

SUPPORTING STATEMENT FOR  
INFORMATION COLLECTIONS CONTAINED IN  
“ALTERNATIVES TO THE USE OF CREDIT RATINGS”  
PROPOSED RULE  
10 CFR PART 40  
(3150-0020)  
---  
REVISION

Description of Information Collection

The regulatory requirements in Appendices A, C, and E to Part 30 of Title 10 of the *Code of Federal Regulations* (10 CFR) include bond ratings from Moody's or Standard and Poor's to satisfy certain decommissioning financial assurance requirements for materials, power reactor, and non-power reactor licensees and applicants. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 directed agencies to amend their regulations to remove any reference to or requirements of reliance on credit ratings. In accordance with the Dodd-Frank Act, the U.S. Nuclear Regulatory Commission (NRC) is amending these appendices to remove these requirements. Applicants and licensees who relied on bond ratings of their financial instrument for financial assurance will now have to submit a report to demonstrate that an alternative financial test is met.

A. JUSTIFICATION

1. Need for and Practical Utility of the Collection of Information

Part 40 of 10 CFR applicants and licensees must meet the requirements in section 40.36(e)(2) which demonstrate reasonable financial assurance that funds will be available when needed for decommissioning to obtain and maintain their licenses. Appendices A, C, D, and E to Part 30 contain the financial assurance requirements for decommissioning for all NRC applicants and licensees.

Financial assurance is achieved through the use of financial instruments. Under NRC regulations, a number of different types of financial instruments may be used to demonstrate financial assurance, including pre-payments into a trust; payment of funds into an external sinking fund; and use of letters of credit, surety bonds, parent-company guarantees, and self-guarantees. The NRC is amending only those regulations that govern the use of parent-company guarantees and self-guarantees, as their use may rely, in part, on bond ratings issued by credit rating agencies. The NRC identified 15 NRC licensees who will be impacted by the changes that result from the proposed rule when they submit their annual financial assurance report.

For parent-company guarantees under the current Section II.A.2 of Appendix A to 10 CFR Part 30, the NRC may accept a parent-company guarantee based in part on credit ratings. Under the proposed rule, which would modify Section II.A.2 of Appendix A to 10 CFR Part 30, these entities would be required to meet a new financial test in Section II.A.2 of Appendix A to 10 CFR Part 30. This new annual financial test requires a creditworthiness report that demonstrates an adequate capacity to provide full and timely payment of the amount guaranteed, if necessary.

Each commercial company licensee from which the NRC currently accepts a self-guarantee and relies on bond ratings issued by credit rating agencies per Appendix C to 10 CFR Part 30 would now need to meet the new financial test in Appendix C to 10 CFR Part 30 when they submit their annual report. The difference is that, in lieu of providing a certain credit rating, the licensee would now be required to submit a new financial report that demonstrates creditworthiness that demonstrates an adequate capacity to provide full and timely payment of the amount guaranteed, if necessary.

Each nonprofit college or university licensee from which the NRC currently accepts a self-guarantee and relies on bond ratings issued by credit rating agencies under Appendix E to 10 CFR Part 30 would now need to meet the new financial test in Section II.A.(12) of Appendix E to 10 CFR Part 30 when it submits its annual report. This report will demonstrate creditworthiness that demonstrates an adequate capacity to provide full and timely payment of the amount guaranteed, if necessary.

Each hospital licensee from which the NRC currently accepts a self-guarantee and who relied on bond ratings will now need to meet the new financial test in Section II.B.(2) of Appendix E to 10 CFR Part 30. This report will demonstrate creditworthiness that demonstrates an adequate capacity to provide full and timely payment of the amount guaranteed, if necessary.

## 2. Agency Use of the Information

During inspections, license renewals, and license amendment reviews, the NRC reviews financial reports submitted by the licensee, bankruptcy reports, decommissioning plans, decommissioning funding plans, and certifications of financial assurance for decommissioning to ensure that a licensee has adequate procedures and funds for any necessary cleanup efforts before the NRC terminates a licensee's responsibility for byproduct materials and releases the site for unrestricted use.

## 3. Reduction of Burden Through Information Technology

The NRC has issued [Guidance for Electronic Submissions to the NRC](#), which provides direction for the electronic transmission and submittal of documents to the NRC. Electronic transmission and submittal of documents can be accomplished by the following avenues: the Electronic Information Exchange process, which is available from the NRC's "Electronic Submittals" webpage, by Optical Storage Media (e.g., CD-ROM, DVD), by facsimile, or by email. It is estimated that 100 percent of the responses are filed electronically.

## 4. Effort to Identify Duplication and Use Similar Information

No sources of similar information are available. There is no duplication of requirements.

## 5. Effort to Reduce Small Business Burden

The licensees who are impacted by this proposed rule are not small businesses.

6. Consequences to Federal Program or Policy Activities if the Collection is Not Conducted or is Conducted Less Frequently

If the information is not collected, the NRC will have no way to assess whether that licensee has adequate funds reasonable for financial assurance that funds will be available when needed for decommissioning.

7. Circumstances Which Justify Variation from OMB Guidelines

Contrary to the Office of Management and Budget (OMB) guidelines in 5 CFR 1320.6(b), the NRC requires some information to be submitted in less than 30 days:

The regulations at 10 CFR 40.36(f) require that licensees keep records important to the safe and effective decommissioning of the facility until the site is released for unrestricted use. It is necessary that the records be retained longer than 3 years so that the Commission may determine that the licensed premises are at a decontaminated level "suitable for release for unrestricted use" before the license may be terminated. The NRC reviews the information to ensure that adequate funds will be available to ensure that the applicant will conduct decontamination efforts in a timely manner and minimize exposure of workers to radioactive materials. The information is also used to ensure that the decontamination efforts will reduce the residual radioactive contamination sufficiently to protect the public health and safety after the site is released for unrestricted use.

8. Consultations Outside the NRC

Opportunity for public comment on the information collection requirements for this clearance package was published in the *Federal Register*.

9. Payment or Gift to Respondents

Not applicable.

10. Confidentiality of the Information

Confidential and proprietary information is protected in accordance with NRC regulations at 10 CFR 9.17(a) and 10 CFR 2.390(b).

11. Justification for Sensitive Questions

This information collection does not involve sensitive questions.

12. Estimated Burden and Burden Hour Cost

Three 10 CFR Part 40 NRC licensees who use parent company and self-guarantees will incur an additional one-time 80-hour burden to update their procedure impacted by the rule. The rule is estimated to result in a one-time recordkeeping burden of 240 hours, annualized to 80 hours over the 3-year clearance period. The estimated annualized burden hours cost is \$23,040.

In addition, three 10 CFR Part 40 NRC licensees will be impacted annually. This is due to a change of their annual reporting; they will need to submit a report that demonstrates

their creditworthiness in accordance with the new requirements. The NRC estimates this to entail 80 additional hours for the annual report for annual burden of 240 hours for an estimated cost of \$69,120. Additionally, this report will require an additional 1 hour for recordkeeping for an annual recordkeeping burden of 3 hours at a cost of \$864 annually.

The \$288 hourly rate used in the burden estimates is based on the Nuclear Regulatory Commission's fee for hourly rates as noted in 10 CFR 170.20 "Average cost per professional staff-hour." For more information on the basis of this rate, see the Revision of Fee Schedules; Fee Recovery for Fiscal Year 2019 (86 FR 32146, June 16, 2021).

#### One-time Recordkeeping

| Information Collection  | Description       | Recordkeepers | Burden per Recordkeeper (Hr) | Total      | Cost (\$288/hr)  |
|-------------------------|-------------------|---------------|------------------------------|------------|------------------|
| Part 40 (3150-0020)     | Update Procedures | 3             | 80                           | 240        | \$ 69,120        |
| <b>Total</b>            |                   | <b>3</b>      |                              | <b>240</b> | <b>\$ 69,120</b> |
| <b>Annualized total</b> |                   |               |                              | <b>80</b>  | <b>\$ 23,040</b> |

#### Annual Reporting Burden

| Information Collection               | Description | Respondents | Responses per Respondent | Responses (Hr) | Burden per Response (Hr) | Total Burden (Hr) | Cost (\$288/hr)  |
|--------------------------------------|-------------|-------------|--------------------------|----------------|--------------------------|-------------------|------------------|
| Part 40                              | 40.36(e)(2) | 3           | 1                        | 3              | 80                       | 240               | 69,120           |
| <b>Total Annual Reporting Burden</b> |             | <b>3</b>    |                          | <b>3</b>       |                          | <b>240</b>        | <b>\$ 69,120</b> |

#### Annual Recordkeeping Burden

| Information Collection               | Description | Respondents | Responses per Respondent | Responses (Hr) | Burden per Response (Hr) | Total Burden (Hr) | Cost (\$288/hr) |
|--------------------------------------|-------------|-------------|--------------------------|----------------|--------------------------|-------------------|-----------------|
| Part 40                              | 40.36(e)(2) | 3           | 1                        | 3              | 1                        | 3                 | \$ 864          |
| <b>Total Annual Reporting Burden</b> |             | <b>3</b>    |                          | <b>3</b>       |                          | <b>3</b>          | <b>\$ 864</b>   |

#### 13. Estimate of Other Additional Costs

The NRC has determined that the records storage cost is roughly proportional to the recordkeeping burden cost. Based on a typical clearance, the records storage cost has been determined to be equal to 0.0004 times the recordkeeping burden cost. Therefore,

the records storage cost for this clearance is \$27.99 (243 recordkeeping hours x \$288/hr x 0.0004).

14. Estimated Annualized Cost to the Federal Government

The staff has developed estimates of annualized costs to the Federal Government related to the conduct of this collection of information. These estimates are based on staff experience and subject matter expertise and include the burden needed to review, analyze, and process the collected information and any relevant operational expenses. The staff estimates 80 hours per each licensee submittal or 240 total hours, for a total cost of \$69,120. This increases the overall cost to the Federal Government from \$586,490 to \$655,610.

The staff has developed estimates of annualized costs to the Federal Government related to the conduct of this collection of information. These estimates are based on staff experience and subject matter expertise and include the burden needed to review, analyze, and process the collected information and any relevant operational expenses.

15. Reasons for Changes in Burden or Cost

The proposed rule's changes to 10 CFR Part 40 would affect applicants during the period of this clearance. The annual estimated burden increase due to the proposed rule is 323 hours, covering 3 respondents annually.

The NRC issued this proposed rule to amend the approved financial assurance mechanisms for decommissioning, specifically for parent and self-company guarantees that require bond ratings issued by credit rating agencies. The rule implements the required provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Dodd-Frank Act directed agencies to amend their regulations to remove any reference to or requirements of reliance on credit ratings. Applicants and licensees who are required to provide decommissioning financial assurance may be impacted. The rule requires applicants and licensees who relied on bond ratings issued by credit rating agencies for their financial guarantee to instead rely on new financial tests currently provided in NRC regulations that do not contain a credit rating criterion.

16. Publication for Statistical Use

There is no application to statistics in the information collected. There are no plans for publication of this information.

17. Reason for Not Displaying the Expiration Date

The requirements are contained in a regulation. Amending the *Code of Federal Regulations* to display information that, in an annual publication could become obsolete, would be unduly burdensome and too difficult to keep current.

18. Exceptions to the Certification Statement

There are no exceptions.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.