

~~USAR Section 15 contains confidential information to Aerotest Operations submitted under 10 CFR 2.390(a)(4). This information is identified in section 15 by brackets []. Also, the entire content of Table 15.1 is confidential.~~

15.0 Financial Qualifications

Aerotest Operations, Inc. (AO), a California corporation is the current NRC licensed owner and operator of the ARRR and a wholly owned subsidiary of Nuclear Labyrinth, LLC. In June 2017 after NRC approved an indirect license transfer, all outstanding shares of Aerotest Operations, Inc. were acquired by Nuclear Labyrinth, LLC, a Utah company. The Board of Directors of AO, and Nuclear Labyrinth, LLC are composed entirely of United States citizens.

15.1 Financial Ability to Operate a Non-Power Reactor

Aerotest Operations, Inc. had annual total revenues of approximately [] and net income of [] during the years 2000-2010. During that time, activities were performed in areas of research, development, investigative (forensic research). AO also participated in improvement of neutron radiology processes and development of effective curriculum to teach the skill. It is anticipated that these areas will play an ever more expansive role in the future services offered. This financial picture is expected to stabilize after the first year leaving the next 4 years as shown in the revenue/cost projections with increases in income and larger expenditures available for upgrading the ARRR and improving AO's research and development capabilities (See Table 15.1). AO has approximately [] in cash reserves to cover the initial year for restart activities if needed. In addition, the Facility is self-insured at the sum of \$1,500,000 which is available in a financial protection standby trust for the life of the reactor.

15.2 Financial Ability to Decommission the Facility

The financial resources to decommission the facility per 10 CFR 50.33(k) and 50.75(e) will be readily available from funds placed in trust by Nuclear Labyrinth, LLC for Aerotest Operations, Inc. Decommissioning Trust provisions include:

The sum of \$3,376,030 in a decommissioning trust fund for the Facility; the onsite estimated cost was generated by Energy Solutions Inc. for the Facility.

The sum of \$748,000 in a segregated account in the decommissioning trust fund for the disposal of the Facility's nuclear fuel elements pursuant to U.S. Department of Energy ("DOE") Contract DE-CR01-83NE4484, as amended;

The sum of \$625,000 in a segregated account in the decommissioning trust fund intended to fund the acquisition of fuel element storage casks;

The sum of \$1,125,000 in a segregated account in the decommissioning trust fund that manages the nuclear fuel elements after permanent cessation of the Facility's operations and before acceptance of the fuel by the DOE;

To ensure an unlikely event of a deficit in decommissioning funds, a sum of \$300,000 is available in an Irrevocable Letter of Credit.

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15.3 Compliant 104c License

Given the reactor design and operating characteristics, its use (Atomic Energy Act-1954 as amended), compliant with 10 CFR.50.21 provisions, and operation at a thermal power level of 10 Megawatts or less (10 CFR 170.3), the 104c is the appropriate NRC license (R-98) for this TRIGA 250 KW nuclear reactor. A detail analysis is provided in a response to RAI-GEN-2 (October 24, 2017 letter-MI17277B261)

The costs assigned due to function and activity are shown below. The annual percentage of direct costs associated with reactor operations (that are not associated with Research, Development and Investigative research, or education/training activities) came from Professional N-Radiograph Sales and that portion has been estimated at 15% annually between the years 2000-2010 (Item 5). If 3% indirect costs (1/5 of item) is also included, the result would be 18%; this outcome is lower than the 50 % Metric defines. (Item 1 was funded entirely by the parent company Autoliv).

1. 15% Indirect Costs ANI (and other) Insurance, fuel purchase and reactor upgrades, NRC, regulatory Costs (annual fee, inspections, PM, etc.), and Decommissioning & fuel-storage annual contribution.
2. 15% Indirect Costs associated with maintaining building, its infrastructure, and Fed/State/Local regulatory compliance other than reactor operation.
3. 30% Direct Cost associated with nonreactor operations activities
4. 15% Direct Costs Reactor Operation for Research/Development and Investigative (forensic) services (RDI).
5. 15% Direct Costs for Reactor Operation for Professional N-Ray Sales (PS)
6. 10% Direct Costs for Education/Training activities and Community Participation.

The Total Annual Cost associated with the Metric from 2010-2017 clearly plummeted from 18% to 0 %.

However, the parent company has recently changed from Autoliv to Nuclear Labyrinth LLC, a small business. If it is assumed that the corporate structure was that of a small business and the activities remain the same in the reported proportions, the relevant costs include direct, 15% (Item 5), indirect, 7.5% (1/2 of 15% , Item 1), and 3% (1/5 of 15%, Item 2). The result would be 25.5%; this outcome would still be lower than the 50% Metric defines. In the future, activities will include research in advance neutron detection/interrogation and Mo-99 target development. These reactor activities will further lower the proportion of the reactor operating costs associated with N-radiograph sales and thus increasing the gap between the 50% Metric and the lower estimated reactor operating costs due to commercial activities.