

SAFETY EVALUATION REPORT
U.S. NUCLEAR REGULATORY COMMISSION

DOCKET NO.: 70-27

LICENSEE: BWXT NUCLEAR OPERATIONS GROUP, INC. – LYNCHBURG, VA

SUBJECT: APPROVAL OF UPDATED FINANCIAL ASSURANCE INSTRUMENTS
(ENTERPRISE PROJECT IDENTIFIER L-2019-DFA-0012)

1. BACKGROUND

By letter dated September 24, 2019 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML19284C473), supplemented by letter dated December 12, 2019 (ADAMS Accession Number ML19354A506), BWXT Nuclear Operations Group, Inc. – Lynchburg, VA (BWXT NOG-L) requested approval of updated financial assurance instruments that guarantee funds in the amount specified in the updated decommissioning cost estimate. Additionally, BWXT NOG-L also included a revision to Chapter 10, “Decommissioning,” of their license application. The revised cost estimate was previously approved by the U.S. Nuclear Regulatory Commission (NRC) in a letter dated September 5, 2019 (ADAMS Accession Number ML19238A262).

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 BWXT NOG-L assure decommissioning funds in the amount of \$36,757,568. In addition to the cost estimate, Chapter 10 of BWXT NOG-L’s license application includes the decommissioning plan, and a commitment from the U.S. Department of Energy (DOE) for decommissioning costs in areas of the facility used by DOE Naval Reactors and Research Test Reactors programs. Financial assurance for the remaining areas, which include the Lynchburg Technology Center and the former Downblending area, is provided through surety bond. The site’s standby trust agreement establishes an account for the proceeds of the primary financial assurance instrument.

Financial Instruments for Areas of the Facility Used by DOE Naval Reactors and Research Test Reactors Programs

The regulation in 10 CFR 70.25(f)(4) states that government licensees may submit a statement of intent as a financial instrument. BWXT NOG-L is not a government licensee. However, the 2007 license renewal granted the continuation of an exemption which allows BWXT NOG-L to use statements of intent from Federal agencies which have signed contracts committing the United States Government to fund the cost of decommissioning. In Chapter 10 of their license application, BWXT NOG-L included a letter of attestation with the DOE Naval Reactors Laboratory Field Office, dated May 15, 2015, and contract document with UT–Battelle, LLC (a nonprofit limited liability company that administers, manages, and operates the Oak Ridge National Laboratory, that is sponsored by DOE), dated August 20, 2015, which acknowledge DOE’s previously approved contractual liability to fund decommissioning activities at BWXT NOG-L. The staff finds the contractual documents acknowledging the decommissioning agreement acceptable.

Financial Instruments for Remaining Areas

BWXT NOG-L submitted a surety bond and standby trust agreement for \$36,757,568. 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 October 17, 2017 (ADAMS Accession Number ML17256A338). The current submittal increases the dollar amount and includes a new Schedule A to update the existing Standby Trust Agreement, previously dated December 6, 2016. The increased dollar amount matches the appropriate portion of the decommissioning cost estimate previously approved by NRC in a letter dated September 5, 2019 (ADAMS Accession Number ML19238A262). As these methods and amounts have been approved previously, the staff finds the documents acceptable.

Certification of Financial Assurance

BWXT NOG-L 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

BWXT NOG-L submitted a revised Chapter 10, 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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