



U.S. Department
of Transportation
**Maritime
Administration**

SAVANNAH Technical Staff
Office of Ship Disposal

1200 New Jersey Ave., SE
Washington, DC 20590

Ref: 10 CFR 50.75

March 9, 2011

ATTN: Document Control Desk

U.S. Nuclear Regulatory Commission
Washington, DC 20555

**SUBJECT: Docket No. 50-238; License No. NS-1; N.S. *SAVANNAH*
Response to Receipt of Decommissioning Funds Status Update for CY 2009**

References: (a) Letter from U.S. Nuclear Regulatory Commission to Mr. Erhard W. Koehler (MARAD), dated August 2, 2010, Receipt of Decommissioning Funds Status Update for N.S. *SAVANNAH*

Reference (a) documents receipt by the U.S. Nuclear Regulatory Commission (NRC) of the Maritime Administration's (MARAD) Decommissioning Funds Status Update for Calendar Year (CY) 2009. It includes four observations and three Requests for Additional Information (RAIs) by the NRC staff. This submittal provides MARAD's response to the observations and RAIs.

The response to the observations is found in Enclosure 1. The response to the three RAIs is found in Enclosure 2. The CY 2010 Decommissioning Funds Status Report and the Government Statement of Intent for Decommissioning Financial Assurance will reflect the content of this response.

Enclosure 3 of this submittal contains eight new Regulatory Commitments.

If there are any questions or concerns with any issue discussed in this report, please contact me at (202) 366-2631, and/or e-mail me at erhard.koehler@dot.gov.

Respectfully,

Erhard W. Koehler
Senior Technical Advisor, N.S. *SAVANNAH*
Office of Ship Disposal

Enclosures

Docket No. 50-238; License NS-1; N.S. SAVANNAH
Response to Receipt of Decommissioning Funds Status Update for Calendar Year 2009
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Enclosures

1. Response to NRC Observations
2. Response to Request for Additional Information
3. List of Regulatory Commitments

Docket No. 50-238; License NS-1; N.S. SAVANNAH
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March 9, 2011

cc:

Electronic copy

NSS ESC

NSS SRC

MAR 610, 612, 615

Hardcopy, cover letter only

MAR-600, 640, 640.2

Hardcopy w/ all enclosures

MAR-100, 640.2 (rf)

USNRC (John T. Buckley, Mark C. Roberts)

USNRC Regional Administrator - NRC Region I

MD Department of the Environment (Roland G. Fletcher; George S. Aburn, Jr.)

NC Department of Environment & Natural Resources (Beverly O. Hall)

SC Department of Health & Environmental Control (Susan E. Jenkins; Aaron Gantt)

VA Department of Emergency Management (Michael M. Cline)

VA Department of Health (Leslie P. Foldesi)

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Enclosure 1 to Response to Receipt of Decommissioning Funds Status Update for CY 2009

RESPONSE TO NRC OBSERVATIONS

Docket No. 50-238; License NS-1; N.S. SAVANNAH
Enclosure 1 to Response to Receipt of Decommissioning Funds Status Update for CY 2009
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Observation 1

In accordance with 10 CFR 50.75 (f)(1), decommissioning funding status reports are to be submitted by March 31 of each year. MARAD's report was submitted approximately two months late on June 4, 2010.

Response

MARAD has no comment on this observation.

Observation 2

The staff is concerned about MARAD's inability to meet the SAFSTOR preparations activity schedule described in the PSDAR. The PSDAR describes an acceptable plan for ensuring safekeeping the NSS in SAFSTOR mode until active decommissioning is initiated. Significant delays to the SAFSTOR preparation activities will delay bringing the NSS into compliance with SAFSTOR standards. The staff notes that the Finding of No Significant Impact (FONSI) supporting MARAD's decommissioning activities for the NSS states that maintaining the NSS in its current condition (essentially the No Action Alternative) "would fail to comply with current NRC requirements for the safekeeping of the NSS" and would substantially increase future decommissioning costs.

Response

MARAD's ability to meet the SAFSTOR preparations activity schedule is wholly dependent on appropriated funds to perform the required activities. In the absence of appropriated funds, MARAD has limited resources to perform the physical work needed to bring the NSS facility into compliance with contemporary SAFSTOR requirements.

MARAD has used limited resources to complete two modifications and to take the necessary administrative actions for the safekeeping of the NSS:

- Electrical safety has been improved by installation of a new Electrical Load Center for Shore Power Distribution. This modification deenergizes all except the 120 volt sections of the original switch boards in the main control room. Existing required loads are connected to new distribution panels.
- Personnel safety has been improved by installation of battery powered emergency lighting units throughout the normally occupied areas. MARAD's administrative compliance program, including active surveillance and monitoring of the NSS facility, is substantially improved in the two years since the PSDAR and FONSI were submitted.

The evaluated No Action alternative assumed that these administrative improvements would not take place, and that the NSS would have been returned to its reserve fleet anchorage essentially "as-is" after the 2008 drydocking was completed. This alternative has not happened.

Observation 3

Although revising the decommissioning schedule provided in the PSDAR does not violate the schedule requirements in 10 CFR 50.82 for termination of your license, NRC is concerned that congressional appropriations for decommissioning also may not be available in the future unless specific funding is requested for decommissioning the NSS. Section A.3 of Appendix A, "Statement of Intent" states, "The Maritime Administration recognizes that it bears ultimate responsibility for requesting budgetary resources in sufficient quantity to meet its decommissioning obligations and to prevent delay of its required activities." The staff notes that MARAD did not request nor receive funds specifically for decommissioning for FY 2009, FY2010 or FY 2011.

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Response

MARAD acknowledges the citation from its Statement of Intent, but notes that the next sentence continues “The agency will continue to work with the Executive offices and the Congress to ensure that such appropriations are provided in a timely manner, particularly with respect to the license termination deadline.” These same two sentences appear in Section 6.1 of MARAD’s PSDAR. This second sentence is necessary because the deliberative process for formulation of the President’s annual Budget Request requires reviews and approvals of MARAD’s requests by the Department of Transportation and the Office of Management and Budget (the heretofore mentioned “Executive offices”). MARAD’s acknowledged responsibility to request budgetary resources is not binding on the Department, the OMB, or ultimately the Congress. MARAD acknowledges that the President’s budget requests submitted to the Congress for FY 2009, FY 2010 and FY 2011 did not include funds specifically identified for decommissioning activities, including SAFSTOR.

MARAD will continue to work within the budget process to seek and obtain the decommissioning resources necessary to meet the NSS license termination deadline. In the interim, MARAD will continue to request and/or provide resources to support the NSS as required.

Observation 4

NRC understands that MARAD cannot publicly announce changes to the decommissioning schedule as provided in the PSDAR, until appropriated funds to support those activities is provided by Congress. NRC finds MARAD's proposal to submit future written notifications of decommissioning schedule changes under a 10 CFR 2.390 withholding from public disclosure to be acceptable. However, the staff believes the submittal should be released for public disclosure after the budget is formally approved. This process should allow MARAD to notify NRC in writing before performing any decommissioning activity inconsistent with, or making any significant schedule change from, those actions and schedules described in the PSDAR, as required by 10 CFR 50.82(a)(7).

Response

MARAD has no objection to the release of its written notifications once the appropriation for the subject fiscal year(s) is approved; provided, that such release is governed by the applicable Freedom of Information Act (FOIA) criteria that applies to the same information if released by MARAD. In the case of release by MARAD, any budget information would be screened from the perspectives of deliberative process and executive privilege; such screening would, of necessity, also include the Department of Transportation and OMB.



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Enclosure 2 to Response to Receipt of Decommissioning Funds Status Update for CY 2009

RESPONSE TO NRC REQUEST FOR ADDITIONAL INFORMATION

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Comment 1:

Provide a revised decommissioning activities schedule, and provide an updated cost estimate.
[10 CFR 50.82(a)(7)]

Basis:

The Maritime Administration's (MARAD's) submittal indicates that "MARAD cannot meet the SAFSTOR preparations activity schedule described in its PSDAR." Provide a revised decommissioning activities schedule, and update the cost estimate appropriately to account for the change in scheduled activities, and all applicable changes in cost.

Response

In the Decommissioning Funds Status Report for CY 2010, MARAD will provide the following:

- A revised decommissioning activities schedule; and,
- An update to the cost estimate that accounts for changes in scheduled activities and all applicable changes in cost.

Comment 2:

Pursuant to the below listed regulatory requirements, provide an updated Certification of Financial Assurance, indicate the amount of decommissioning funds estimated to be required, and describe the assumptions and bases relied on to escalate decommissioning costs. [10 CFR 50.75(b)(1), 10 CFR 50.75(b)(2), 10 CFR 50.75(f)(1), Regulatory Guide 1.159-7]

Basis:

The regulation [10 CFR 50.75(b)(1)] states that a certification of financial assurance for decommissioning must be provided with a decommissioning report, and 10 CFR 50.75(b)(2) states that the amount must be adjusted annually. 10 CFR 50.75(f)(1), in part, describes the minimum requirements of the annual decommissioning funding report. Two such requirements are to indicate the amount of decommissioning funds estimated to be required under 10 CFR 50.75(b) and (c), and to include the assumptions used regarding rates of escalation of decommissioning costs.

Response

MARAD understands that the 10 CFR 50.75(e)(1)(iv), Statement of Intent is one of many methods available to licensees for providing a certification of financial assurance for decommissioning required by 10 CFR 50.75(b)(1).

In the Decommissioning Funds Status Report for CY 2010, MARAD will provide an update to the Statement of Intent. This Statement of Intent is the certification of financial assurance for decommissioning the Nuclear Ship *SAVANNAH*, License NS-1. The Statement of Intent will include the following:

- The amount of decommissioning funds estimated to be required; and,
- A description of the assumptions and bases relied on by MARAD to escalate decommissioning costs.

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Comment 3:

Indicate the amount of decommissioning funds estimated to be required in the Statement of Intent.
[10 CFR 50.75(e)(1)(iv), Regulatory Guide 1.159-19]

Basis:

The regulation [10 CFR 50.75(e)(1)(iv)] states that a statement of intent shall contain a cost estimate for decommissioning. Revise the Statement of Intent to include this information.

Response

In the Decommissioning Funds Status Report for CY 2010, MARAD will provide an update to the Statement of Intent that includes a cost estimate for decommissioning.



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Enclosure 3 to Response to Receipt of Decommissioning Funds Status Update for CY 2009

LIST OF REGULATORY COMMITMENTS

The following table identifies those actions committed to by MARAD in this document. Any other statements in this submittal are provided for information purposes and are not considered to be regulatory commitments. Please direct questions regarding these commitments to Erhard Koehler (202) 366-2631, and/or erhard.koehler@dot.gov.

REGULATORY COMMITMENT	TYPE (Check One)		DUE DATE
	One Time Action	Continuing Action	
Annually, MARAD will request funds specifically for decommissioning. The NRC will be informed of these decommissioning funding requests.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Annually by March 31
In the Decommissioning Funds Status Report for CY 2010, MARAD will provide the following:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
○ A revised decommissioning activities schedule	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
○ An update to the cost estimate that accounts for changes in scheduled activities and all applicable changes in cost	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
○ An update to the Statement of Intent that will include:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
▪ A cost estimate for decommissioning;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
▪ The amount of decommissioning funds estimated to be required; and,	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011
▪ A description of the assumptions and bases relied on by MARAD to escalate decommissioning costs.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	March 31, 2011