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Docket 70-36  
License SNM-33

Apr 22 1994

Mr. Robert W. Sharkey, Manager  
Regulatory Compliance  
Hematite Nuclear Fuel Manufacturing  
Combustion Engineering, Inc.  
P.O. Box 107  
Hematite, MO 63047

Dear Mr. Sharkey:

SUBJECT: DECOMMISSIONING FUNDING PLAN (TAC NO. L21637)

The Nuclear Regulatory Commission and its contractor have reviewed the decommissioning funding plan (DFP) submitted by Combustion Engineering, Inc. (CE) in support of the renewal of License SNM-33. The review included the original DFP submitted May 28, 1993, and additional information submitted December 10, 1993, in response to an NRC request for additional information dated November 10, 1993.

We have concluded that the DFP must be supplemented by additional information, as specified in the enclosed request for additional information (RAI), before additional review or consideration of NRC approval can proceed.

Prior to formalizing responses and prior to initiation of any projects resulting from the questions, CE should discuss the questions with NRC through telephone discussions and/or meetings to ensure that the intent of the questions is clear. Additionally, CE is requested to provide written responses to the questions within 30 days of the date of this letter. Please reference the above TAC No. in future correspondence related to this request.

If you have any questions, please contact me on (301) 504-2604.

Sincerely,  
Original Signed By:  
Sean Soong  
Licensing Section 2  
Licensing Branch  
Division of Fuel Cycle Safety  
and Safeguards, NMSS

Enclosure: As stated

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cc w/encls:  
Mr. J. F. Conant, Manager  
Nuclear Materials Licensing

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**REQUEST FOR ADDITIONAL INFORMATION**  
**DECOMMISSIONING FUNDING PLAN**  
**COMBUSTION ENGINEERING-HEMATITE FACILITY**  
**DOCKET 70-36**

On December 10, 1993, Combustion Engineering, Inc. (CE) provided additional information and documents concerning the decommissioning funding plan (DFP) and surety bond for License SNM-36. CE submitted this information in response to a U.S. Nuclear Regulatory Commission request for additional information (RAI) dated November 10, 1993. The original DFP was submitted on May 28, 1993. CE did not submit a revised cost estimate or surety bond with the additional information. Therefore, the additional information was reviewed in light of the existing cost estimate and surety bond, which are in the amount of \$10,000,000.

Upon review of the information provided, NRC has determined that the DFP must be modified and/or supplemented by additional information, as specified below.

**(1) Provide Additional Detail to Support the Cost Estimate**

CE did not provide specific information that was requested by NRC in the RAI, including the dimensions of the individual buildings and components, the volume of materials at the facility, the method of analysis used to estimate the duration of dismantling and decommissioning operations, and the volume of waste to be generated in decontaminating each facility component. It is possible that this information is included in the "approximately 36 other tables" CE mentions in the RAI response as being available at CE's offices. NRC has determined that this information is needed to evaluate the adequacy of the cost estimate.

NRC requests that CE submit additional detail in support of the cost estimate to demonstrate that it has provided reasonable cost estimates for all major decommissioning activities. The cost estimating tables in Appendix F of Regulatory Guide 3.66 (Ref. 1) and the tables in Appendices A through E of NUREG/CR-1754, Addendum 1 (Ref. 2), provide guidance to licensees on considerations for, and methods of preparing, cost estimates that NRC staff use in evaluating and reviewing DFPs.

**(2) Revise Schedule A of the Standby Trust Agreement to Indicate Costs**

In the first RAI, NRC requested that the licensee modify Schedule A of the standby trust agreement to include and reflect the cost estimate. In response, however, CE has not made the revision, but instead suggests that Schedule A should be revised at a later time. Specifically, CE states that

(1) the cost of decommissioning is stated in the DFP, and (2) it will give the current decommissioning cost estimate to the trustee at the time of activation of the standby trust agreement.

Specification in Schedule A of the estimated costs of decommissioning is important to allow the trustee to properly administer the conditions and requirements of the agreement. For example, the amount of the cost estimate can be critical to determining whether a particular withdrawal should be allowed. In addition, based on the execution date of the standby trust agreement, the standby trust has been "active" since July 1, 1990. Therefore, NRC considers further delay to be unwarranted and requests that CE modify Schedule A to specify the cost estimate.

References:

1. U.S. Nuclear Regulatory Commission, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72," Regulatory Guide 3.66, June 1990.
2. Short, S.M., "Technology, Safety and Costs of Decommissioning Reference Non-Fuel-Cycle Facilities: Compendium of Current Information," NUREG/CR-1754, Addendum 1, Pacific Northwest Laboratory, Richland Washington, for U.S. Nuclear Regulatory Commission.