

SAFETY EVALUATION REPORT MATERIALS LICENSEES

DOCKETS: 70-754; 70-1113; 72-1

LICENSES: SNM-960; SNM-1097; SNM-2500

LICENSEE: GENERAL ELECTRIC COMPANY

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

BACKGROUND

Pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) Section 70.25, "Financial Assurance and Recordkeeping for Decommissioning," Subsection (f)(2), General Electric Company (GE) provided a payment surety bonds (surety bond) package to the U.S. Nuclear Regulatory Commission (NRC) to demonstrate financial assurance for decommissioning on March 27, 2018 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML18087A172). General Electric is a holder of Part 50 and 70 licenses. This Safety Evaluation Report (SER) addresses specific Part 70 Special Nuclear Material licenses which include: the Wilmington Manufacturing Facility; the Vallecitos Center; and Morris Operation.

The surety bonds for decommissioning financial insurance were submitted instead of a GE company parent guarantee, which has been used for several years.

REGULATORY REQUIREMENTS

Nuclear facilities licensed under 10 CFR Part 70 are required to establish adequate financial assurance for decommissioning, decontamination and reclamation pursuant to 10 CFR 70.25. The requirements of 10 CFR Paragraph 70.25(f)(2)(i)-(iii) describe the conditions necessary for use of a surety method or insurance to provide financial assurance for decommissioning:

- (i) The surety method or insurance must be opened-ended or, if written for a specified term, such as five years, must be renewed automatically unless 90 days or more prior to renewal date, the issuer notifies the Commission, the beneficiary, and the licensee of its intention not to renew. The surety method or insurance must also provide that the full face amount be paid to the beneficiary automatically, prior to the expiration, without proof of forfeiture if the licensee fails to provide a replacement acceptable to the Commission within 30 days after receipt of notification of cancellation;
- (ii) 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;
- (iii) The surety method or insurance must remain in effect until the Commission has terminated the license.

Enclosure 1

In addition, regulatory guidance contained in NUREG-1757, Volume 3, Revision 1, "Consolidated Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," states, in part, that a submittal used to satisfy the surety bond requirements in 10 CFR 70.25 is complete when the licensee has included:

- An original signed duplicate bond;
- A standby trust agreement and supporting documentation;
- Copy of broker's/agent's power of attorney authorizing broker/agent to issue bonds;
- The company issuing the surety bond is listed in most recent Circular 570 for State in which bond was signed and has underwriting limitation greater than or equal to bond amount; and
- Amount of surety bond equals or exceeds the required coverage level.

DISCUSSION

The staff reviewed GE's submittal pursuant to the elements specified in 10 CFR 70.25(f)(2)(i)-(iii) regarding surety bond and standby trust agreement requirements, and the guidance contained in NUREG-1757, Vol. 3, Rev. 1, Appendix A.5.

Sufficiency of the Surety Bonds

The licensee's payment surety bonds state that unless an alternate financial assurance mechanism approved by the NRC is provided, they shall "remain in full force and effect." In addition, the surety bonds state that if the licensee fails to fulfill the conditions of either maintaining the current surety bond or providing alternate financial assurance within 30 days after notification of cancellation, that then "the Surety shall become liable on the bond obligation."

In its submission, the licensee provided NRC with three signed duplicate original payment surety bonds to cover its Vallecitos Center (SNM-960), Morris Operation (SNM-2500), and Wilmington Manufacturing facility (SNM-1097).

The licensee's submission also included two amendments (ADAMS Accession Number ML18096A036) to its previously approved standby trust agreements (STA) with The Bank of New York Mellon.

A copy of the licensee's agent's power of attorney authorizing its agent to issue bonds was included in the submission.

The insurance companies issuing the bonds are listed in the most recent Circular 570 for the State in which the bond was signed and all three companies have underwriting limitation greater than the bond amounts they are covering.

The amounts of the bonds all equal or exceed the required coverage level.

Sufficiency of the Standby Trust Agreement

The licensee provided two amendments to the previously approved STA agreements which

covered the licenses held under GE-Hitachi Nuclear Energy Americas, LLC (Vallecitos & Morris) and Global Nuclear Fuel-Americas, LLC (Wilmington Manufacturing). The amendments were established to make the surety bond instruments payable to the STA for decommissioning costs, replacing the previously approved parent company guarantee (PCG) instrument.

The trustee, The Bank of New York Mellon, has the authority to act as a trustee and its trust operations are regulated and examined by a Federal or State agency.

FINDINGS

Based on its review, the NRC staff finds that the licensee provided complete documentation, including: signed duplicate original payment surety bonds; amendment to the STA agreements to replace PCG with surety bonds payable to that STA for decommissioning costs; a copy of broker's/agent's power of attorney authorizing broker/agent to issue bonds; and the insurance companies issuing the surety bond are listed in most recent Circular 570 for State in which their bonds were signed with underwriting limitation greater than or equal to bond amounts. In addition, the NRC staff finds that the amounts of the surety bonds equal or exceed the required coverage level. The NRC staff finds that the alternate financial assurance surety bond instruments are sufficient for providing financial assurance; conform to the guidance in NUREG-1757, Vol. 3, Rev. 1; and meets the requirements of 10 CFR 70.25.

CONCLUSION

On the basis of the NRC staff's review, as discussed above, the licensee has demonstrated that: (1) its alternate financial instruments meet the requirements of 10 CFR Part 70; and, (2) the language of the surety bonds, amendments to the previously approved STA, and supporting documentation are consistent with NRC guidance. Therefore, the staff finds that the licensee's alternate financial assurance, STA amendments, and supporting documentation are acceptable, and are therefore, approved.

Principal Reviewer
Reginald Augustus