

NOV 10 1977

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Docket 40-8027
JBMartin
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PDR

Kerr-McGee Nuclear Corporation
ATTN: Mr. W. J. Shelley, Director
Regulation and Control
Kerr-McGee Center
Oklahoma City, Oklahoma 73125

Gentlemen:

In regard to our recent telephone discussion regarding the authority of the Nuclear Regulatory Commission to hold a bond posted by a licensee, you are advised that the Commission derives its legal authority primarily from the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, as amended.

Although neither statute grants NRC specific authority to require licensees to post bonds, the Atomic Energy Act does grant broad authority to adopt regulatory requirements that are reasonable and necessary to protect the health and safety of the public (see, e.g., §161b).

It is the opinion of our legal staff that the Commission's regulatory authority is sufficiently broad to enable it to require licensees to post bonds to assure performance of regulatory requirements. Bonds are a commonly used device to assure that legal duties will be carried out, and are a reasonable requirement to assure that funds will be available for decontamination costs. Bonds, however, are not the only way; other surety arrangements may be equally valid. It is also the opinion of the legal staff that NRC has the authority to hold a bond given by a licensee to assure that adequate funds will be available to cover all decontamination costs at the time of decommissioning a licensed fuel cycle facility.

In connection with this matter, we have enclosed a copy of a study performed for us by Science Applications, Inc., to review various options for providing financial surety with respect to uranium mill tailings reclamation. Although the study relates to uranium milling, we believe that the section on financial alternatives for short-term considerations should be equally applicable to other types of fuel cycle facilities. Thus, this document may be useful to you in your plans for your Sequoyah UF₆ facility.

Sincerely,

B512180337 771110
PDR ADOCK 04008027
C PDR

Original Signed by

John B. Martin, Assistant Director
for Fuel Cycle Safety & Licensing

*Telecon
conferred
11-10-77
JBM*

OFFICE →	FCPF		Division of Fuel Cycle and Material Safety		FCSL	ELD
	JERothfleisch	WTCrow	FCPF/LCRouse	JBMartin	RFonner	
As stated	11/09/77	11/9/77	11/10/77	11/10/77	11/1/77	

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Sincerely,

John B. Martin, Assistant Director
 Fuel Cycle Safety and Licensing
 Division of Fuel Cycle and
 Material Safety

11/1/77

SEE PREVIOUS YELLOW FOR CONCURRENCES

OFFICE	FCPF	FCPF	FCPE	FCSL	ELD	
SURNAME	JRothfleisch:ng	WTCrow	LCRouse	JBMartin	RFonner	
DATE	11/ / 77	11/ / 77	11/ / 77	11/ / 77	11/ / 77	

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Although neither statute grants NRC specific authority to require licensees to post bonds, the Atomic Energy Act does grant the broad authority to adopt measures which NRC decides are necessary to protect the health and safety of the public.

It is the opinion of our legal staff that the statutory authority is sufficiently broad to enable the NRC to require licensees to post bonds to assure performance of regulatory requirements. Additionally, it is the opinion of the legal staff that NRC also has the authority to hold such a bond to assure that adequate funds will be available to cover all decontamination costs at the time of decommissioning a licensed fuel cycle facility.

Sincerely,

John B. Martin, Assistant Director
 Fuel Cycle Safety and Licensing
 Division of Fuel Cycle and
 Material Safety

10/27/77

OFFICE	FCPF	FCPF	FCPF	FCSL	ELD
SURNAME	JRothfleisch:ng	WTCrow	LCRouse	JBMartin	R.B. Fonner
DATE	10/28/77	10/28/77	10/ /77	10/ /77	10/ /77



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

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ATTN: Mr. W. J. Shelley, Director
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It is the opinion of our legal staff that the ~~statutory~~ authority is sufficiently broad to enable the NRC to require licensees to post bonds to assure performance of regulatory requirements. Additionally, it is the opinion of the legal staff that NRC ~~also~~ has the authority to hold such a bond to assure that adequate funds will be available to cover all decontamination costs at the time of decommissioning a licensed fuel cycle facility.

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Fuel Cycle Safety and Licensing
Division of Fuel Cycle and
Material Safety

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