

SAFETY EVALUATION REPORT
U.S. NUCLEAR REGULATORY COMMISSION

DOCKET NO.: 70-143

LICENSEE: NUCLEAR FUEL SERVICES, INC.

SUBJECT: APPROVAL OF UPDATED FINANCIAL ASSURANCE INSTRUMENTS
(ENTERPRISE PROJECT IDENTIFIER L-2019-DFA-0013)

1. BACKGROUND

By letter dated October 2, 2019 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML19288A062), Nuclear Fuel Services, Inc. (NFS) requested approval of updated financial assurance instruments that guarantee funds in the amount specified in the updated decommissioning cost estimate. Additionally, because of this update, NFS also submitted a revised Chapter 10 (Revision 6), Decommissioning, for their license application. The revised cost estimate was previously approved by the U.S. Nuclear Regulatory Commission (NRC) in a letter dated June 24, 2019 (ADAMS Accession Number ML19172A121).

2. DISCUSSION

The regulations in Title 10 of the *Code of Federal Regulations* (10 CFR) Paragraph 70.25(f) state the requirements for financial instruments assuring funds for decommissioning. The financial instruments submitted by NFS are sorted into the following liability categories for its \$394 million cost estimate:

1. U.S. Department of Energy (DOE) government contracts (\$368.5 million); and
2. NFS commercial contracts (\$25 million).

Financial Instruments for DOE Government Contracts

The regulation in 10 CFR 70.25(f)(4) states that government licensees may submit a statement of intent as a financial instrument. NFS is not a government licensee. However, the most recent license renewal (ADAMS Accession Number ML113040421) granted the continuation of an exemption which allows NFS to use statements of intent from Federal agencies which have signed contracts committing the United States Government to fund the cost of decommissioning. NFS submitted a letter from the DOE Naval Reactors Laboratory Field Office dated August 22, 2019, which acknowledges its previously approved contractual liability to fund decommissioning activities and indicates it is aware of the \$368.5 million cost estimate for its share of the decommissioning work at NFS. The staff finds the letter acknowledging the cost estimate acceptable.

Financial Instruments for NFS Commercial Contracts

NFS submitted a surety bond and standby trust agreement for \$25 million. The regulations in 10 CFR 70.25(f)(2) specify the requirements for a surety bond. These requirements include a provision for a trust fund. This surety method was previously approved by NRC in a letter dated August 10, 2017 (ADAMS Accession Number ML17215A392). The current submittal increases

the dollar amount and includes a new Schedule A to update the existing Standby Trust Agreement, previously dated March 1, 2016. The increased dollar amount matches the appropriate portion of the decommissioning cost estimate approved by NRC in a letter dated June 24, 2019 (ADAMS Accession Number ML19172A121). As these methods and amounts have been approved previously, the staff finds the documents acceptable.

Certification of Financial Assurance

NFS submitted a new Certification of Financial Assurance. The regulations in 10 CFR 70.25(e)(1)(iv) require the licensee to certify financial assurance has been provided in the amount of the decommissioning cost estimate. As the new certification is consistent with the amount of the updated cost estimate and follows the format in the guidance of NUREG-1757, Vol. 3, Rev. 1, the staff finds the certification acceptable.

Revised License Application – Chapter 10, Decommissioning

NFS submitted a revised Chapter 10 (Revision 6), Decommissioning, for their license application. The revision reflects the updated financial assurance instruments and decommissioning cost estimate. The changes are administrative in nature and do not reduce safety or the level of effectiveness of the License Application. Therefore, the staff finds the revision acceptable.

3. ENVIRONMENTAL REVIEW

This action involves the amendment of a license to change financial assurance requirements. A proposed action is categorically excluded from an environmental review under 10 CFR 51.22(c)(10) if it involves the amendment of a license to change surety, insurance, and/or indemnity requirements. Therefore, neither an environmental assessment nor an environmental impact statement is warranted for this action.

4. CONCLUSION

The NRC staff finds that the changes to the financial assurance documents provide reasonable assurance that sufficient funds will be available to perform decommissioning when required.

5. PRINCIPAL CONTRIBUTORS

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