

Mr. Gary L. Tessitore
Fansteel, Inc.
One Tantalum Place
North Chicago, IL 60064

September 15, 2003

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION REGARDING FINANCIAL
ASSURANCE FOR MUSKOGEE, OK FACILITY, LIC. NO. SMB-911

Dear Mr. Tessitore:

The staff reviewed the financial assurance information submitted in your July 24, 2003 letter. To complete its evaluation, the staff requires additional information, as detailed in the enclosed Request for Additional Information (RAI).

Your timely response will expedite completion of the staff's evaluation. Please contact Thomas Fredrichs, of my staff, at (301)415-5971, or tlf@nrc.gov, if you have any questions.

Sincerely,
/RAI/

Daniel M. Gillen, Chief
Decommissioning Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-7580
License: SMB-911

Enclosure: RAI

cc: Walter Beckham
Pamela Bishop
Mike Broderick
George Brozowski
James Curtiss, Esq.
A. F. Dohmann
Phillip Fielder
Richard Gladstein, Esq.

Timothy Hartsfield
Sarah Penn, Esq
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Jeffrey Sabin, Esq.
Frances Gecker, Esq.

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Enclosure: Trust Agreement

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DATE	09/15/03	09/15 /03	09/15/03	09/17/03

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Fansteel Financial RAI

1. On Table 15-12, Cash Flow by Year, for the line item labeled “Annual,” does the figure represent the actual change in year-end cash balance of RF, including cash balances at RW?
 - a. If the line item labeled “Annual” does not represent the actual change in year-end cash balance of RF, including cash balances at RW, please revise Table 15-12 to include that value.
2. On Table 15-12, Cash Flow by Year, for the line item labeled “Cash Balance,”
 - a. does that figure represent the year-end cash balance of RF, including cash balances at RW?
 - b. what assumptions, as to borrowings, cash proceeds of sales of RF assets outside the ordinary course of business, and capital contributions, were made to calculate the value?
 - c. If the line item labeled “Cash Balance” does not represent the year-end cash balance of RF, including cash balances at RW, please revise Table 15-12 to include that value, and the assumptions made to calculate it.
3. Please provide an example to illustrate the calculation of 50% Excess Cash, as that term is defined in the footnote of Section 15.3.2 of the Decommissioning Plan. The example should include an illustration of all potential subtractions, and define the algorithm used to determine the amount of the subtractions.
4. Please revise Table 15-12, Cash Flow by Year, to clearly show for each year the amount of estimated closure costs anticipated to come from (a) mandatory minimum payments, (b) 50% of Excess Available Cash as defined, (c) 50% of Prior Year End Cash Balance as defined and (d) borrowings from the standby trust.
 - a. Adjust the values in Table 15-12 to account for the use, if any, of Prior Year End Cash Balance to pay the amounts due under the Notes to MRI Inc.
 - b. Identify assumptions made in the calculations as to (i) the net increase in borrowings by RF under its credit lines, (ii) cash proceeds from the sale by RF of property plant, and equipment outside the ordinary course of business, and (iii) cash contributed to capital.
5. 10 CFR 40.36(d) requires that the funding plan must provide financial assurance “in the amount of the cost estimate for decommissioning”.
 - a. Please provide a list identifying which line items of Table 15-11, Closure Cost Estimate, are assured to NRC and which are not.
 - i. Where a line item includes both assured and non-assured costs, break the line item into two or more sub items and identify them as assured and non-assured.

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- b. For each line item in Table 15-11 whose cost is not assured to the NRC, please provide the following information:
 - i. a list of activities to be performed for the line item and either
 - (1) a justification for the conclusion that the activities performed for the line item are unnecessary to complete the decommissioning of the facility, or
 - (2) revise the DP and financial instruments to verify that the cost of the line item is included in the financial assurance provided to NRC, and revise the list of assured and non-assured costs to show that the cost of the line item is assured to NRC.
- 6. Please explain the term, "Funded Cost", as used in Table 15-11, Closure Cost Estimate.
- 7. Please provide a schedule showing the dates on which payments will be received by MRI, Inc. for planned payments by Reorganized Fansteel, such as the semi-annual mandatory payments of \$700,000, and payments under the Notes.
- 8. Please specify a time period, for example 30 days, within which insurance proceeds, if any, and Reorganized Debtor Asset Sale Proceeds, if any, received by Reorganized Fansteel, as noted in Section 15.3.2 of the DP, will be paid to MRI Inc.
- 9. Please submit a revision to Section 15 of the DP to include the information requested above.

Enclosure