



POLICY ISSUE

(NEGATIVE CONSENT)

June 10, 1996

SECY-96-124

FOR: The Commissioners

FROM: James M. Taylor
Executive Director for Operations

SUBJECT: FINANCIAL ASSURANCE FOR GENERAL ATOMICS FACILITIES

PURPOSE:

[REDACTED]

SUMMARY:

[REDACTED]

Contact:
Robert Pierson, NMSS
415-7190
Seymour Weiss, NRR
415-2170

NOTE: * SENSITIVE PREDECISIONAL DELIBERATIVE INFORMATION LIMITED TO NRC UNLESS
THE COMMISSION DETERMINES OTHERWISE

Information in this record was deleted
in accordance with the Freedom of Information
Act, exemptions 4, 5
FOIA- 96-336

9611010287 961010
PDR FOIA
CURRAN96-336 PDR

BLI



I have no objection to the staff's
proposed action in this matter.
In addition, I concur in the comment
made by the Chairman.

96 JUN 11 PM 3:30

Kenneth C. Rogers
Kenneth C. Rogers
6/28/96

POLICY ISSUE

(NEGATIVE CONSENT)

June 10, 1996

SECY-96-124

TO:

The Commissioners

FROM:

James M. Taylor
Executive Director for Operations

SUBJECT:

FINANCIAL ASSURANCE FOR GENERAL ATOMICS FACILITIES

[REDACTED] GA has offered an alternative financial assurance plan that combines a partial parent company guarantee with contributions to a sinking fund, on the condition that the staff forbear from taking enforcement action against GA to require strict compliance with the financial assurance regulations. [REDACTED] ent

BACKGROUND:

GA is the holder of NRC licenses SNM-696, R-38, and R-67 under 10 C.F.R. Parts 50 and 70 for its two TRIGA research reactors, hot cell facility, fuel fabrication facility, and other related facilities in San Diego, California. Since the relevant regulations requiring financial assurance for decommissioning at 10 C.F.R. §§ 50.75 and 70.25 became effective, GA has opted to provide a parent company guarantee from General Atomics Technologies Corporation (GATC) to provide financial assurance. In 1995, the amount of financial assurance provided by the parent guarantee was approximately [REDACTED] EX-4

DISCUSSION:

Government contract work from the Department of Energy and Department of Defense has historically provided GA with a large portion of its revenues and income. [REDACTED] EX-4

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GA is the third-tier parent of SFC, which operated a uranium conversion facility in Gore until 1992. Through subsidiary corporations, GA acquired SFC from Kerr McGee Corporation in 1988. GA did not then become nor has it since been a named licensee for the SFC facility. In October 1993, the staff issued an order, based on facts alleged therein, which asserted that SFC and GA were jointly and severally liable for decommissioning funding and financial assurance¹ for the SFC facility. The order specifically directed GA to provide financial assurance in the amount of \$86 million for cleanup of the SFC site. Both GA and SFC requested a hearing on the order, and the matter is now before an Atomic Safety and Licensing Board in Docket 40-8027-EA. In August 1995, SFC entered into a settlement agreement with the staff, which was approved by the Licensing Board and is now being reviewed by the Commission. GA and the staff entered into good faith settlement negotiations beginning in September 1995, and have arrived at a tentative settlement, notwithstanding GA's legal position that the NRC lacks jurisdiction over GA to be able to sustain the order against it. In general terms, the tentative settlement with GA involves payment of a significant amount of cash to a trust fund over a period of years.

Confidential information concerning GA's finances has been made available to the staff. Such information supports the conclusion that [REDACTED] L-5

Given the limited resources of GA, the staff has evaluated the relative risks of the various GA facilities and the SFC site. The staff has concluded that [REDACTED] L-5
EX-5
4105

[REDACTED] GA has proposed an alternative financial assurance plan for its San Diego facilities [REDACTED] L-5
4105
Because it does not wish to be exposed to further [REDACTED]

¹ By presenting this paper to the Commission, the staff is not seeking any prejudgment of any matters in litigation, including any proposed settlement agreement that may be offered, concerning the Sequoyah Fuels Gore facility.

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litigation, however, GA seeks assurance from the staff prior to implementation of the alternative plan that an enforcement action seeking compliance with the financial assurance regulations will not be brought by the staff against GA.

The alternative plan provides for a limited parent company guarantee of

coupled with the establishment of a sinking fund to which GA would contribute [REDACTED] per year. Contributions to the sinking fund would no longer be required once the sum [REDACTED]

Should such estimate increase, GA's obligation to contribute to the sinking fund would increase accordingly. Withdrawals from the sinking fund to directly pay for decommissioning activities would be allowed up to a certain amount annually.

GA is currently engaged in decommissioning its hot cell facility, to which the DOE is contributing [redacted] of the costs. The research reactor licenses are scheduled to expire in two and four years; by such time, [redacted]

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CONCLUSION:

[REDACTED]

6.1.5

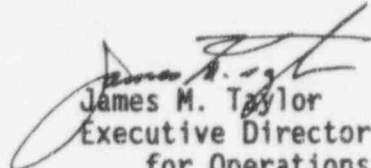
2 [REDACTED]

1.5

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COORDINATION:

The Office of the General Counsel worked closely with staff in developing this paper and the attached proposed staff response and concurs in the planned approach.


James M. Taylor
Executive Director
for Operations

Attachments:

1. Letter from K. Asmussen to Document Control Desk (May 20, 1996) with enclosures (contains proprietary information)
2. Proposed staff response

SECY NOTE: In the absence of instructions to the contrary, SECY will notify the staff on June 24, 1996 that the Commission, by negative consent, assents to the action proposed in this paper.

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