

SAFETY EVALUATION REPORT REACTOR LICENSEES

DOCKETS: 50-70; 50-73; 50-18; 50-183

LICENSES: TR-1; DR-10; DPR-1; R-33

LICENSEE: GENERAL ELECTRIC COMPANY

SUBJECT: GENERAL ELECTRIC COMPANY'S ALTERNATE FINANCIAL ASSURANCE
SURETY BOND INSTRUMENTS

BACKGROUND

By letter dated April 5, 2018 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML18087A172), General Electric Company (GE) provided to the U.S. Nuclear Regulatory Commission (NRC) for review, the required documentation in support of its Surety Bond issuance, in accordance with NUREG-1757, Volume 3, "Financial Assurance, Recordkeeping, and Timeliness." This review provides assurance that GE can continue to maintain coverage for decommissioning its licensed facilities, including approximately \$54,000,000 for the Vallecitos Boiling Water Reactor, the Nuclear Test Reactor, the General Electric Test Reactor, and the Empire States Atomic Development Associates Vallecitos Experimental Superheat Reactor (reactor facilities).

REGULATORY REQUIREMENTS

In its April 5, 2018, submittal, GE provided supporting documentation consistent with the guidance in NUREG-1757, Volume 3, related to the reliance on surety bonds to satisfy decommissioning funding assurance regulations, as specified in Title 10 of the *Code of Federal Regulations*, Section 50.75, "Reporting and recordkeeping for decommissioning planning," for the reactor facilities. This information included:

- The surety bonds;
- Copy of broker/agent's power of attorney authorizing the broker/agent to issue bonds; and
- Standby trust agreement and all supporting documentation (ADAMS Accession Number ML18096A036).

DISCUSSION

Pursuant to the guidance in NUREG-1757, Volume 3, the staff reviewed the submittal and found that the parent company guarantee submission met the following acceptance criteria:

- Supporting documentation as described above;
- North American Specialty Insurance Company, Washington International Insurance Company, and Westport Insurance Corporation, the companies issuing the surety bonds, are listed in the most recent edition of the U.S. Department of the Treasury's Circular 570, "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies;

- The surety bonds are payable to a standby trust fund that meets all applicable NRC requirements;
- The broker/agent's power of attorney authorizes the broker or agent to issue bonds on behalf of the issuing company;
- The surety bonds are in amounts that are at least as great as the licensee's cost estimates for the reactor facilities;
- No credit is taken for earnings on any financial assurance mechanism (e.g., a surety bond) that does not set aside actual funds as prepayment for site control and maintenance activities.

FINDINGS

Fundamental to the review of a surety bond as a financial mechanism is that the licensee has secured adequate financial surety equal in amount to the decommissioning cost estimate that the NRC previously approved and that provisions have been made to vary the amount of financial surety if necessary, to cover changing decommissioning costs with time. Upon review of the bonds issued for the reactor facilities, NRC staff found that adequate surety is in place to provide reasonable assurance that funds will be available when needed for facility decommissioning and that provisions are in place to adjust the surety amount, as necessary to adjust for changes in decommissioning costs, provided that the individual penal sum does not increase by more than 20 percent in any one year. Additionally, no decrease in the penal sum may take place without the written permission of the NRC.

CONCLUSION

The NRC staff has reviewed the financial assurance mechanism for the reactor GE reactor facilities according to NUREG-1757, Volume 3. Based on this review, NRC staff has determined that the financial assurance mechanism and supporting documentation submitted by the licensee conform to NRC guidance. In addition, the amount of financial assurance provided by GE covers the \$54 million required for decommissioning the reactor facilities.

Principal Reviewer

Shawn W. Harwell