

EnergySolutions, Inc.
Form 10-Q
May 10, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-33830

EnergySolutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

51-0653027
(I.R.S. Employer
Identification Number)

423 West 300 South, Suite 200
Salt Lake City, Utah
(Address of principal executive offices)

84101
(Zip Code)

Registrant's telephone number, including area code: **(801) 649-2000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 7, 2013, 90,579,979 shares of the registrant's common stock were outstanding.

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ENERGYSOLUTIONS, INC.

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For the Three Month Period Ended March 31, 2013

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Table of Contents**PART I****Item 1. Financial Statements****EnergySolutions, Inc.****Condensed Consolidated Balance Sheets****March 31, 2013 and December 31, 2012****(in thousands of dollars, except per share information)**

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 90,425	\$ 134,191
Accounts receivable, net of allowance for doubtful accounts	349,124	259,913
Costs and estimated earnings in excess of billings on uncompleted contracts	93,350	98,978
Income tax receivable	619	6,427
Prepaid expenses	10,129	11,022
Nuclear decommissioning trust fund investments, current portion	142,682	152,507
Deferred costs, current portion	119,793	127,573
Other current assets	3,357	3,924
Total current assets	809,479	794,535
Property, plant and equipment, net	116,487	117,744
Goodwill	305,432	308,608
Other intangible assets, net	230,197	239,551
Nuclear decommissioning trust fund investments	421,741	445,989
Restricted cash and decontamination and decommissioning deposits	315,968	316,754
Deferred costs	337,728	360,185
Other noncurrent assets	80,484	72,096
Total assets	\$ 2,617,516	\$ 2,655,462
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$	\$ 16,592
Accounts payable	138,489	144,649
Accrued expenses and other current liabilities	256,256	193,546
Deferred income taxes	1,090	1,101
Facility and equipment decontamination and decommissioning liabilities, current portion	130,282	138,757

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Unearned revenue, current portion	144,443	150,135
Total current liabilities	670,560	644,780
Long-term debt, less current portion	799,425	798,577
Pension liability	36,768	31,043
Facility and equipment decontamination and decommissioning liabilities	459,199	485,447
Deferred income taxes	19,331	20,507
Unearned revenue, less current portion	342,653	366,710
Other noncurrent liabilities	6,797	7,479
Total liabilities	2,334,733	2,354,543
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.01 par value, 1,000,000,000 shares authorized; 90,579,517 and 90,253,242 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively	906	903
Additional paid-in capital	510,727	511,503
Accumulated other comprehensive loss	(31,121)	(21,956)
Capital deficiency	(198,231)	(190,031)
Total EnergySolutions stockholders' equity	282,281	300,419
Noncontrolling interests	502	500
Total stockholders' equity	282,783	300,919
Total liabilities and stockholders' equity	\$ 2,617,516	\$ 2,655,462

See accompanying notes to condensed consolidated financial statements.

Table of Contents**EnergySolutions, Inc.****Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)****Three Month Periods Ended March 31, 2013 and 2012****(in thousands of dollars, except per share information)****(unaudited)**

	Three Month Period Ended	
	2013	2012
	March 31,	
	2013	2012
Revenue	\$ 526,208	\$ 490,692
Cost of revenue	(479,788)	(459,012)
Gross profit	46,420	31,680
Selling, general and administrative expenses	(32,221)	(33,662)
Equity in income of unconsolidated joint ventures	676	730
Income (loss) from operations	14,875	(1,252)
Interest expense	(18,645)	(17,691)
Other income, net	2,111	18,282
Loss before income taxes and noncontrolling interests	(1,659)	(661)
Income tax expense	(6,539)	(4)
Net loss	(8,198)	(665)
Less: Net income attributable to noncontrolling interests	(2)	(4)
Net loss attributable to EnergySolutions	\$ (8,200)	\$ (669)
Net loss per common share of EnergySolutions:		
Basic	\$ (0.09)	\$ (0.01)
Diluted	\$ (0.09)	\$ (0.01)
Weighted average common shares outstanding:		
Basic	90,359,873	89,065,585
Diluted	90,359,873	89,065,585
Other comprehensive income (loss):		
Net loss	\$ (8,198)	\$ (665)
Foreign currency translation adjustments, net of taxes	(8,687)	5,844
Change in unrecognized actuarial (loss) gain	(478)	153
Other comprehensive income (loss), net of taxes	(17,363)	5,332
Less: net income attributable to noncontrolling interests	(2)	(4)
Comprehensive income (loss) attributable to EnergySolutions	\$ (17,365)	\$ 5,328

See accompanying notes to condensed consolidated financial statements.

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EnergySolutions, Inc.

Condensed Consolidated Statement of Changes in Stockholders' Equity

Three Month Period Ended March 31, 2013

(in thousands of dollars, except per share information)

(unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Capital Deficiency	Noncontrolling Interests	Total Stockholders Equity
Balance at December 31, 2012	90,253,242	\$ 903	\$ 511,503	\$ (21,956)	\$ (190,031)	\$ 500	\$ 300,919
Net loss					(8,200)	2	(8,198)
Equity-based compensation			(342)				(342)
Vesting of restricted stock	441,127	4	(4)				
Minimum tax withholdings on restricted stock awards	(114,850)	(1)	(430)				(431)
Change in unrecognized actuarial loss				(478)			(478)
Foreign currency translation				(8,687)			(8,687)
Balance at March 31, 2013	90,579,517	\$ 906	\$ 510,727	\$ (31,121)	\$ (198,231)	\$ 502	\$ 282,783

See accompanying notes to condensed consolidated financial statements.

Table of Contents**EnergySolutions, Inc.****Condensed Consolidated Statements of Cash Flows****Three Month Periods Ended March 31, 2013 and 2012****(in thousands of dollars)****(unaudited)**

	Three Month Period Ended March 31,	
	2013	2012
Cash flows from operating activities		
Net loss	\$ (8,198)	\$ (665)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and accretion	17,400	19,017
Equity-based compensation expense	(342)	665
Deferred income taxes	(1,187)	203
Amortization of debt financing fees and debt discount	1,801	1,256
Gain on disposal of property, plant and equipment		(66)
Realized and unrealized gain on nuclear decommissioning trust fund investments	(5,354)	(19,514)
Changes in operating assets and liabilities:		
Accounts receivable	(102,815)	(12,759)
Costs and estimated earnings in excess of billings on uncompleted contracts	3,704	16,180
Prepaid expenses and other current assets	6,543	(1,512)
Accounts payable	761	(23,471)
Accrued expenses and other current liabilities	69,911	(21,044)
Unearned revenue	(29,708)	(19,866)
Facility and equipment decontamination and decommissioning liabilities	(41,384)	(34,623)
Restricted cash and decontamination and decommissioning deposits	791	109
Nuclear decommissioning trust fund	38,289	41,086
Deferred costs	30,237	28,354
Other noncurrent assets	(8,033)	(14,172)
Other noncurrent liabilities	7,258	13,985
Net cash used in by operating activities	(20,326)	(26,837)
Cash flows from investing activities		
Purchase of investments in nuclear decommissioning trust fund	(188,286)	(195,996)
Proceeds from sales of nuclear decommissioning trust fund investments	189,367	197,096
Purchases of property, plant and equipment	(3,171)	(5,999)
Purchases of intangible assets	89	
Proceeds from disposition of property, plant and equipment		89
Net cash used in investing activities	(2,001)	(4,810)
Cash flows from financing activities		

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Repayments of long-term debt	(16,592)		
Minimum tax withholding on restricted stock awards	(431)		(84)
Repayments of capital lease obligations	(211)		(74)
Debt financing fess	(3,160)		
Net cash used in financing activities	(20,394)		(158)
Effect of exchange rate on cash	(1,045)		1,478
Net decrease in cash and cash equivalents	(43,766)		(30,327)
Cash and cash equivalents, beginning of period	134,191		77,213
Cash and cash equivalents, end of period	\$ 90,425	\$	46,886

See accompanying notes to condensed consolidated financial statements.

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EnergySolutions, Inc.

Notes to Condensed Consolidated Financial Statements

(1) Description of Business

References herein to *EnergySolutions*, the Company, we, us or our refer to *EnergySolutions, Inc.* and its consolidated subsidiaries unless the context otherwise requires.

Envirocare of Utah, Inc. (predecessor) was formed in 1988 to operate a disposal facility for mixed waste, uranium mill tailings and Class A low-level radioactive waste (LLRW) in Clive, Utah. In January 2005, the predecessor converted to a limited liability company, Envirocare of Utah, LLC (Envirocare). Immediately thereafter, the sole member of Envirocare sold all of its member interest to ENV Holdings LLC (ENV Holdings). In 2006, we changed our name from Envirocare of Utah, LLC to *EnergySolutions, LLC* (we, our, *EnergySolutions* or the Company). Since 2005, we have expanded and diversified our operations through a series of strategic acquisitions, including the decontamination and decommissioning (D&D) division of Scientech, LLC (Scientech) in October 2005, BNG America, LLC (BNGA) in February 2006, Duratek, Inc. (Duratek) in June 2006, Safeguard International Solutions, Ltd. (renamed ESEU Services Limited (ESEU)) in December 2006, Parallax, Inc. (renamed *EnergySolutions* Performance Strategies) in January 2007, Reactor Sites Management Company Limited (RSMC) in June 2007, NUKEM Corporation (renamed *EnergySolutions* Diversified Services, Inc.) in July 2007, and Monserco Limited (Monserco) in December 2007.

On November 20, 2007, the date of the completion of our initial public offering, we completed our conversion to a corporate structure whereby *EnergySolutions, LLC* became a wholly owned subsidiary of *EnergySolutions, Inc.* As a result, the member of *EnergySolutions, LLC* contributed its membership equity interest for 75.2 million shares of \$0.01 par value common stock of *EnergySolutions, Inc.* *EnergySolutions, Inc.*, is organized and existing under the General Corporation Law of the state of Delaware.

On July 30, 2008, we completed a secondary public offering of 35 million shares of common stock offered by ENV Holdings, as selling stockholder. The underwriters of the offering subsequently exercised their over-allotment option and purchased 5.25 million additional shares of our common stock from ENV Holdings. Following completion of these transactions, ENV Holdings owned approximately 16.7% of our outstanding shares of common stock. We did not receive any proceeds from the sale of shares by ENV Holdings and recognized expenses of \$1.8 million for the year ended December 31, 2008. On February 13, 2009, ENV Holdings completed a distribution of all of our shares to its members on a pro rata basis for no consideration. As a result, ENV Holdings is no longer the beneficial owner, directly or indirectly, of any shares of our common stock.

On January 7, 2013, we entered into an Agreement and Plan of Merger (as amended, the Merger Agreement) with Rockwell Holdco, Inc., a Delaware corporation (Parent), and Rockwell Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub). Parent and Merger Sub are affiliates of Energy Capital Partners II, LP and its parallel funds (together with its affiliates, Energy Capital Partners or ECP), a leading private equity firm focused on investing in North America s energy infrastructure. On April 5, 2013, *EnergySolutions*, Parent and Merger Sub entered into the First Amendment to the Agreement and Plan of Merger. Pursuant to the Merger Agreement, the Merger Sub will merge with and into the Company (the Merger) and we will become a wholly owned subsidiary of Parent. The Merger will only be able to

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be consummated following the satisfaction or waiver of a number of conditions set forth in the Merger Agreement. Upon completion of the Merger, each outstanding share of the Company's common stock other than shares of common stock held in the treasury of the Company or owned by Parent, any affiliates of Parent, Merger Sub, a subsidiary of the Company or by stockholders who have validly exercised their appraisal rights under Delaware law, will be converted into the right to receive cash in an amount equal to \$4.15, without interest and subject to any required withholding of taxes.

On April 26, 2013, the Company held a Special Meeting of Stockholders at which the Company's stockholders approved the proposal to adopt and approve the Merger Agreement.

In January of 2013, EnergySolutions notified the U.S. Nuclear Regulatory Commission (the "NRC") about the Merger and requested the NRC's consent to the proposed indirect transfer of control of the Company's NRC radioactive material licenses and permits pursuant to the Merger. On May 9, 2013, the NRC consented to the indirect transfer of control of the Company's NRC licenses and permits pursuant to the Merger.

The Company has now received the required regulatory approvals related to the Merger from the states of Ohio, South Carolina, Tennessee and Utah and from the NRC. No further regulatory approvals related to the Merger are required.

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The obligation of Parent and Merger Sub to consummate the Merger remains subject to the satisfaction or waiver of a number of conditions set forth in the Merger Agreement, including (i) the absence of any law or order preventing the consummation of the Merger, (ii) subject to certain exceptions, the accuracy of the Company's representations and warranties, (iii) the Company's compliance in all material respects with its obligations under the Merger Agreement, and (iv) the absence of a material adverse effect on the Company.

The obligation of the Company to consummate the Merger remains subject to the satisfaction or waiver of a number of conditions set forth in the Merger Agreement, including (i) the absence of any law or order preventing the consummation of the Merger, (ii) that Parent's and Merger Sub's representations and warranties are accurate subject to certain exceptions and (iii) that Parent and Merger Sub have complied in all material respects with their obligations under the Merger Agreement.

The Company expects to consummate the Merger on or about May 24, 2013, at which time the Company's common stock will be delisted from the New York Stock Exchange.

We report our results through two major operating groups: the Government Group and the Global Commercial Group. The Government Group derives its revenue from United States (U.S.) government customers for the management and operation or clean-up of facilities with radioactive materials. Our U.S. government customers are primarily individual offices, departments and administrations within the U.S. Department of Energy (DOE) and U.S. Department of Defense (DOD). The Global Commercial Group reports its results under three separate operating business divisions: Commercial Services (CS), Logistics, Processing and Disposal (LP&D) and International. The Global Commercial Group provides a broad range of services both nationally and internationally, including (i) on-site D&D services to commercial customers such as power and utility companies, pharmaceutical companies, research laboratories, universities, industrial facilities, state agencies and other commercial entities that are involved with nuclear materials; (ii) logistics, transportation, processing and disposal services to both government and commercial customers at our facility in Clive, Utah, our four facilities in Tennessee, or our two facilities in Barnwell, South Carolina; and (iii) comprehensive long-term stewardship D&D work for shut-down nuclear power plants and similar operations. Our international operations derive revenue primarily through contracts with the Nuclear Decommissioning Authority (NDA) in the United Kingdom (U.K.) to operate, manage and decommission ten Magnox sites with 22 nuclear reactors. In addition, our International operations also provide turn-key services and sub-contract services for the treatment, processing, storage and disposal of radioactive waste from nuclear sites and non-nuclear facilities such as hospitals, research facilities and other manufacturing and industrial facilities.

(2) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring activities, considered necessary for a fair presentation have been included. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our 2012 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The results of operations for the three month period ended March 31, 2013 are not necessarily indicative of results that can be expected for the full year.

We have majority voting rights for one of our minority-owned joint ventures. Accordingly, we have consolidated its operations in our consolidated financial statements and therefore, we recorded the noncontrolling interests, which reflect the portion of the earnings of operations which are applicable to other noncontrolling partners.

Reclassifications

Certain reclassifications have been made to our prior period consolidated financial information in order to conform to the current year presentation. Approximately \$1.5 million was reclassified from property, plant and equipment to other intangible assets, both included under noncurrent assets in our consolidated balance sheet as of December 31, 2012, due to a misclassification of certain cask licensing costs.

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Accounting for the Exelon Transaction

In December 2007, we entered into certain agreements with Exelon Corporation (Exelon) to dismantle the Zion Station nuclear power plant located in Zion, Illinois (the Zion Station). On the date of the closing of the asset sale agreement with Exelon, the nuclear decommissioning trust (the NDT) fund investments previously held by Exelon for the purpose of decommissioning the Zion Station were transferred to us and the use of those funds, and any investment returns arising therefrom, remain restricted solely for that purpose. The investments are classified as trading securities and as such, the realized and unrealized investment gains and losses are recorded in the condensed consolidated statements of operations and comprehensive income (loss) as other income (expense), net. As part of this transaction, we have assumed Exelon's cost basis in the investments for tax purposes. To the extent that the trust fund assets exceed the total costs to perform the D&D work, we have a contractual obligation to return any excess funds to Exelon. Throughout the period over which we will perform the D&D work, we will assess whether such a contingent liability exists using the measurement thresholds under ASC 450-20.

As the trust fund assets transferred to us represented a prepayment of fees to perform the D&D work, we also recorded deferred revenue initially totaling \$772.2 million. Revenue recognition throughout the life of the project is based on the proportional performance method using a cost-to-cost approach.

In conjunction with the acquisition of the shut down nuclear power plant, we also became responsible for and assumed the asset retirement obligation (ARO) for the plant, and we have established an ARO measured in accordance with ASC 410-20. Subsequent measurement of the ARO follows ASC 410-20 accounting guidance, including the recognition of accretion expense, reassessment of the remaining liability using our estimated costs to complete the D&D work, plus a profit margin, and recognition of the ARO gain as the obligation is settled. ARO gain results from the requirement to record costs plus an estimate of third-party profits in determining the ARO. When we perform the D&D work using internal resources to reduce the ARO for work performed, we recognize a gain if actual costs are less than estimated costs plus the third-party profits. Accretion expense and ARO gain are recorded within cost of revenue because we are providing D&D services to a customer. Any change to the ARO as a result of cost estimate changes is recorded in cost of revenue within the condensed consolidated statements of operations and comprehensive income (loss). We also recorded deferred costs to reflect the costs incurred to acquire the future revenue stream. The deferred cost balance was initially recorded at \$767.1 million, which is the same value as the initial ARO, and will be amortized to cost of revenue in the same manner as deferred revenue is amortized, using the proportional performance method.

(3) Recent Accounting Pronouncements

Accounting Pronouncements Issued

There have been no developments to recently issued accounting pronouncements, including the expected dates of adoption and estimated effects on the Company's consolidated financial statements from that disclosed in the Company's 2012 Annual Report.

(4) Trust Fund Investments

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The NDT fund was established solely to satisfy obligations related to the D&D of the Zion Station. The NDT fund holds investments in marketable debt and equity securities directly and indirectly through commingled funds. Investments in the NDT fund are carried at fair value and are classified as trading securities. As of March 31, 2013, investments held by the NDT fund, net, totaled \$563.5 million, and are included in current and other long-term assets in the accompanying condensed consolidated balance sheets, depending on the expected timing of usage of funds.

We consolidate the NDT fund as a VIE. We have a contractual interest in the NDT fund and this interest is a variable interest due to its exposure to the fluctuations caused by market risk. We are able to control the NDT fund by appointing the trustee and, subject to certain restrictions, we are able to direct the investment policies of the fund. We are the primary beneficiary of the NDT fund as we benefit from positive market returns and bear the risk of market losses.

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NDT fund investments consisted of the following (in thousands):

	As of March 31, 2013				As of December 31, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Assets								
Receivables for securities sold	\$ 12,551	\$	\$	\$ 12,551	\$ 7,422	\$	\$	\$ 7,422
Investments								
Corporate debt securities	209,989	16,214	(506)	225,697	223,662	17,940	(575)	241,027
Equity securities	400	39		439	10,117	4,249	(61)	14,305
Direct lending securities	110,441	8,354	(937)	117,858	98,138	6,026	(1,721)	102,443
Debt securities issued by states of the U.S.	24,863	3,375		28,238	31,306	3,806		35,112
Cash and cash equivalents	23,161			23,161	23,686			23,686
Commingled funds					4,017	527		4,544
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	157,639	1,996	(1,299)	158,336	166,925	3,912	(880)	169,957
Total investments	526,493	29,978	(2,742)	553,729	557,851	36,460	(3,237)	591,074
Total assets	539,044	29,978	(2,742)	566,280	565,273	36,460	(3,237)	598,496
Liabilities								
Payable for securities purchased	(1,857)			(1,857)				
Total liabilities	(1,857)			(1,857)				
Net assets held by the NDT fund								
	\$ 537,187	\$ 29,978	\$ (2,742)	564,423	\$ 565,273	\$ 36,460	\$ (3,237)	598,496
Less: current portion				(142,682)				(152,507)
Long-term investments				\$ 421,741				\$ 445,989

Investments held by the NDT fund are included in current and other long-term assets in the accompanying condensed consolidated balance sheets, depending on the expected timing of usage of funds. We have withdrawn from the NDT fund approximately \$38.3 million and \$158.3 million, for the three month period ended March 31, 2013 and for the year ended December 31, 2012, respectively, to pay for Zion Station D&D project expenses, estimated trust income taxes and trust management fees.

For the three month periods ended March 31, 2013 and 2012, we recorded \$6.0 million of unrealized losses and \$5.9 million of unrealized gains, respectively, resulting from adjustments to the fair value of the NDT fund investments. Realized gains related to sales of investments, dividends and interest payments received from investments held by the NDT fund were \$11.3 million and \$13.6 million for the three month periods ended March 31, 2013 and 2012, respectively. Both, unrealized and realized gains and losses on the NDT fund investments are included in other income (expense), net, in the condensed consolidated statements of operations and comprehensive income (loss).

(5) Fair Value Measurements

We have implemented the accounting requirements for financial assets, financial liabilities, non-financial assets and non-financial liabilities reported or disclosed at fair value. The requirements define fair value, establish a three level hierarchy for measuring fair value in GAAP, and expand disclosures about fair value measurements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or

liabilities.

This hierarchy requires us to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Assets are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

The carrying value of accounts receivable, costs, and estimated earnings in excess of billings on uncompleted contracts, prepaid assets, accounts payable, and accrued expenses approximate their fair value principally because of the short-term nature of these assets and liabilities.

The fair market value of our debt is based on quoted market prices from the over-the-counter restricted market and is categorized as Level 1. The fair market value of our senior secured credit facility was approximately \$516.1 million as of March 31, 2013 and \$508.6 million as of December 31, 2012. The carrying value of our senior secured credit facility was \$510.4 million as of March 31, 2013 and \$527.0 million as of December 31, 2012. We also had outstanding senior notes obligations with a carrying amount of \$300.0 million as of March 31, 2013 and December 31, 2012, with a fair market value of approximately \$313.5 million as of March 31, 2013 and \$283.5 million as of December 31, 2012.

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The following table presents the NDT fund investments measured at fair value (in thousands):

	As of March 31, 2013				As of December 31, 2012			
	Total Investments at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Investments at Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3 (revised)
Assets								
Receivables for securities sold	\$ 12,551	\$ 12,551	\$	\$	\$ 7,422	\$ 7,422	\$	\$
Investments								
Cash and cash equivalents	23,161	23,161			23,686	23,686		
Fixed income securities(1)	412,271	129,863	282,408		446,096	125,605	320,491	
Equity securities(2)	439	439			14,305	14,305		
Direct lending securities(3)	117,858			117,858	102,443			102,443
Units of participation(4)					4,544		4,544	
Total investments	553,729	153,463	282,408	117,858	591,074	163,596	325,035	102,443
Total assets	566,280	166,014	282,408	117,858	598,496	171,018	325,035	102,443
Liabilities								
Payable for securities purchased	(1,857)	(1,857)						
Total liabilities	(1,857)	(1,857)						
Net assets held by the NDT fund	\$ 564,423	\$ 164,157	\$ 282,408	\$ 117,858	\$ 598,496	\$ 171,018	\$ 325,035	\$ 102,443

(1) For fixed income securities, multiple prices from pricing services are obtained from pricing vendors whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustee monitors prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustee determines that another price source is considered to be preferable. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities, are considered cash equivalents and are also categorized as Level 1. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2.

(2) With respect to individually held equity securities, the trustee obtains prices from pricing services, whose prices are obtained from direct feeds from market exchanges. The fair values of equity securities held directly by the trust fund are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these national securities exchanges.

(3) Direct lending securities are investments in managed funds that invest in private companies for long-term capital appreciation. The fair value of these securities is determined using either an enterprise value model or a bond valuation model. The enterprise value model develops valuation estimates based on valuations of comparable public companies, recent sales of private and public companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the applications of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability and relative performance. Under the bond valuation model, expected future cash flows are discounted using a discount rate. The discount rate is composed of a market based rate for similar credits in the public market and an internal credit rate based on the underlying risk of the credit. Investments in direct lending funds are categorized as Level 3 because the fair value of these securities is based

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largely on inputs that are unobservable and also utilize complex valuation models. Investments in direct lending securities typically cannot be redeemed until maturity of the term loan.

Because we rely on a third party for valuation of Level 3 investments, we have concluded that quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. We obtain annual valuations from the fund managers and gain an understanding of the inputs and assumptions used in preparing the valuations. We also conclude on the reasonableness of the fair value of these investments. We obtain quarterly reports from the fund managers and review for consistency and reasonableness with regards to the valuations of these investments that were analyzed at the most recent year-end.

(4) Units of participation, which are similar to mutual funds, are maintained by investment companies and hold certain investments in accordance with stated fund objectives. The fair values of short-term commingled funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. Units of participation are categorized as Level 2 because the fair value of these securities is based primarily on observable prices of the underlying securities.

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The following table presents the rollforward for Level 3 assets and liabilities measured at fair value on a recurring basis (in thousands):

Direct Lending Securities	March 31, 2013	December 31, 2012
Beginning balance	\$ 102,443	\$ 61,998
Purchases and issuances	17,351	82,285
Sales, dispositions and settlements	(5,094)	(39,706)
Realized gains and losses	46	(2,940)
Change in unrealized gains and losses	3,112	806
Ending balance	\$ 117,858	\$ 102,443

(6) Joint Ventures

We use the equity method of accounting for our unconsolidated joint ventures. Under the equity method, we recognize our proportionate share of the net earnings of these joint ventures as a single line item under *Equity in income of unconsolidated joint ventures* in our condensed consolidated statements of operations and comprehensive income (loss). In accordance with authoritative guidance, we analyzed all of our joint ventures and classified them into two groups: (a) joint ventures that must be consolidated because we hold the majority voting interest, or because they are VIEs of which we are the primary beneficiary; and (b) joint ventures that do not need to be consolidated because we hold only a minority voting or other ownership interest, or because they are VIEs of which we are not the primary beneficiary. During the three month period ended March 31, 2013, we performed an assessment of our joint ventures and concluded that no unconsolidated joint ventures should be consolidated and that no consolidated joint ventures should be deconsolidated.

The table below presents unaudited financial information, derived from the most recent financial statements provided to us, in aggregate, for our unconsolidated joint ventures (in thousands):

	As of March 31, 2013	As of December 31, 2012
Current assets	\$ 44,605	\$ 49,979
Current liabilities	24,006	25,127

	For The Three Month Period Ended March 31,	
	2013	2012
Revenue	\$ 26,506	\$ 32,667
Gross profit	2,566	2,011
Net income	2,275	1,909
Net income attributable to EnergySolutions	676	730

Our percentage of ownership of unconsolidated joint ventures as of March 31, 2013 was:

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	Percentage of Ownership
Global Threat Reduction Solutions, LLC	49.0%
LATA/Parallax Portsmouth, LLC	49.0%
SempraSafe, LLC	49.0%
TPMC EnergySolutions Environmental Services, LLC	49.0%
Washington River Protection Solutions, LLC	40.0%
Weskem, LLC	27.6%
Idaho Treatment Group, LLC	15.0%
West Valley Environmental Services LLC	10.0%

We did not receive any dividend distributions from our unconsolidated joint ventures during the three month periods ended March 31, 2013 or 2012.

Noncontrolling interest

We have majority voting rights for one of our minority owned joint ventures. Accordingly, we have reported its operations in our consolidated financial statements. Assets from our consolidated joint venture can only be used to settle its own obligations. Additionally, our assets cannot be used to settle the joint ventures' obligations because this minority owned joint venture does not have recourse to our general credit. We record noncontrolling interest income which reflects the portion of the earnings of operations which are applicable to other minority interest partners. Cash payments, representing the distributions of the investors' share of cash generated by operations, are recorded as a reduction in noncontrolling interests. Noncontrolling interest income for the three month periods ended March 31, 2013 and 2012 was \$0. No distributions were made for the three month periods ended March 31, 2013 or 2012.

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As of March 31, 2013 and December 31, 2012, we had recorded \$305.4 million and \$308.6 million, respectively, of goodwill related to domestic and foreign acquisitions. Goodwill related to the acquisitions of foreign entities is translated into U.S. dollars at the exchange rate in effect at the balance sheet date. The related translation gains and losses are included as a separate component of stockholders' equity in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets. For the three month periods ended March 31, 2013 and 2012, we recorded translation losses of \$2.8 million and translation gains of \$1.7 million, respectively, related to goodwill denominated in foreign currencies.

In accordance with authoritative guidance for accounting for Goodwill and Other Intangible Assets, we perform an impairment test on our goodwill annually, as of April 1, or more often when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying value. We estimate the fair value of the reporting units using a combined income and market approach. The income approach is calculated based on management's best estimates of future cash flows. Changes in these forecasts could significantly change the calculated fair value of a reporting unit. The market approach is calculated based on market multiples for comparable companies as applied to our company-specific metrics. As of March 31, 2013, and December 31, 2012, there were no events or circumstances that indicated that impairment exists in any of our reporting units.

(8) Other Intangible Assets

Other intangible assets subject to amortization consist principally of amounts assigned to permits, customer relationships and technology. All of our intangibles are subject to amortization.

Other intangible assets consisted of the following (in thousands):

	As of March 31, 2013			As of December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Weighted Average Remaining Useful Life
Permits	\$ 243,036	\$ (78,871)	16.4 years	\$ 243,130	\$ (76,406)	16.9 years
Customer relationships	154,851	(93,349)	5.3 years	161,429	(93,552)	5.6 years
Technology and other	15,490	(10,960)	2.8 years	15,490	(10,540)	3.1 years
Total amortizable intangibles	\$ 413,377	\$ (183,180)	13.2 years	\$ 420,049	\$ (180,498)	13.4 years

We recorded \$2.8 million and \$3.5 million of translation losses related to intangible assets denominated in foreign currencies for the three month periods ended March 31, 2013 and 2012, respectively. Amortization expense was \$6.4 million and \$6.5 million for the three month periods ended March 31, 2013 and 2012, respectively.

(9) Senior Credit Facilities and Senior Notes

Our outstanding long-term debt consists of the following (in thousands):

	March 31, 2013	December 31, 2012
Term loan facilities due through 2016(1)	\$ 510,407	\$ 527,000
Term loan unamortized discount	(8,026)	(8,741)
Senior notes, 10.75% due through 2018	300,000	300,000
Senior notes unamortized discount	(2,990)	(3,090)
Revolving credit facility		
Total debt	799,425	815,169
Less: current portion		(16,592)
Total long-term debt	\$ 799,425	\$ 798,577

(1) The variable interest rate on borrowings under our senior secured credit facility was 6.25% as of March 31, 2013 and December 31, 2012.

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On August 13, 2010, the Company entered into a senior secured credit facility with JPMorgan Chase Bank, N.A., as the administrative agent and collateral agent, consisting of a senior secured term loan in an aggregate principal amount of \$560 million at a discount rate of 2.5% and a senior secured revolving credit facility with availability of \$105.0 million, of which \$69.2 million was used to fund letters of credit issued as of March 31, 2013. Borrowings under the senior secured credit facility bear interest at a rate equal to: (a) Adjusted LIBOR plus 4.50% (subject to a LIBOR floor of 1.75%), or ABR plus 3.50% in the case of the senior secured term loan; (b) Adjusted LIBOR plus 4.50% (subject to a LIBOR floor of 1.75%), or ABR plus 3.50% in the case of the senior secured revolving credit facility, and (c) a per annum fee equal to the spread over Adjusted LIBOR under the senior secured revolving credit facility, along with a fronting fee and issuance and administration fees in the case of revolving letters of credit. As of March 31, 2013 and December 31, 2012, borrowings of \$310.5 million and \$310.6 million, respectively, under the senior secured term loan were held in a restricted cash account as collateral for the Company's reimbursement obligations with respect to deposit letters of credit.

The senior secured term loan amortizes in equal quarterly installments of \$1.3 million payable on the last day of each calendar quarter with the balance being payable on August 13, 2016. In addition to the scheduled repayments, we are required to prepay borrowings under the senior secured credit facility with (1) 100% of the net cash proceeds received from non-ordinary course asset sales or other dispositions, or as a result of a casualty or condemnation, subject to reinvestment provisions and other customary adjustments, (2) 100% of the net proceeds received from the issuance of debt obligations other than certain permitted debt obligations, (3) 50% of excess cash flow (as defined in the senior secured credit facility), if the leverage ratio is equal to or greater than 3.0 to 1.0, or 25% of excess cash flow if the leverage ratio is less than 3.0 to 1.0 but greater than 1.0 to 1.0, reduced by the aggregate amount of optional prepayments of senior secured term loan made during the applicable fiscal year. If the leverage ratio is equal to or less than 1.0 to 1.0, we are not required to prepay the senior secured term loan. The excess cash flow calculations (as defined in the senior secured credit facility), are prepared annually as of the last day of each fiscal year. Prepayments of debt resulting from the excess cash flow calculations are due annually five days after the date that the Annual Report on Form 10-K for such fiscal year is filed with the SEC. As of March 31, 2013, no scheduled quarterly repayments were due within the next 12 months. Each optional and mandatory prepayment is applied first, in direct order of maturities, to the next four scheduled principal repayment installments of the senior secured term loan and second, to the other principal repayment installments of senior secured term loans on a pro rata basis.

During the three month period ended March 31, 2013, we made principal debt payments totaling \$16.6 million. We also paid \$5.7 million of debt financing fees to our lenders to obtain amendments to the senior secured credit facility of which \$3.2 million were capitalized and are included in other noncurrent assets within the condensed consolidated balance sheet as of March 31, 2013.

The senior secured credit facility requires the Company to maintain a leverage ratio (based upon the ratio of indebtedness for money borrowed to consolidated adjusted EBITDA, as defined in the senior secured credit facility) and an interest coverage ratio (based upon the ratio of consolidated adjusted EBITDA to consolidated cash interest expense), both of which are calculated quarterly. Failure to comply with these financial ratio covenants would result in an event of default under the senior secured credit facility and, absent a waiver or an amendment from the lenders, preclude us from making further borrowings under the senior secured credit facility and permit the lenders to accelerate repayment of all outstanding borrowings under the senior secured credit facility. Based on the formulas set forth in the senior secured credit facility, we are required to maintain a maximum total leverage ratio of 4.0 for the quarter ending March 31, 2013, which is reduced by 0.25 on an annual basis through the maturity date. We are required to maintain a minimum cash interest coverage ratio of 2.00 from the quarter ended March 31, 2013 through the quarter ended September 30, 2014 and 2.25 through the maturity date. As of March 31, 2013, our total leverage and cash interest coverage ratios were 2.96 and 2.55 respectively.

The senior secured credit facility also contains a number of affirmative and restrictive covenants including limitations on mergers, consolidations and dissolutions, sales of assets, investments and acquisitions, indebtedness, liens, affiliate transactions, and dividends and restricted payments. Under the senior secured credit facility, we are permitted maximum annual capital expenditures of \$40.0 million for 2013 and each year thereafter, plus for each year the lesser of (1) a one year carryforward of the unused amount from the previous fiscal year and (2) 50% of the amount permitted for capital expenditures in the previous fiscal year. The senior secured credit facility contains events of default for non-payment of principal and interest when due, a cross-default provision with respect to other indebtedness having an aggregate principal amount of at least \$5.0 million and an event of default that would be triggered by a change of control, as defined in the senior secured credit

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facility. Capital expenditures for the three month period ended March 31, 2013 were \$3.1 million. As of March 31, 2013, we were in compliance with all of the covenants under our senior secured credit facility.

The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of the Company and each of the Company's domestic subsidiary guarantors, including a pledge of equity interests with the exception of the equity interests in our *ZionSolutions* subsidiary and other special purpose subsidiaries, whose organizational documentation prohibits or limits such pledge.

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In connection with our senior secured credit facility, on February 15, 2013, we entered into Amendment No. 2 to the Credit Agreement and Consent and Waiver (the Loan Amendment), with the lenders party thereto and JP Morgan Chase Bank, N.A., as the administrative and collateral agent. The Loan Amendment contains the following terms and conditions:

- 1) that the lenders and the administrative agent consent to i) the consummation of the Merger; ii) a waiver of the change of control provisions and certain other covenants and provisions under the senior secured credit facility, iii) a consent to any repayment of our 10.75% Senior Notes due 2018, provided that any payments are funded from equity contributions made to us by ECP or its affiliates; iv) an extension to the maturity date of our senior secured revolving credit facility, subject to certain conditions and acceptance by the extending revolving lenders; and v) 1% prepayment premium if any senior secured term loans are refinanced prior to the date that is one year following the execution date of the Loan Amendment;
- 2) that the definition of change of control and reporting requirements under the senior secured credit facility be amended;
- 3) that upon the closing of the Merger, that the applicable margin for our senior secured term loan made pursuant to the senior secured credit facility be increased by 0.5%;
- 4) that we will pay a consent fee to each lender that has entered into the Loan Amendment equal to (i) 0.5% of the sum of the outstanding term loans and revolving commitments of such lender on the execution date of the Loan Amendment and (ii) 0.5% of the sum of the outstanding term loans and revolving commitments of such lender on the closing date of the merger;
- 5) that we reimburse the administrative agent for fees, charges and disbursements of counsel in connection with preparation of the Loan Amendment;
- 6) that no later than 150 days after the closing of the Merger, that we reduce our debt with respect to our senior secured term loans under the amended senior secured credit facility and our 10.75% Senior Notes due 2018, after giving effect to the Merger, to \$675.0 million or less; and
- 7) that the Loan Amendment would take effect upon the consummation of the Merger.

If the Merger Agreement is terminated, then pursuant to the Reimbursement Agreement we entered into with Parent and Merger Sub on February 15, 2013 in connection with the Loan Amendment, Parent will reimburse the Company for (i) certain fees, costs, expenses or disbursements, if and to the extent paid by or on behalf of the Company, payable in connection with the Loan Amendment and (ii) certain fees, costs, expenses or disbursements, if and to the extent paid by or on behalf of the Company, that would otherwise be payable by Parent under the Fee Letter dated January 7, 2013, by and between Morgan Stanley Senior Funding, Inc. and Parent, subject to offset in certain circumstances.

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On August 13, 2010, we also completed a private offering of \$300.0 million 10.75% senior notes at a discount rate of 1.3%. The senior notes are governed by an Indenture among EnergySolutions and Wells Fargo Bank, National Association, as trustee. Interest on the senior notes is payable semiannually in arrears on February 15 and August 15 of each year beginning on February 15, 2011. The senior notes rank in equal right of payment to all existing and future senior debt and senior in right of payment to all future subordinated debt. In May 2011, we filed a registration statement under the Securities Act, pursuant to a registration rights agreement entered into in connection with the senior notes offering. The SEC declared the registration statement relating to the exchange offer effective on May 27, 2011, and the exchange of the registered senior notes for the unregistered senior notes was consummated on May 31, 2011. We did not receive any proceeds from the exchange offer transaction.

At any time prior to August 15, 2014, we are entitled to redeem all or a portion of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes plus an applicable make-whole premium, as of, and accrued and unpaid interest to, the redemption date. In addition, prior to August 15, 2013, we may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds from certain public equity offerings at a redemption price of 110.75% of the principal amount, plus accrued and unpaid interest to the date of redemption. In addition, on or after August 15, 2014, we may redeem all or a portion of the senior notes at the following redemption prices during the 12-month period commencing on August 15 of the years set forth below, plus accrued and unpaid interest to the redemption date.

Period	Redemption Price
2014	105.375%
2015	102.688%
2016 and thereafter	100.000%

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The senior notes are guaranteed on a senior unsecured basis by all of our domestic restricted subsidiaries that guarantee the senior secured credit facility. The senior notes and related guarantees are effectively subordinated to our secured obligations, including the senior secured credit facility and related guarantees, to the extent of the value of assets securing such debt. The senior notes are structurally subordinated to all liabilities of each of our subsidiaries that do not guarantee the senior notes. If a change of control of the Company occurs, each holder will have the right to require that we purchase all or a portion of such holder's senior notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest to the date of the purchase. The Indenture contains, among other things, certain covenants limiting our ability and the ability of one restricted subsidiary to incur or guarantee additional indebtedness, pay dividends or make other restricted payments, make certain investments, create or incur liens, sell assets and subsidiary stock, transfer all or substantially all of our assets, or enter into a merger or consolidation transactions, and enter into transactions with affiliates.

Each subsidiary co-issuer and guarantor of our senior notes is exempt from reporting under the Securities Exchange Act of 1934, as amended (the Exchange Act), pursuant to Rule 12h-5 under the Exchange Act, as the subsidiary co-issuer and each of the subsidiary guarantors is wholly owned by us, and the obligations of the co-issuer and the guarantees of our subsidiary guarantors are full and unconditional and joint and several. There are no significant restrictions on our ability or any subsidiary guarantor to obtain funds from its subsidiaries.

During the three month period ended March 31, 2013, we made cash interest payments totaling \$25.2 million related to our outstanding debt obligations as of that date. During the three month period ended March 31, 2012, we made cash interest payments totaling \$25.0 million, related to our outstanding debt obligations as of that date.

(10) Facility and Equipment Decontamination and Decommissioning

We recognize AROs when we have a legal obligation to perform D&D and removal activities upon retirement of an asset. The fair value of an ARO liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset, in the case of all our AROs except the Zion Station ARO, as described below.

Our ARO is based on a cost estimate for a third party to perform the D&D work. This estimate is inflated, using an inflation rate, to the expected time at which the D&D activity will occur, and then discounted back, using our credit adjusted risk free rate, to the present value. Subsequent to the initial measurement, the ARO is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligations.

Our facility and equipment D&D liabilities consist of the following (in thousands):

	March 31, 2013	December 31, 2012
Facilities and equipment ARO Zion Station	\$ 519,252	\$ 553,302
Facilities and equipment ARO Clive, UT	29,588	29,300
Facilities and equipment ARO other	35,562	35,757
Total facilities and equipment ARO	584,402	618,359

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Barnwell Closure	5,079	5,845
	589,481	624,204
Less: current portion	(130,282)	(138,757)
	\$ 459,199	\$ 485,447

Subsequent to the initial measurement of the ARO, the ARO is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligations. The following is a rollforward of our facilities and equipment ARO (in thousands):

	March 31, 2013	December 31, 2012
Beginning Balance as of January 1	\$ 618,359	\$ 750,649
Liabilities incurred	64	187
Liabilities settled	(40,600)	(159,776)
Accretion expense	6,579	30,017
ARO estimate adjustments		(2,718)
Ending liability	\$ 584,402	\$ 618,359

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For certain of our D&D obligations, we are required to deposit cash relating to our D&D obligation in the form of a restricted cash account, a deposit in escrow, or in a trust fund. D&D deposits consist principally of: (i) funds held in trust for completion of various site clean-up projects and (ii) funds deposited in connection with landfill closure, post-closure and remediation obligations. Although we are required to provide assurance to satisfy some of our D&D obligations in the form of insurance policies, restricted cash accounts, escrows or trust funds, these assurance mechanisms do not extinguish our D&D liabilities. D&D deposits and restricted cash are included in non-current assets in the accompanying condensed consolidated balance sheets.

The following table presents a summary of the D&D cash deposits available exclusively to fund closure and post-closure obligations related to our AROs (in thousands):

	March 31, 2013	December 31, 2012
Zion Station plant restricted cash(1)	\$ 200,000	\$ 200,000
Clive, Utah facility restricted cash	85,618	85,606
Tennessee facilities escrow account(2)	13,363	13,363
Barnwell, South Carolina facility trust fund	5,079	5,845
Others restricted cash	662	662

(1) In connection with the execution of the Exelon Agreements, and in fulfillment of NRC regulations, we secured a \$200.0 million letter of credit facility to further support the D&D activities at Zion Station. This letter of credit is cash-collateralized with proceeds obtained from our senior secured credit facility.

(2) To fund our obligation to clean and remediate our Tennessee facilities and equipment, we have also purchased insurance policies.

(11) Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) attributable to EnergySolutions by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to EnergySolutions by the weighted-average number of common shares outstanding during the period and potentially dilutive common stock equivalents. Potential common stock equivalents that have been issued by us relate to outstanding stock options and non-vested restricted stock awards and are determined using the treasury stock method.

The following table sets forth the computation of the common shares outstanding in determining basic and diluted net income (loss) per share:

	For the Three Month Period ended March 31,	
	2013	2012
Weighted average common shares basic	90,359,873	89,065,585

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Dilutive effect of restricted stock and stock options

Weighted average common shares diluted	90,359,873	89,065,585
Anti-dilutive securities not included above	3,498,933	7,814,192