

ENCLOSURE 1

**TECHNICAL EVALUATION REPORT: ALTERNATE STANDBY TRUST FOR BWXT
GOVERNMENT GROUP, INC.'S, SHALLOW LAND DISPOSAL AREA, IN PARKS
TOWNSHIP, PENNSYLVANIA, SPECIAL NUCLEAR MATERIALS LICENSE SNM-2001,
DOCKET 070-03085**

BACKGROUND

BWXT Government Group, Inc. (BWXT) is the holder of U.S. Nuclear Regulatory Commission (NRC) License No. SNM-2001 (possession only) for its Shallow Land Disposal Area (SLDA) site in Parks Township, Pennsylvania. Babcock and Wilcox (B&W), which later became BWX Technologies (BWXT) is the current owner of the site. From 1961–1970, the site was used for disposal of wastes from a nuclear fuel fabrication facility in nearby Apollo, Pennsylvania. Both radioactive and non-radioactive wastes were placed in trenches. The site was operated by Nuclear Materials and Equipment Corporation (NUMEC), which also operated the Apollo Nuclear Fuel Fabrication Facility that converted enriched uranium to naval reactor fuel. In 1967, Atlantic Richfield Company (ARCO) purchased all NUMEC stock and in 1971 sold it to B&W.

By letter dated December 19, 2017, BWXT submitted an alternative standby trust agreement (STA) to the NRC, to replace its current STA (Agencywide Documents Access and Management System (ADAMS) ML18019A096). The new STA with Branch Banking and Trust Company (BB&T) will replace the existing STA with MUFG Union Bank, which notified BWXT by letter dated November 6, 2017, that it was executing its right to resign as Trustee. BWXT's December 19, 2017 letter also requested that, upon NRC approval of the new STA, NRC provide written confirmation that the prior agreement between BWXT and MUFG Union Bank is terminated.

REGULATORY FRAMEWORK

BWXT's possession only license, SNM-2001, was issued under Title 10 of the *Code of Federal Regulations* (CFR) Part 70, Domestic Licensing of Special Nuclear Material (10 CFR 70). 10 CFR 70.25, "Financial Assurance and Recordkeeping for Decommissioning" requires licensees who use surety mechanisms other than a Trust fund to establish a standby trust.

10 CFR 70.25(f)(2)(ii) states:

The surety method or insurance must be payable to a trust established for decommissioning costs. The trustee and trust must be acceptable to the Commission. An acceptable trustee includes an appropriate State or Federal government agency or an entity which has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency.

NRC STAFF REVIEW

The NRC staff reviewed BWXT's new STA agreement for its 10 CFR 70 license against the regulatory requirements in 10 CFR 70.25(f)(2)(ii). BWXT's current surety method is a letter of credit (LOC) established with JPMorgan. BWXT's new STA agreement states that any such

LOC be payable to the trust. BB&T has the authority to act as a trustee and its trust operations are regulated and examined primarily by the Federal Deposit Insurance Corporation. NRC staff finds that the STA agreement submitted by BWXT adheres to the relevant regulatory requirements in 10 CFR 70.25(f)(2)(ii), and is therefore acceptable.

CONCLUSIONS

Based on the above, the NRC staff finds that BWXT meets the applicable requirement of 10 CFR 70.25(f)(2)(ii) by having a surety method payable to a trust established for decommissioning costs, the trustee is an entity with the authority to act as trustee, and whose operations are regulated and examined by a Federal agency, and is therefore acceptable.

PRINCIPAL CONTRIBUTORS

Reginald Augustus
Financial Project Manager
Performance Assessment Branch

David Misenhimer
Project Manager
Materials Decommissioning Branch