

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
**AGENDA ITEM REQUEST**  
for Proposed Rulemaking

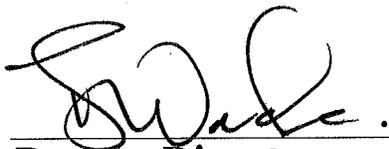
**AGENDA REQUESTED:** October 23, 2013

**DATE OF REQUEST:** October 4, 2013

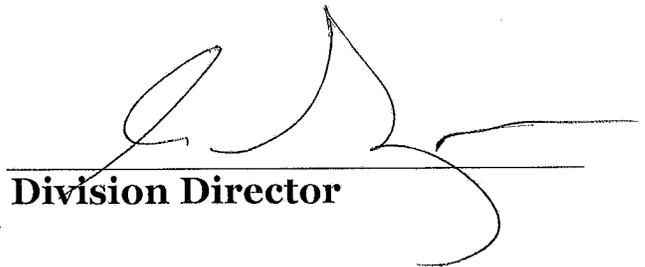
**INDIVIDUAL TO CONTACT REGARDING CHANGES TO THIS REQUEST, IF NEEDED:** Charlotte Horn, (512) 239-0779

**CAPTION: Docket No. 2012-2137-RAW.** Annual review of financial assurance requirements.

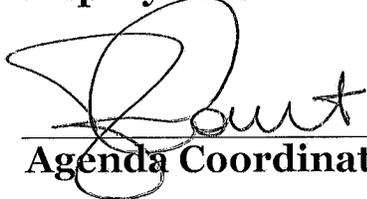
In compliance with 30 Texas Administrative Code (TAC) 335.736 (3) (c), WCS's financial assurance mechanisms and cost estimates are reviewed to assure that sufficient funds are available for completion of the low level radioactive waste disposal site closure plan, assuming that the work has to be performed by an independent contractor.



Deputy Director



Division Director



Agenda Coordinator

Copy to CCC Secretary? NO X YES

**Low-Level License RO4100  
Financial Assurance  
As of August 31, 2013**



Current Cost Estimates	2010 Dollars
Closure	\$92.9 million
Post Closure Monitoring	\$21.5 million
*Corrective Action	\$32.6 million
<b>Total</b>	<b>\$146.3 million</b>

**Financial Assurance Total                      \$194.5 million**

**Trust**

**Cash	\$9 million
***Kronos Stock	\$158.8 million
<b>Total Trust</b>	<b>167.8 million</b>

<b>Surety Bond</b>	<b>\$26.7 million</b>
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\* Permit Requires this to increase by \$3.35 million per year

\*\* \$9 million annually must be provided in cash to replace the stock component of the Trust. The stock component is to be eliminated upon the 5th anniversary of the trust.

\*\* Stock provided for financial Assurance must provide a 25% buffer

**Low-Level License RO4100  
Financial Assurance  
As of August 31, 2013**



**Facility Closure**

Current Value	\$131.1 million	\$7.3 Cash \$16.1 million Surety Bond \$68.8 million in Kronos Stock Held in Trust \$39.1 million (25%) Kronos Stock Buffer
Cost	\$92.9 million	\$7.3 Cash \$16.1 million Surety Bond \$68.8 million in Kronos Stock Held in Trust

**Post Closure Monitoring**

Current Value	\$30.6 million	\$1.7 Cash \$3.8 million Surety Bond \$16 million in Kronos Stock Held in Trust \$9.1 million (25%) Kronos Stock Buffer
Cost Estimate	\$21.5 million	\$1.7 Cash \$3.8 million Surety Bond \$16 million in Kronos Stock Held in Trust

**Corrective Action**

Current Amount	\$32.6 million	\$6.8 million in Surety Bond \$25.8 million in Kronos Stock Held in Trust
Cost Estimate	\$75 million	\$3.35 million Annual Increase
Minimum	\$20 million	

**Waste Control Specialist Low-Level License (RO4100)**  
**Financial Assurance Trust Information**

- Trust is Managed by US Bank N.A. based out of Minneapolis;
- The Trust was executed on November 3, 2011;
- The current Value of the Trust \$167.8 million;
- The stock value is \$158.8 million, composed primarily of Kronos Stock;
- Kronos stock replaced Titanium Metals Incorporated (TIMET) stock on November 11, 2012;
- Trust owns 10.2 million shares of Kronos as of August 31, 2013;
- The Trust requires an annual cash deposit of \$9 million on the anniversary of the trust;
- On the 5<sup>th</sup> anniversary the stock component of the trust is to be replaced with cash or some other mechanism;
- Requires an annual \$3.35 million increase in FA for corrective action;
- WCS has had made 2 annual increase to corrective action;
- Any increase in FA must be in another mechanism other than stock;
- The Trust requires a 25% margin and has minimum margin of 6%;
- If the margin drops below 6% the stock in the Trust is sold by the trustee;
- The trust currently has 44.7 days of average Kronos Stock Trading volume;
- Per Agency rules there is also an annual inflation adjustment; the FA was increased by \$2.9 million to fulfill 2011 dollar value.