Decommissioning Planning,” Federal Register Notice, issued June 17, 2011 (76 FR 35512) (ML11272A154)

NUREG-1577, Rev. 1, “Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance,” issued February 1999, (ML013330264)

NUREG-1713, “Standard Review Plan for Decommissioning Cost Estimates for Nuclear Power Reactors,” issued December 2004, (ML043510113)

“Reactor Decommissioning Financial Assurance Working Group Final Report,” issued May 1, 2020, (ML20120A550)

Regulatory Guide (RG) 1.159, Rev. 2, “Assuring the Availability of Funds for Decommissioning Nuclear Reactors”

RG 1.185, “Standard Format and Content for Post-Shutdown Decommissioning Activities Report,” Revision 1, issued June 2013, Washington, D.C., (ML13140A038)

RG 1.202, “Standard Format and Content of Decommissioning Cost Estimates for Nuclear Power Reactors,” issued February 2005, (ML050230008)

REFS 70-15-00, “Procedures for NRC’s Independent Analysis of Decommissioning Funding Assurance for Operating Nuclear Power Reactors and Power Reactors in Decommissioning” (ML23129A781)

END

Attachment 1: Revision History for IP 40802

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Commitment Tracking Number | Accession NumberIssue DateChange Notice | Description of Change | Description of Training Required and Completion Date | Comment Resolution and Closed Feedback Form Accession Number (Pre-Decisional, Non-Public Information) |
| N/A | ML25139A09806/27/25CN 25-022 | Original issuance. This procedure includes inspection requirements previously listed in IP 71801. Revised to include feedback from inspectors and updated to focus on the inspector’s efforts on risk informing the inspection program. IMC 0040 exception granted to bold inspection requirements. | N/A | N/A |