

SIEMENS

71-6581
71-9248
71-9217
71-0003

September 29, 2000
LJM:00:080

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

Gentlemen:

Subject: Request for NRC Consent for Transfer of Siemens Power Corporation's (SPC's) Materials License (Docket 70-1257) and Related Licenses, Certificates and Approvals

As previously discussed with NRC Licensing Branch personnel, SPC's parent corporation, Siemens AG, is pursuing a planned merger of its world-wide nuclear business with the world-wide nuclear business of the French corporation Framatome S.A. The merger, with an anticipated closure date of on or about December 31, 2000, will result in the stock of SPC being transferred to Framatome Technologies Group, Inc. and in SPC's changing its name to Framatome ANP Richland Division, Inc. ("Framatome ANP Richland"). Accordingly, please find attached the originals plus six copies of the necessary information and confirmations to support the transfer of SPC's materials license (SNM-1227) and other related licenses, certificates, and approvals to Framatome ANP Richland Division, Inc.

Certain information and assurances of interest to the NRC are not available at this time, most notably the specific composition of the board of directors for Framatome ANP Richland and fully executed financial assurance instruments for plant decommissioning. The makeup of the board of directors will be identified to the NRC prior to the closing date. Unsigned drafts of financial assurance instruments are provided as Attachment 3 to the attached information package. Fully executed instruments will be provided to the NRC prior to the closing date upon the NRC Staff's confirmation of acceptability of the unexecuted instruments.

SPC requests the NRC's written consent, per 10 CFR 70.36, prior to the merger closing date. As previously stated, the closing date is currently projected to be on or about December 31, 2000. SPC will inform the NRC of any significant changes in the projected timetable for closure. If you have questions concerning the information provided, or require additional information, please feel free to contact me at 509-375-8537.

Siemens Power Corporation

2101 Horn Rapids Road
Richland, WA 99352

Tel: (509) 375-8100
Fax: (509) 375-8402

NIMSSO (Public)

Very truly yours,

A handwritten signature in cursive script that reads "L. J. Maas".

L. J. Maas, Manager
Regulatory Compliance

/pg

Enclosures

cc: D. E. Martin, NMSS/FCSS
E. W. Merschoff, NRC Region IV

**SIEMENS POWER CORPORATION'S REQUEST FOR NRC CONSENT TO TRANSFER
OWNERSHIP/CONTROL OF MATERIALS LICENSE SNM-1227 AND RELATED
CERTIFICATES AND APPROVALS**

September 29, 2000

I. INTRODUCTION

Siemens Power Corporation submits this application as required by Section 184 of the Atomic Energy Act of 1954 (as amended) (42 U.S.C. §2234) and the provisions of 10 CFR §70.36. This request for NRC consent to the transfer of Materials License SNM-1227 ("Materials License") arises from the planned merger of the world-wide nuclear business of Siemens AG, a German *Aktiengesellschaft* ("Siemens") including the outstanding shares of stock of Siemens Power Corporation ("SPC"), the entity that currently conducts the U.S. nuclear business of Siemens, with the world-wide nuclear business of Framatome S.A., a French *société anonyme* ("Framatome") and the creation of a new French company, Framatome Advanced Nuclear Power ("Framatome ANP"). SPC is currently the holder of the Materials License and operates thereunder at facilities located in Richland, Washington ("Richland Site"). Upon closing of the transaction SPC will be a wholly owned subsidiary of Framatome Technologies Group, Inc. ("FTG")¹, a Delaware corporation and a wholly-owned indirect subsidiary of Framatome ANP, and will operate under the name of Framatome ANP Richland Division, Inc. ("Framatome ANP Richland"). SPC requests Nuclear Regulatory Commission ("NRC") consent to the transfer of the Materials License to Framatome ANP Richland and the change in ownership of SPC from Siemens Corporation to FTG, effective upon the closing of the transaction. SPC further requests the NRC

¹ As shown on the organizational chart at Attachment A, FTG will change its name to Framatome ANP, Inc. on or before the Closing Date. For convenience, SPC will continue to use FTG in this Request.

approve conforming amendments to the Materials License, other licenses, approvals and certificates necessary to effectuate such transfer.

The proposed transaction requires the approval of other regulatory agencies in addition to the NRC, including the Washington State Department of Health. Closing of the transaction cannot take place until receipt of NRC and other regulatory approvals. Therefore, SPC requests that the NRC provide its written consent to the transfer, prior to and effective as of the Closing Date of the transaction. It is currently anticipated that the Closing Date will be on or about December 31, 2000. SPC will keep the NRC informed of the timetable established for the Closing Date.

From and after the Closing Date, as discussed herein, Framatome ANP Richland will be technically and financially qualified to be the holder of the Materials License as amended and will fulfill the responsibilities of such a holder. As of the Closing Date, individuals responsible for the licensed materials that are the subject of this Request will become Framatome ANP Richland employees and will continue to be responsible for such activities.

II. THE TRANSACTION

SPC is a wholly owned subsidiary of Siemens Corporation, a Delaware corporation, and an indirect subsidiary of Siemens. Siemens acquired SPC in 1986. SPC was initially incorporated by Exxon Corporation as Jersey Nuclear Fuel, Inc. and later became by change of name, Exxon Nuclear Company, Inc.

Framatome Technologies Group, Inc. began in 1987 when Framatome, through a US subsidiary, purchased a part interest in the Babcock & Wilcox commercial nuclear fuel business. Framatome was one of three French firms – the others being Cogema and Uranium Pechiney – that entered into a partnership agreement with Babcock & Wilcox. Babcock & Wilcox retained 51% ownership of the fuel operations at that time, which then became B&W Fuel Company and is now known as Framatome Cogema Fuels. In 1989,

Framatome assumed 50% ownership of the commercial nuclear service business of B&W which became B&W Nuclear Technologies, Inc. (BWNT). The 1989 agreement with B&W provided options for an eventual 100% ownership of BWNT by Framatome and for the US affiliates of Framatome and Cogema to buy the B&W interest in Framatome Cogema Fuels. Those options were exercised in 1993. In 1999, Framatome Technologies Group, Inc. acquired the Cogema interest in Framatome Cogema Fuels and became the 100% owner of that company.

On July 4, 2000, Siemens and Framatome entered into an agreement to combine the worldwide nuclear resources of Framatome and Siemens. As part of the transaction, Siemens and Framatome will form a new company, Framatome ANP, a French *société par actions simplifiée*. Framatome ANP will be headquartered in Tour Framatome, 1, Place de la Coupole, Courbevoie (92400), Paris, La Défense, France. It will be registered with the Trade and Companies Register of Nanterre under the number B 428 764 500. Siemens will own approximately thirty-four percent (34%) of the stock of Framatome ANP and Framatome will own the balance of approximately sixty-six percent (66%). The shares of ownership may be adjusted before or after the closing of the transaction, but in all cases, Framatome will own a majority interest in Framatome ANP. Framatome will transfer its ownership interest in FTG (and in turn, the interests owned by FTG in other Framatome companies in the United States including Framatome Cogema Fuels, a Delaware general partnership) to Framatome ANP. In furtherance of the transaction, all outstanding stock of SPC will be acquired through a stock purchase agreement by FTG. Upon closing of the transaction, SPC's capital stock will be transferred to FTG and SPC will become a wholly owned subsidiary corporation of FTG. SPC will change its name and will operate under the name Framatome ANP Richland. Framatome ANP Richland will remain responsible for all of SPC's obligations under the Materials License. FTG will also change its name and operate

under the name of Framatome ANP, Inc. A chart showing the nuclear businesses of Siemens before and after closing of the transaction is provided as Attachment 1.

The transaction will involve the transfer of other NRC issued licenses, approvals and certificates in addition to the Materials License. A list of the NRC licenses required to be transferred from SPC to Framatome ANP Richland in connection with the transaction is set forth in Attachment 2 hereof.

III. DESCRIPTION OF LICENSED ACTIVITIES AFFECTED BY TRANSFERS

The NRC licensed activities described in the current Materials License and other licenses, approvals and certificates affected by the transfer will be the same before and after the transfer.

IV. INFORMATION REQUIRED FOR TRANSFER OF LICENSES, APPROVALS AND CERTIFICATES

Information Provided Pursuant to NRC Information Notice 89-25, Rev. 1

Set forth below is information in response to NRC regulations and NRC Information Notice 89-25, Rev. 1, dated December 7, 1994, to support the transfer of the Materials License and other licenses, approvals and certificates covered by this Request.

1. The new name of the licensed organization

Framatome ANP Richland Division, Inc., 2101 Horn Rapids Road, Richland, Washington 99352.

2. The new licensee contact and telephone number(s) to facilitate communications

For SPC

Application for Transfer and Amendment
of Materials License SNM-1227

Mr. Loren J. Maas
Manager, Regulatory Compliance
Siemens Power Corporation
Telephone: (509) 375-8537
Fax: (509) 375-8402
E-mail: loren_maas@nfuel.com

For Framatome ANP Richland (after closing)

Mr. Loren J. Maas
Manager, Regulatory Compliance
Framatome ANP Richland, Inc.
Telephone: (509) 375-8537
Fax: (509) 375-8402
E-mail: loren_maas@nfuel.com

3. ***Any changes in personnel having control of licensed activities (e.g., officers of a corporation) and any changes in personnel named in the license such as radiation safety officer, authorized users or any other persons identified in previous license applications as responsible for radiation safety or use of licensed material. The licensee should include information concerning the qualifications, training, and responsibilities of new individuals.***

Framatome ANP Richland will be a wholly owned subsidiary corporation of FTG, and a wholly owned indirect subsidiary of Framatome ANP. Framatome ANP Richland will have a board of directors whose names will be identified to the NRC prior to the Closing Date. Current principal senior management and officers of SPC will become senior management and officers of Framatome ANP Richland and will occupy the same positions they presently hold.

Effective on the Closing Date, the names, addresses and country of citizenship of Framatome ANP Richland officers will be as follows:

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of Materials License SNM-1227

| <u>Name</u> | <u>Position</u> | <u>Citizenship</u> |
|-----------------------|--|--------------------|
| James H. Nordahl | President and Chief Executive Officer | United States |
| Mark D. Weiss | Senior Vice President, Chief Financial Officer & Treasurer | United States |
| James M. Burnett | Vice President, Sales and Projects | United States |
| Robert A. Dutton | Secretary | United States |
| Robin L. Feuerbacher | Vice President, Engineering and Manufacturing | United States |
| Christopher M. Powers | Vice President, Quality and Regulatory Affairs | United States |
| Richard B. Stout | Vice President, Far East Marketing | United States |

The address for Mssrs. Nordahl, Weiss, Dutton, Feuerbacher and Powers after closing is:

Framatome ANP Richland Division, Inc.
2101 Horn Rapids Road,
Richland, Washington 99352

The address for Mr. Burnett after closing is:

Framatome ANP Richland Division, Inc.
155 108th Avenue N.E., Suite 800
Bellevue, Washington 98004-5901

The address for Mr. Stout after closing is:

Framatome ANP Richland Division, Inc.
Takanawa Park Tower
20-14, Higashi-Gotanda 3-Chome, Shinagawa-ku
Tokyo 141-8641, Japan

There will be no significant change in the management or technical personnel responsible for licensed activities, including nuclear safety. The current safety and licensing organizations within SPC will remain unchanged. For day-to-day matters, Mr. James H. Nordahl, President and Chief Executive Officer of Framatome ANP Richland will

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of Materials License SNM-1227

report directly to Mr. Thomas Christopher, President and Chief Executive Officer, FTG, 3315 Old Forest Road, P.O. Box 10935, Lynchburg, Virginia 24506-0935.

4. *An indication of whether the transferor will remain in business without the license.*

SPC will survive as a separate corporation after the transaction. Its name and ownership will change as indicated elsewhere in this Request.

5. *A complete, clear description of the transactions, including any transfer of stock or assets, mergers, etc., so that legal counsel is able, when necessary, to differentiate between name changes and changes of ownership.*

See description of the transaction set forth in Section II above. At the conclusion of the transaction SPC will change its name to Framatome ANP Richland Division, Inc. SPC's ownership will change through a stock purchase agreement from Siemens Corporation to FTG.

6. *A complete description of any planned changes in organization, location, facility, equipment, or procedures (i.e., changes in operating or emergency procedures).*

There are no planned changes in the operational organization, location, facilities, equipment or procedures associated with the Materials License as a result of the transaction at this time. Additionally, there will be no changes in operating or emergency procedures. For changes in company organization see the response to 3 above and 8 below.

7. *A detailed description of any changes in the use, possession, location or storage of the licensed materials.*

There will be no change in the uses, possession, location or storage of licensed materials as a result of this transaction.

8. *Any changes in organization, location, facilities, equipment, procedures or personnel that would require a license amendment even without the change in ownership.*

No changes are planned to the operational organization, location, facilities, and equipment, procedures or personnel as a result of this transaction that would require a license amendment. To the extent there may be changes occurring sometime after the closing of this transaction, they will be addressed by license amendment applications as required by 10 CFR Part 70 or other regulations.

9. *An indication of whether all surveillance items and records (eg., calibrations, leak tests, surveys, inventories, and accountability requirements) will be current at the time of transfer. A description of the status of all surveillance requirements and records should also be provided.*

All licensed activities will continue without interruption from and after the time of transfer of the Materials License. All surveillance items and records will be maintained in their existing state and will be maintained in accordance with applicable regulations and license conditions.

10. *Confirmation that all records concerning the safe and effective decommissioning of the facility pursuant to 10 CFR 30.35(g) 40.36(f),*

70.25(g) and 72.30(d); public dose; and waste disposal by release to sewers, incineration, radioactive material spills, and on-site burials, have been transferred to the new licensee, if license activities will continue at the same location, or to the NRC for license termination.

This transaction does not require the physical transfer of any records. All records concerning the safe and effective decommissioning of the facility, public dose and waste disposal will remain physically located, maintained and available at the Richland Site and will become the property of Framatome ANP Richland, the new licensee, upon the closing of the transaction.

11. A description of the status of the facility. Specifically, the presence or absence of contamination should be documented. If contamination is present, will decontamination occur before transfer? If not, does the successor company agree to assume full liability for the decontamination of the facility or site?

Contamination at the Richland Site from NRC licensed activities, and the decontamination thereof, will be managed under the Materials License in accordance with the same plans and schedules that would have applied if the transaction did not occur. Decontamination will not occur before the Closing of the transaction. From and after the Closing Date, Framatome ANP Richland will assume full liability for the costs associated with such decontamination.

12. A description of any decommissioning plans, including financial assurance arrangements of the transferee, as specified in 10 CFR 30.35, 40.36 and 70.25. This should include information about how the transferee and transferor propose to divide the transferor's

assets, and responsibility for any cleanup needed at the time of transfer.

SPC has in place an approved decommissioning funding plan, including financial assurance arrangements in the form of a parent company guarantee issued by Siemens, under the Materials License. The decommissioning funding plan will continue to be implemented by Framatome ANP Richland. Framatome ANP Richland will replace the parent company guarantee with a letter of credit as the mechanism providing decommissioning funding assurance. The letter of credit agreements and related documents (unexecuted) taken from Draft Regulatory Guide DG-3014 are attached to this Request as Attachment 3. Fully executed documents will be provided by SPC prior to the Closing Date. No cleanup or decommissioning will be required at the time of the closing of the transaction and there will be no division of SPC's assets or liabilities. *See also* response to item 11 above and 13 below.

- 13. Confirmation that the transferee agrees to abide by all commitments and representations previously made to the NRC by the transferor. These include, but are not limited to: maintaining decommissioning records required by the 10 CFR 30.35(g); implementing decontamination activities and decommissioning of the site; and completing corrective actions for open inspection items and enforcement actions.***

With regard to contamination of facilities and equipment, the transferee should confirm, in writing, that it accepts full liability for the site, and should provide evidence of adequate resources to fund decommissioning; or the transferor should provide a commitment to decontaminate the facility before change of control or ownership.

With regard to open inspection items, etc., the transferee should confirm, in writing, that it accepts full responsibility for open inspection items and/or any resulting enforcement actions; or the transferee proposes alternative measures for meeting the requirements; or the transferor provides a commitment to close out all such actions with NRC before license transfer.

- (a) Framatome ANP Richland confirms its agreement, as of the Closing Date, to abide by all commitments and representations previously made to the NRC by SPC under the Materials License.
- (b) Framatome ANP Richland confirms, as of the Closing Date, that it accepts full liability for decontamination and decommissioning at the Richland Site resulting from NRC licensed activities. A copy of executed applicable financial assurance instruments will be provided to the NRC prior to the Closing Date.
- (c) Framatome ANP Richland confirms, as of the Closing Date, that it accepts full responsibility for open inspection items and/or any resulting enforcement actions in connection with operations currently conducted by SPC under the Materials License.

14. Documentation that the transferor and transferee agree to the change in ownership or control of the licensed material and activity, and the conditions of transfers; and the transferee is made aware of all open inspection items and its responsibility for possible resulting enforcement actions.

SPC hereby agrees to the change in ownership or control as described herein. Framatome ANP Richland will be made aware by SPC of open inspection items and its responsibility for possible resulting enforcement actions prior to closing.

- 15. A commitment by the transferee to abide by all constraints, conditions, requirements, representations and commitments identified in the existing license. If not, the transferee must provide a description of its program to ensure compliance with the license and regulations.**

Framatome ANP Richland will abide by all constraints, conditions, requirements, representations, and commitments identified in the Materials License.

V. FOREIGN OWNERSHIP, CONTROL OR INFLUENCE

As a result of this transaction, there will be no changes in personnel named as responsible for the licenses, approvals and certificates being transferred herein. Framatome ANP Richland will remain a Delaware corporation and all of its principal officers are United States citizens. Its stock will be acquired by FTG, a Delaware corporation. In the United States, FTG employs over 1100 personnel through its subsidiary companies Framatome Cogema Fuels, a Delaware general partnership, and Framatome Technologies, Inc., a Delaware corporation. Framatome Cogema Fuels is a holder of a materials license under 10 CFR Part 70.

As a result of this transaction, FTG will not gain access to Restricted Data and/or other classified information, sensitive nuclear technology or export controlled data (not covered by NRC export licenses), and no license for a production or utilization facility is involved.² France and the United States have developed a close working relationship concerning matters of common defense and non-proliferation of nuclear materials throughout the world and are parties to the Nuclear Non-Proliferation Treaty. The United States government through its Department of Energy has selected contracting teams which

² Nothing in this transaction will preclude FTG from retaining access, to the extent it has been granted such access by agencies of the United States government, to this type of information.

have included Framatome Cogema Fuels to work on a number of projects including the fabrication of mixed oxide fuel, thus demonstrating the special trust and confidence in the relationship between the United States and France. Thus, SPC believes this transaction does not create any concerns regarding foreign ownership, control or influence over the Richland Site and is not inimical to the common defense and security of the United States.

VI. CONCLUSION

For the reasons stated above, SPC requests that the NRC consent to the transfer of the Materials License and other licenses, approvals and certificates to Framatome ANP Richland and the change in control from Siemens Corporation to FTG by December 31, 2000. SPC also requests a conforming amendment to the Materials License issued to change the name of the licensee in accordance with Attachment 4.

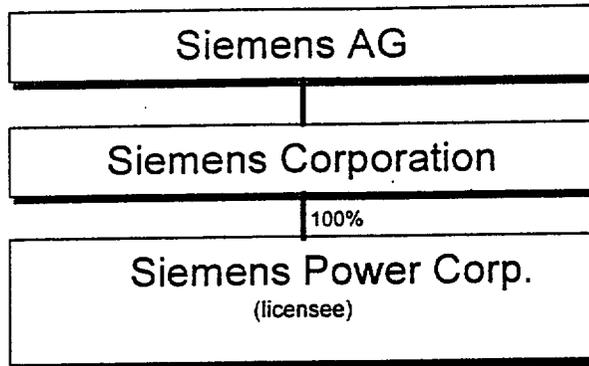
Siemens Power Corporation

By: Polin L. Feuerbacher

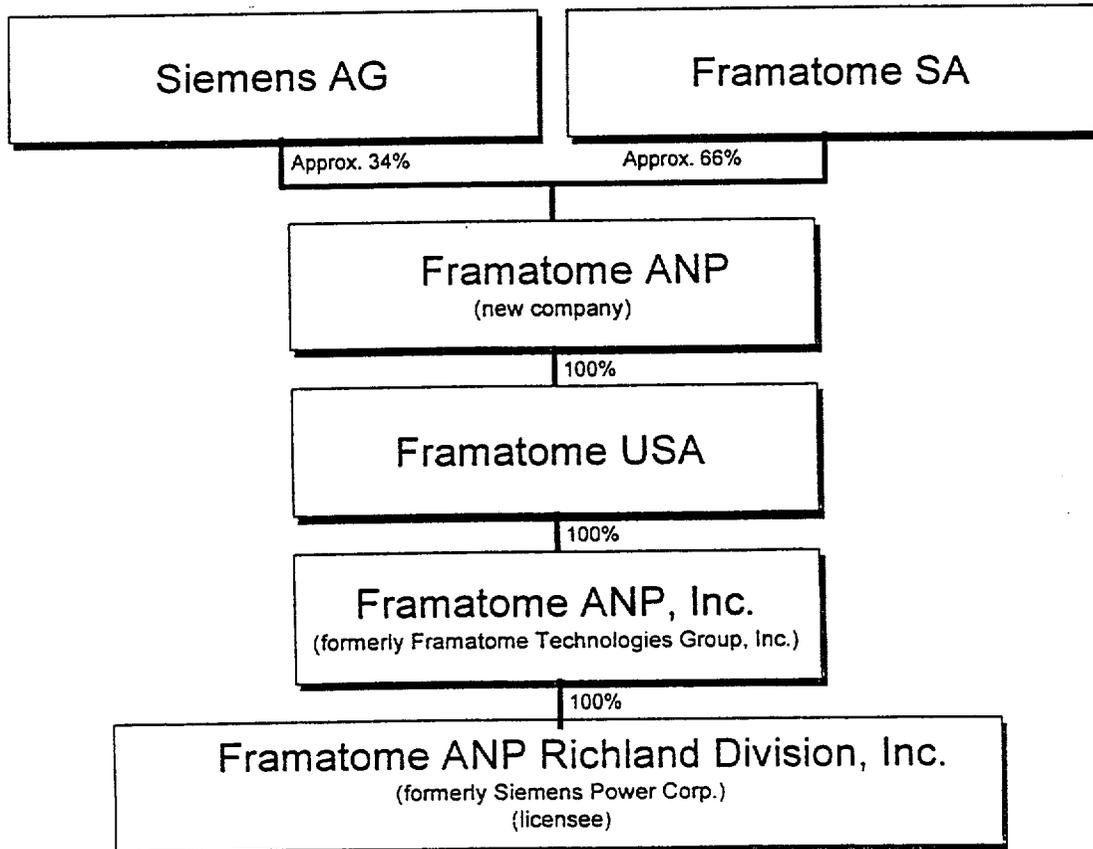
Title: Vice President, Engineering & Manufacturing

Partial Pre- and Post-Merger Organization Charts

• Pre-Closing Organization



• Post-Closing Organization



ATTACHMENT 2

NRC LICENSES AND PERMITS TO BE TRANSFERRED

| NRC Materials License SNM-1227 - Pending Amendment Applications | |
|---|---|
| Application Date | Description |
| 05/19/99 | Sale of Ammonium Hydroxide/Ammonium Nitrate |
| 05/24/00 | License Extension |

| Export Licenses - Current | | |
|---------------------------|---------------------------|-----------------|
| No. | Country of Ultimate Dest. | Expiration Date |
| XSNM02999 Amd. 2* | Brazil | 12/31/00 |
| XSNM03130* | Japan | 03/31/01 |
| XSNM03131* | Japan | 06/30/01 |
| XSNM03144 | Japan | 02/28/02 |
| XSNM03133* | Japan | 03/31/01 |
| XSNM03119* | Japan | 10/31/01 |
| XSNM03141 | Japan | 09/30/01 |
| XSNM03093* | Japan | 04/30/01 |
| XCOM1131* | Brazil | 12/31/00 |
| XSNM03090* | Japan | 10/31/00 |
| XSNM03078* | Japan | 12/31/00 |
| XSNM03071* | Japan | 12/31/00 |
| XSOU8749* | Germany | 11/30/01 |
| XSOU8763 | Germany | 12/31/05 |
| XSNM03026* | Japan | 12/31/00 |
| XSNM02969 Amd.1 | Taiwan | 12/31/10 |
| XCOMO1108 | Russia | 09/30/08 |
| XSNM03127* | Japan | 03/31/01 |
| XSNM03128* | Japan | 04/30/01 |
| XSNM03129* | Japan | 06/30/01 |
| XSNM03132* | Japan | 08/31/01 |

* The quantities authorized by this license have been exported, therefore SPC will let them expire and will not request the license be amended to add the new company name.

| Export Licenses - Applied For | | |
|-------------------------------|------------------------------|-----------------|
| No. | Country of Ultimate Dest. | Expiration Date |
| XSNM ---- | Germany, Sweden, Finland, UK | 09/30/02 |
| XSNM03161 | Japan | 12/31/01 |
| XSNM ---- | Japan | 12/31/01 |
| XSNM03158 | Japan | 11/30/01 |
| XSNM03159 | Japan | 03/31/02 |
| XSNM03160 | Japan | 10/31/01 |

| Import License | | |
|----------------|-------------------|-----------------|
| No. | Country of Origin | Expiration Date |
| IW0020 | Germany | 12/31/06 |

| Import License - Applied For | | |
|------------------------------|-------------------|-----------------|
| No. | Country of Origin | Expiration Date |
| IW ---- | Germany | 12/31/10 |

| Shipping Container Certificates | |
|---|-----------------|
| Primary Certificate Holder | |
| Certificate No., Container | Expiration Date |
| USA/6581/AF, Model 51032-1 | 05/31/04 |
| USA/9248/AF, Model SP-1/2/3 | 02/28/04 |
| USA/9217/AF, Model ANF-250 | 06/30/05 |
| Registered User | |
| USA/0411/AF, UF ₆ Cylinder w/o Overpacks | 03/01/02 |
| USA/4909/AF, DOT 21PF-1A and -1B | 07/01/03 |
| USA/9196/AF, UX-30 | 02/28/01 |
| USA/9203/AF, Model DHTF | 08/22/02 |
| USA/9251/AF, Model BW-2901 | 09/30/02 |
| USA/4986/AF, Model RA-3 | 03/31/03 |

| NRC QA Program Approval for Radioactive Material Packages | |
|---|-----------------|
| Approval Number | Expiration Date |
| 0003 | 05/31/04 |

| Miscellaneous Plans Approved by NRC | |
|--|--|
| Document No. | Title |
| EMF-12 | Nuclear Materials Safeguards Procedures Description for the Fuels Fabrication Plants |
| EMF-32 | Engineering and Manufacturing Facility - Emergency Plan |
| EMF-538(P) | Physical Protection Plan for Special Nuclear Material of Low Strategic Significance |

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [insert number]

This Credit Expires December 31, 2001

Issued To: U.S. Nuclear Regulatory Commission
Washington DC 20555

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. ____ in your favor, at the request and for the account of **Framatome ANP Richland Division, Inc.** up to the aggregate amount of **TWENTY NINE MILLION SEVEN HUNDRED SEVENTY SEVEN THOUSAND FIVE HUNDRED EIGHTY FOUR**, U.S. dollars \$29,777,584.00, available upon presentation of:

- (1) your sight draft, hearing reference to this Letter of Credit No. ____ and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under authority of the U.S. Nuclear Regulatory Commission."

This letter of credit is issued in accordance with regulations issued under the authority of the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 70, which require that a holder of or an applicant for, a materials license issued under 10 CFR Part 70 to provide assurance that funds will be available when needed for decommissioning.

This letter of credit is effective as of December 31, 2000 and shall expire on December 31, 2001, but such expiration date shall be automatically extended for a period of one (1) year on December 31, 2001, and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify both you and **Framatome ANP Richland Division, Inc.**, by certified mail as shown on the signed return receipts. If **Framatome ANP Richland Division, Inc.** is unable to secure alternative financial assurance to replace this letter of credit within 30 days of notification of cancellation, the NRC may draw upon the full value of this letter of credit prior to cancellation. The bank shall give immediate notice to the applicant and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the financial institution or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The financial institution also shall give immediate notice if the bank, for any reason, becomes unable to fulfill its obligation under the letter of credit.

Whenever this letter of credit is drawn on, under and in compliance with the terms of this letter of credit, we shall duly honor such draft upon its presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund of [insert name of licensee] in accordance with your instructions.

Each draft must bear on its face the clause "Drawn under Letter of Credit No. _____, dated _____ and the total of this draft and all other drafts previously drawn under this letter of credit does not exceed \$29,777,584.00. "

Signature

Title

Date

This credit is subject to the most current applicable provisions of the Uniform Commercial Code.

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of [insert date] by and between **Framatome ANP Richland Division, Inc.**, a Delaware corporation, herein referred to as the "Grantor," and **The Bank of New York**, 101 Barclay Street, 21 West, New York, New York, 10286-1091, the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I, of the Code of Federal Regulations, Part 70. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 70 to provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a letter of credit, this standby trust shall be used for the receipt of such payment; and

WHEREAS, when payment is made under a letter of credit, this standby trust shall be used for receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee;

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SNM-1227 issued pursuant to 10 CFR Part 70, as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund", together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Certificate of Events, and

A certificate attesting to the following conditions:

- (1) that decommissioning is proceeding to an NRC-approved plan;
- (2) that the funds with drawn will be expended for activities undertaken pursuant to that plan; and
- (3) that the NRC has been given 30 days prior notice of **Framatome ANP Richland Division Inc.'s** intent to withdraw funds from the trust fund.

No withdrawal from the Fund for a particular license can exceed 10 percent of the remaining funds available for that license unless NRC written approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing which persons of prudence, acting in alike capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government, and in obligations of the Federal government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid

directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C).

Section 13. Successor Trustee. Upon 90 days notice to the NRC and the Grantor, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and NRC has agreed, in writing, that the successor is an appropriate State or Federal government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, the NRC, and the present Trustee, by certified mail 10 days before such change becomes effective. Any expenses incurred by the trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the NRC, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of the NRC.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administrated, construed, and enforced according to the laws of the State of Delaware.

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

Framatome ANP Richland Division, Inc.,
a Delaware corporation

The Bank of New York
101 Barclay Street, 21 West
New York, New York, 10286-1091

By: _____
Name

Title

Date

By: _____
Name

Title

Date

STANDBY TRUST AGREEMENT SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates or certification amounts for the following licensed activities:

| <u>U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER(S)</u> | <u>NAME AND ADDRESS OF LICENSEE</u> | <u>ADDRESS OF LICENSED ACTIVITY</u> | <u>COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u> |
|---|---|---|--|
| SNM-1227 | Framatome ANP Richland Division, Inc. 2101 Horn Rapids Road Richland, WA 99352 | 2101 Horn Rapids Road Richland, WA 99352 | \$29,777,584 |

The cost estimates listed here were last adjusted and submitted to the NRC on May 30, 2000.

STANDBY TRUST AGREEMENT SCHEDULE B

DOLLAR AMOUNT NONE

AS EVIDENCED BY _____

STANDBY TRUST AGREEMENT SCHEDULE C

Trustee's fees shall be One Thousand Dollars (\$1,000.00) per year.

CERTIFICATE OF EVENTS

The Bank of New York
101 Barclay Street, 21 West
New York, New York, 10286-1091

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated _____,
I, Robert A. Dutton, Secretary of **Framatome ANP Richland Division, Inc.**, a Delaware corporation,
hereby certify that the following events have occurred:

1. Framatome ANP Richland Division, Inc., is required to commence the decommissioning of its facility located at 2101 Horn Rapids Road, Richland, Washington (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____ (copy of the approval attached).
3. The Board of Directors of Framatome ANP Richland Division, Inc. has adopted the attached resolution authorizing the commencement of the decommissioning.

Robert A. Dutton, Secretary
Framatome ANP Richland Division, Inc.,
a Delaware corporation

Date

CERTIFICATE OF RESOLUTION

I, Robert A. Dutton, do hereby certify that I am the Secretary of **Framatome ANP Richland Division, Inc.**, a Delaware corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on _____, [insert year].

IN WITNESS WHERE OF, I have hereunto signed my name and affixed the seal of this Corporation this _____ day of _____, [insert year].

Robert A. Dutton, Secretary
Framatome ANP Richland Division, Inc.,
A Delaware corporation

Date

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the Company as he may designate, to commence decommissioning activities at Framatome ANP Richland Division, Inc. in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

LETTER OF ACKNOWLEDGMENT

STATE OF _____

To Wit: _____

CITY OF _____

On this _____ day of _____, 2000, before me, a notary public in and for the city and State aforesaid, personally appeared _____, and she/he did depose and say that she/he is the [insert title], of The Bank of New York, national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

Notary Public

My Commission Expires: _____

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

| | |
|--|--|
| Licensee | |
| 1. Siemens Power Corporation Framatome ANP Richland Division, Inc. | 3. License Number SNM-1227, Amendment 24 |
| 2. 2101 Horn Rapids Road Richland, WA 99352-0130 | 4. Expiration Date November 30, 2001 |
| | 5. Docket No. 70-1257 Reference No. |

- | | | |
|--|---|--|
| 6. Byproduct Source, and/or Special Nuclear Material | 7. Chemical and/or Physical Form | 8. Maximum amount that Licensee May Possess at Any One Time Under This License |
| A. Uranium enriched in U-235 | A. Any | A. 350 g U-235 |
| B. Uranium enriched up to 5.00 wt % U-235 | B. Uranium compounds | B. 25,000 kg U-235 |
| C. Plutonium | C. Sealed sources and standards | C. 1 mg Pu and not more than 1.5 millicuries |
| D. Plutonium | D. PuO ₂ -UO ₂ stored waste | D. 500 g Pu |
9. Authorized place of use: The licensee's existing facilities at Richland, Washington.
10. This license shall be deemed to contain two sections: Safety Conditions and Safeguards Conditions. These sections are part of the license, and the licensee is subject to compliance with all listed conditions in each section.

FOR THE NUCLEAR REGULATORY COMMISSION

By: Philip Ting, Chief
Division of Fuel Cycle Safety and Safeguards
Washington, DC 20555

Date: July 20, 2000