

SAFETY EVALUATION REPORT

DOCKET: 70-113

LICENSE: SNM-95

LICENSEE: PENNSYLVANIA STATE UNIVERSITY

SUBJECT: ANNUAL CERTIFICATION OF ELIGIBILITY TO USE THE SELF-GUARANTEE FOR FINANCIAL ASSURANCE OF DECOMMISSIONING: FISCAL YEAR 2014

1. BACKGROUND

Title 10 of the *Code of Federal Regulations* (10 CFR) Part 30, Appendix E, Section II.C.(2) requires a licensee to repeat passage of a financial test and provide documentation of its continued eligibility to use the self-guarantee to the Commission within 90 days after the close of each succeeding fiscal year. Condition 21 of special nuclear materials license (SNM) SNM-95 allows Pennsylvania State University (PSU) to submit the required documentation 180 days after the close of the fiscal year. Given the fiscal year ends on June 30th of each year, the required documentation must be submitted no later than December 27th of each year.

By letter dated December 23, 2014, (Ref. 1) PSU submitted its annual certification to demonstrate their eligibility to use the self-guarantee as financial assurance for decommissioning both the Breazeale Nuclear Reactor (docket 050-0005) and special nuclear material (SNM) (Docket 70-113). PSU submitted supplemental information by letter dated January 12, 2015 (Ref. 2). The subject review by the staff at the U.S. Nuclear Regulatory Commission (NRC) pertains only to license SNM-95.

2. DISCUSSION

2.1. Regulatory Requirements

Paragraph 70.25(f)(2) of 10 CFR states that, for nonprofit entities, such as colleges, universities, and nonprofit hospitals, a guarantee of funds by the applicant or licensee may be used if the guarantee and test are as contained in 10 CFR Part 30, Appendix E.

Part 30, Appendix E, states requirements for self-guarantees to provide reasonable assurance of funds for decommissioning by nonprofit colleges, universities, and hospitals.

2.2. U.S. Nuclear Regulatory Commission Staff Evaluation

The NRC staff reviewed the submittals using guidance set forth in Appendix A.9 of Reference 3. To use the self-guarantee, PSU must satisfy the requirements of 10 CFR Part 30, Appendix E, Section II.A.1 or A.2. PSU chose to meet Section II.A.1, requiring a current bond rating for its most recent unsecured, uncollateralized, and unencumbered bond issuance of AAA, AA, or A (including adjustments of plus or minus) as issued by Standard and Poor's (S&P) or Aaa, Aa, or A (including adjustments of 1, 2, or 3) as issued by Moody's. PSU states that the current bond rating of the most recent unsecured bond issuance is AA, as rated by S & P. Therefore, PSU meets the requirement of Part 30, Appendix E, Section II.A.1. Thus, PSU passes the financial test.

Enclosure

Part 30, Appendix E, Section III.A through F, describes the terms that are required in a self-guarantee:

- The guarantee will remain in force unless the licensee sends notice of cancellation by certified mail, and/or return receipt requested to the NRC. Cancellation may not occur unless an alternative financial assurance mechanism is in place;
- The license shall provide alternate financial assurance as specified in the NRC's regulations within 90 days following receipt by the NRC of a notice of cancellation of the guarantee;
- The guarantee and financial test provisions must remain in effect until the NRC has terminated the license or until another financial assurance method acceptable to the NRC has been put in effect by the licensee;
- The applicant or licensee must provide to the NRC a written guarantee which states that the licensee will fund and carry out the required decommissioning activities or, upon issuance of an order by the NRC, the licensee will set up and fund a trust in the amount of the current cost estimates for decommissioning;
- If, at any time, the licensee's most recent bond issuance ceases to be rated in any category of "A" or above by either S & P or Moody's, the licensee shall provide notice in writing of such fact to the NRC within 20 days after publication of the change by the rating service; and
- A standby trust to protect public health and safety and the environment must be established for decommissioning costs before the self-guarantee agreement is submitted.

The NRC staff used Checklist B in Appendix A.9 of Reference 3 to determine compliance with Part 30, Appendix E, Section III.A through F. The NRC staff determined that the language of the submitted documents (i.e., self-guarantee, Controller Letter, Audited Financial Statements, and Standby Trust Agreement) are consistent with Reference 3. The NRC staff had previously determined that Reference 3 is sufficient to meet Part 30, Appendix E, Section III.A through F.

2.3. Conclusion

The NRC staff has determined that PSU has demonstrated continued eligibility to use the self-guarantee.

3. FINDINGS

The NRC staff finds that PSU meets the requirement of 10 CFR Paragraph 70.25(f)(2).

The NRC staff finds that PSU meets the requirement of 10 CFR Part 30, Appendix E, Section II.A.2.

The NRC staff finds that PSU meets the requirements of 10 CFR Part 30, Appendix E, Sections III.A through F.

4. PRINCIPAL CONTRIBUTORS

Reginald Augustus, Technical Reviewer
Christopher Ryder, Licensing Project Manager

5. REFERENCES

1. Letter from J. Doncsecz, Pennsylvania State University, "University - Annual Financial Test submittal and Self-Guarantee - Year Ending June 30, 2014", ADAMS accession number ML14364A125. December 12, 2014.
2. "Independent Accountant's Report on Applying Agreed-Upon Procedures for The Pennsylvania State University - related Annual Financial Test submittal and Self-Guarantee - Year Ending June 30, 2014 License numbers: R-2 Breazeale Nuclear Reactor", January 12, 2015. ADAMS accession number ML15027A455.
3. U.S. NRC, "Consolidated Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness, Final Report" NUREG-1757, Vol. 3, Rev. 1, February 2012. ADAMS accession number ML12048A683.