

July 20, 1998

MEMORANDUM TO: Mary Adams, Acting Chief
Licensing Branch
Division of Fuel-Cycle Safety
and Safeguards, NMSS

FROM: John W. N. Hickey, Chief [ORIGINAL SIGNED BY RAN FOR:]
Low-Level Waste and Decommissioning
Projects Branch
Division of Waste Management, NMSS

SUBJECT: FINANCIAL ASSURANCE INSTRUMENT SECURITY EVALUATION

On May 29, 1998, Michael Weber provided a status report of his follow-up actions in response to the financial assurance instrument security evaluation performed by T. C. Johnson. We are attaching the current status of the audit items for your information. You indicated that several items would be resolved by June 30, 1998. Please provide us with any updates to the attached table by July 24, 1998. L. Bykoski and T. C. Johnson will provide any assistance you need.

Attachment: As stated

CONTACT: L. Bykoski, DWM/NMSS
(301) 415-8754

T. C. Johnson, DWM/NMSS
(301) 415-7299

TICKET: N/A

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DATE	7/17/98	7/20/98								

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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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Licensing Branch Financial Assurance Evaluation Followup Items

Item	Finding	Action Needed	Disposition	Status
1.	BWX: There appear to be several superseded documents in the safe; the Morgan letter of credit is undated; the standby trust value is stated as \$16,832,000, but may not be current.	Remove superseded items and return originals to licensee; have the Morgan letter of credit dated; verify the correct amount on the standby trust.	PM removed superseded items and returned them to BWXT on 5-12-98; no date needed on letter of credit; new Schedule A to standby trust submitted on 3-12-98.	CLOSED
2.	Framatome: There appear to be several superseded documents in the safe.	Remove superseded items and return originals to licensee.	Superseded items removed and returned to FCF.	CLOSED
3.	Siemens: It is unknown if a parent guarantee instrument was submitted with the 12-20-96 CFO and auditor's letters; There appear to be superseded documents in the safe; The inventory log shows Parent Guarantee Amendment No. 1; In the safe are standby trusts from Wachovia Bank and First Citizens Bank and a standby trust amendment from Bank of New York; it appears that some may have been superseded.	The 12-20-96 package should be checked to see if a parent guarantee was submitted, if it is still valid, and whether or not it has been superseded; Remove superseded items and return originals to licensee; Need to verify what Amendment 1 is; Need to determine which of these standby trusts are valid and which trust the amendment applies to.	Valid guarantee submitted on 2-28-97; file updated with 12-29-97 CFO letter and auditor's letter, standby trust amendment on 4-16-97 not listed correctly on inventory log; outdated instruments removed from safe; Wachovia Bank standby trust is still valid and First Citizens Bank standby trust removed from safe as outdated.	CLOSED

ATTACHMENT

4.	NFS: There appear to be superseded instruments in the safe.	Remove superseded items and return originals to licensee.	PM to resolve by 6-30-98	OPEN
5.	General Electric: It appears that there are superseded self-guarantee instruments in the safe.	Remove superseded items and return originals to licensee.	No disposition noted in 2-17-98 memorandum from Weber to Hickey.	OPEN
6.	<p>The LTS contains outdated information for the following licenses:</p> <p>BWX (SNM-42, SNM-414) Cabot, Boyertown (SMB-920) Fansteel (SMB-911) General Atomics (SNM-696, R-67, R-38) General Electric (various licenses) McDermott Technologies (SUB-1259, BPM-34-03043-03) - not in LTS Nuclear Fuel Services (SNM-124) Shieldalloy (SMB-743) Siemens (SNM-1227) Department of Commerce, NIST (SNM-362)</p>	The LTS entries need to be updated to reflect the correct name of the licensee; the correct instrument type, issuer, and amount; and whether the instrument has been approved and the correct date of approval.	LTS items updated except for NFS, which will be resolved by 6-30-98.	OPEN

7.	<p>The following licenses have listings in the LTS, but there are no instruments in the safe:</p> <p>Baltimore Gas & Electric (SNM-2505) Massachusetts Institute of Technology (SNM-986) Pennsylvania State Univ. (SNM-95) Purdue Univ. (SNM-142)</p>	<p>The LTS entries need to be checked to verify that financial assurance is required; that instruments have been provided and we know where the instruments are (if the instruments are not in Regional safes, the instruments need to be forwarded to DWM or the Regions for placement in the instrument safe); and the LTS entries need to be updated as necessary.</p>	<p>Instruments for MIT and PSU are in Region I safe; Purdue instrument is in Region III safe; FCLb doesn't have responsibility for BG&E license.</p>	OPEN
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