R3D3-64

ASEA BROWN BOVERI

July 19, 1990
LD-90-050

Docket No. 70-36
License No. SNM-33

Mr. Charles J. Haughney, Chief
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Materials
Safety and Safeguards
U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D. C. 20555

Subject: Financial Assurance for Decommissioning

Dear Mr. Haughney:

Regulations in 10CFR70.25 require licensees to provide financial assurance for decommissioning facilities in which licensed activities are conducted. Accordingly, as holder of license SNM-33, Combustion Engineering, Inc. submits the enclosed Certification of Financial Assurance and executed originals of the Payment Surety Bond and Standby Trust Agreement.

If I can be of any assistance in this matter, please do not hesitate to call me or Mr. G. D. Hess of my staff at (203) 285-5218.

Very truly yours,

COMBUSTION ENGINEERING, INC.

J. F. Conant
Manager
Nuclear Materials Licensing

JFC:nlv

Enclosures: As Stated

cc: S. Soong (NRC)
G. France, III (NRC - Region III)

R-49

Combustion Engineering, Inc.
1000 Prospect Hill Road
Post Office Box 500
Windsor, Connecticut 06095-0500
Telephone (203) 688-1911
Fax (203) 285-9512
Telex 99297 COMBEN WSOR

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, Connecticut 06095-0500

NRC License No. SNM-33
Combustion Engineering, Inc.
P. O. Box 107
Hematite, Missouri 63047

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Combustion Engineering, Inc. is licensed to possess the types and amounts of material listed in the attached page from License SNM-33 and that financial assurance in the amount prescribed by 10CFR Part 70, $750,000, has been obtained for the purpose of decommissioning.

R. S. Bell, Jr.
Vice President and General Counsel
ABB Combustion Engineering Nuclear Power

July 17, 1990

NRC Form 374
(5-84)

U.S. NUCLEAR REGULATORY COMMISSION

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, ode of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 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. Combustion Engineering, Inc.	3. License number	SNM-33 Amendment No. 17
2. P. O. Box 107 Hematite, Missouri 63047	4. Expiration date	December 31, 1989
	5. Docket or Reference No.	70-36

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 to maximum 5.0 weight percent in the U-235 isotope	A. Any, excluding metal powder	A. 8,000 kilograms contained U-235
B. Uranium, any U-235 enrichment	B. Any	B. 350 grams
C. Source material (Uranium and Thorium)	C. Any, excluding metal powder	C. 50,000 kilograms
D. Cobalt-60	D. Sealed sources	D. 40 millicuries, total
E. Americium-241	E. Solid sources	E. 200 microcuries

9. Authorized use: For use in accordance with the statements, representations, and conditions contained in Part I of the licensee's renewal application dated February 26, 1982, and supplements dated July 21, 1982; February 21, 1983; May 31, 1984; April 29, June 6, and October 11, 1988; and February 10, March 22, May 1, August 18, October 23, October 26, and November 8, 1989 (2); and January 3 and January 12, 1990; and letters dated February 29, 1984, January 20, 1986, and March 30, 1987.

10. Authorized place of use: This licensee's existing facilities in Hematite, Missouri, as described in the referenced license renewal application.

11. Quarterly inspections by the Supervisor, NLS&A, or his representative shall be preplanned and shall be documented. Such documentation shall be maintained for 2 years.

CHUBB

CHUBB GROUP OF INSURANCE COMPANIES

100 William Street, New York, New York 10038-4568

FEDERAL INSURANCE COMPANY

PAYMENT SURETY BOND

Date bond executed: May 24, 1990

Effective date: May 24, 1990

Principal: Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, CT. 06095

Type of organization: Corporation

State of incorporation: Delaware

NRC license number, name and address of facility, and amount(s) for decommissioning activity guaranteed by this bond:
Combustion Enginnering, Inc.
P.O. Box 107
Hematite, MO. 63047
NFM License SNM-33

Surety: Federal Insurance Company
100 William Street
New York, N.Y. 10038

Type of organization: Corporation

Surety's qualification in jurisdiction where licensed facility(ies) is (are located).

EX 4

Surety's bond number: 8126-70-41

Total penal sum of bond: $750,000.00

Know all persons by these presents, That we, the Principal and surety(ies) hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the U.S. Nuclear Regulatory Commission, 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 (30, 40, 70, or 72), applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond from the NRC.

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 Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

COMBUSTION ENGINEERING, INC.

By: Richard M. Burt
Name: Richard M. Burt
Title: Secretary

FEDERAL INSURANCE COMPANY
100 William Street
New York, N.Y. 10038

State of Incorporation: New Jersey
Liability limit: $750,000.00

By: Edward J. Reilly
Name: Edward J. Reilly
Title: Attorney-in-fact

Bond premium: $2,813.00

(Individual Principal)

STATE OF _____ } ss.:
COUNTY OF _____ }

On this _____ day of _____ 19 , before me personally came _____, to me known and known by me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

_____ Notary Public

My commission expires _____

(When Principal is a Firm)

STATE OF _____ } ss.:
COUNTY OF _____ }

On this _____ day of _____ 19 , before me personally came _____, to me known and known by me to be a member of the firm of _____, described in and which executed the foregoing instrument, and the said _____ duly acknowledged to me that he executed the said instrument in the name of said firm and for its purposes and on its behalf.

_____ Notary Public

My commission expires _____

(When Principal is a Corporation)

STATE OF CONNECTICUT } ss.: WINDSOR
COUNTY OF HARTFORD }

On this 29th day of JUNE 19 90 , before me personally came RICHARD M. BURT to me known, who being by me duly sworn, did depose and say; that he resides in GREENWICH, CT that he is the SECRETARY of COMBUSTION ENGINEERING, INC. the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Clifton P. Stalph Notary Public.

CLIFTON P. STALPH
NOTARY PUBLIC

My commission expires MY COMMISSION EXPIRES MARCH 31, 1992

Form 15-10-16 (Formerly 12251)

PRINTED IN U.S.A.

CERTIFICATION

E OF NEW JERSEY
ty of Somerset } ss.

undersigned, Assistant Secretary of the FEDERAL INSURANCE COMPANY, do hereby certify that the following is a true excerpt from the By-Laws of the said Company as adopted by its Board of Directors rch 11, 1953 and most recently amended March 6, 1986 and that this By-Law is in full force and effect.

"ARTICLE XVIII

ction 2. All bonds, undertakings, contracts and other instruments other than as above for and on behalf of the Company which it is authorized by law or its charter to execute, may and shall be executed the name and on behalf of the Company either by the Chairman or the Vice Chairman or the President or a Vice President, jointly with the Secretary or an Assistant Secretary, under their respective signations, except that any one or more officers or attorneys-in-fact designated in any resolution of the Board of Directors or the Executive Committee, or in any power of attorney executed as provided r in Section 3 below, may execute any such bond, undertaking or other obligation as provided in such resolution or power of attorney.

ction 3. All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the Vice Chairman or the President Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed e signature of each of the following officers: Chairman, Vice Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company ay be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertak gs and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and y such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. ther certify that said FEDERAL INSURANCE COMPANY is duly licensed to transact fidelity and surety business in each of the States of the United States of America, District of Columbia, Puerto Rico, and f the Provinces of Canada with the exception of Prince Edward Island; and is also duly licensed to become sole surety on bonds, undertakings etc., permitted or required by law.

e undersigned Assistant Secretary of FEDERAL INSURANCE COMPANY, do hereby certify that the foregoing Power of Attorney is in full force and effect.

n under my hand and the seal of said Company at Warren, N.J. this 24th day of May 19 90

ate Seal

L. Mirey
Assistant Secretary

Financial Statement of Federal Insurance Company as of December 31, 1988
IN THOUSANDS OF DOLLARS
STATUTORY BASIS

ASSETS		LIABILITIES AND SURPLUS TO POLICYHOLDERS	
United States Treasury Bonds	$ 551,842	Outstanding Losses and Loss Expenses	$ 2,307,420
United States Government and Federal Agency Guaranteed Bonds	205,197	Unearned Premiums	610,636
State and Municipal Bonds	1,634,541	Accrued Expenses	68,750
Other Bonds	312,407	Non-Admitted Reinsurance	25,234
Common Stocks	209,389	Dividends to Policyholders	21,543
Preferred Stocks	1,010	Loss Portfolio Transfer	(136,774)
Other Invested Assets	46,285	Other Liabilities	179,885
Short Term Investments	38,973		
TOTAL INVESTMENTS	2,999,644	TOTAL LIABILITIES	3,276,694
Investments in Affiliates:		Common Stock	13,987
Vigilant Insurance Company	123,470	Paid-In Surplus	561,253
Great Northern Insurance Company	48,206	Unassigned Funds	498,772
Pacific Indemnity Company	244,254	Unrealized Appreciation of Investments	269,136
Chubb Life Insurance Company	175,766		
Bellemead Development Corporation	290,252		
Chubb Insurance Company of Canada	49,876		
Other	43,314	SURPLUS TO POLICYHOLDERS	1,343,148
Cash	15,039		
Net Premiums Receivable	453,784		
Reinsurance Recoverable on Paid Losses	64,164		
Other Assets	112,073		
TOTAL ADMITTED ASSETS	$ 4,619,842	TOTAL LIABILITIES AND SURPLUS TO POLICYHOLDERS	$ 4,619,842

Investments are valued in accordance with requirements of the National Association of Insurance Commissioners.
Investments valued at $11,047 are deposited with government authorities as required by law.

PRINTED

POWER OF ATTORNEY

Know all Men by these Presents, That the FEDERAL INSURANCE COMPANY, 15 Mountain View Road, Warren, New Jersey, a New Jersey Corporation, as constituted and appointed, and does hereby constitute and appoint Richard G. Hight, Assistant Secretary, Gloria Warrick, David B. Norris, Jr., Anna Maria Lovecchio, Robert Ogle, Maria Scardigno, Earnestine Porter, Helen S. Brown, Lydia R. Schorr, Richard A. Ciullo, Mark M. Baker, Dekker M. Buckley, Michael Leningburg, Jr., Greg Kuruvilla, Edward J. Reilly, John J. Barry, Christopher E. Painter and Matthew R. Young of New York, New York each its true and lawful Attorney-in-Fact to execute under such designation in its name and to affix its corporate seal to and deliver for and on its behalf as surety thereon or otherwise, bonds or obligations given or executed in the course of its business, and any instruements amending or altering the same, and consents to the modification or alteration of any instruments referred to in said bonds or obligations.

In Witness Whereof, the said FEDERAL INSURANCE COMPANY has, pursuant to its By-Laws, caused these presents to be signed by its Vice President and Assistant Secretary and its corporate seal to be hereto affixed this 1st day of April, 1989.

Corporate Seal

FEDERAL INSURANCE COMPANY
By

Richard D. O'Connor
Assistant Secretary

James D. Dixon
Vice President

STATE OF NEW JERSEY
County of Somerset } ss.

On this first day of April, 1989, before me personally came Richard D. O'Connor to me known and by me known to be Assistant Secretary of the FEDERAL INSURANCE COMPANY the corporation described in and which executed the foregoing Power of Attorney, and the said Richard D. O'Connor being by me duly sworn, did depose and say that he is Assistant Secretary of the FEDERAL INSURANCE COMPANY and knows the corporate seal thereof; that the seal affixed to the foregoing Power of Attorney is such corporate seal and was thereto affixed by authority of the By-Laws of said Company; and that he signed said Power of Attorney as Assistant Secretary of said Company by like authority, and that he is acquainted with James D. Dixon and knows him to be the Vice President of said Company, and that the signature of said James D. Dixon subscribed to said Power of Attorney is in the genuine handwriting of said James D. Dixon and was thereto subscribed by authority of said By-Laws and in deponent's presence.

Notarial Seal

HELEN S. BROWN
NOTARY PUBLIC, State of New York
No. 31-4682129
Qualified in New York County
Commission Expires December 31, 1990

Acknowledged and Sworn to before me
on the date above written.

Notary Public

ALICE LEONARD
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 12, 1993

NOTARIAL ACKNOWLEDGEMENT

CITY, COUNTY & STATE OF NEW YORK, ss

On this 24th day of May 19 90 before me personally came Edward J. Reilly to me known, who, being by me duly sworn, did depose and say that he is an Attorney-in-Fact of the FEDERAL INSURANCE COMPANY, the Corporation described in and which executed the annexed instrument; that he knows the corporate seal; that it was so affixed by order and authority of the Board of Directors of said corporation, and that he signed his name thereto by like order and authority.

HELEN S. BROWN
NOTARY PUBLIC, State of New York
No. 31-4682129
Qualified in New York County
Commission Expires December 31, 1990

Sworn to and Acknowledged
before me on the date above written.

(Notary's Signature, Description and Seal)

Form 21-10-0344 (Rev. 4-89) METRO SPEC '89

OVER

PRINTED IN U.S.A.

STANDBY TRUST AGREEMENT
NRC LICENSE NO. SNM-33

TRUST AGREEMENT, the Agreement entered into as of July 1, 1990 by and between Combustion Engineering, Inc., a Delaware corporation, herein referred to as the "Grantor," and Citibank, N.A., New York, N.Y. 10043, herein referred to as 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 Part 30, 40, 70, or 72 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a surety bond to provide all of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a surety bond, this standby trust shall be used for the 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 Combustion Engineering, Inc., 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-33 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 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. A certificate duly executed by the Secretary or an Assistant Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and

b. A certificate attesting to the following conditions;

(1) that decommissioning is proceeding pursuant to an NRC-approved plan

(2) That the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and

(3) that the NRC has been given 30 days' prior notice of Grantor's intent to withdraw funds from the escrow fund.

c. An order for payment of a stated amount to be withdrawn.

No withdrawal from the fund can exceed ten percent of the outstanding balance of the Fund or 100,000 dollars, whichever is greater, unless NRC approval is attached.

In the event of the Grantor's failure 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 decommissioning activities for the licensed facility covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for such 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 a like 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 licensed 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.

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 for prudent management of the Fund;

(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, or State agency, 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, 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 and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, 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 or State agency, 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 or State

agency issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or State agency, or their 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 the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, the NRC, or State agency, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instruction from the Grantor and/or the NRC, or State agency, 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 State agency, or by the Trustee and the NRC or State Agency, if the Grantor ceases to exist.

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 State agency, or by the Trustee and the NRC or State agency, 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, the NRC, or State agency, 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 administered, construed, and enforced according to the laws of the State of New York.

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 their corporate seals to be hereunto affixed and attested as of the date first written above.

COMBUSTION ENGINEERING, INC.

By: _____

Title: Secretary

ATTEST: _____

Title: Assistant Secretary -SEAL-

CITIBANK, N.A.

By: _____

PETER M. GLAZIK

Title: Assistant Vice President

ATTEST: _____

Mary LaGumina

Title: Trust Officer -SEAL-

ACKNOWLEDGEMENT

STATE OF NEW YORK

COUNTY OF MANHATTAN

CITY OF NEW YORK

On this 10 day of July 1990 before me, a notary public in and for the city and State aforesaid, personally appeared PETER M. GLAZIK, and she/he did depose and say that she/he is the ASSISTANT VICE PRESIDENT, of Citibank, N.A., 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 said trustee; and that she/he signed her/his name thereto by like order.

Nancy H. Forte

Notary Public

My Commission Expires: _____

NANCY H. FORTE
Notary Public, State of New York
No. 41-4902389
Qualified in Queens County
Certificate Filed in New York County
Commission Expires Aug. 3, 1991

Specimen Certificate of Events

Citibank, N.A.
Corporate Trust/Escrow Administration
120 Wall Street - 13th Floor
New York, N.Y. 10043

Attention: Peter M. Glazik, Assistant Vice President

Gentlemen:

In accordance with the terms of the Agreement with you dated _____, I, _____, Secretary of [insert name of licensee], hereby certify that the following events have occurred:

1. [Insert name of licensee] is required to commence the decommissioning of its facility located at [insert location of facility] (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 approval attached).

3. The Board of Directors of [insert name of licensee] has adopted the attached resolution authorizing the commencement of the decommissioning.

_____
Secretary of [insert name of licensee]

_____
Date

Form of

Certificate of Resolution

I, _____, do hereby certify that I am Secretary of [insert name of licensee], a [insert state of incorporation] corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on _____, 19__.

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 [insert name of facility] 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.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this ___ day of _____, ____.

_____

Secretary

SCHEDULE A

NRC License No. SNM-33

NRC Form 374
(5-84)

U.S. NUCLEAR REGULATORY COMMISSION

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, ode of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 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. Combustion Engineering, Inc.	3. License number	SNM-33 Amendment No. 17
2. P. O. Box 107 Hematite, Missouri 63047	4. Expiration date	December 31, 1989
	5. Docket or Reference No.	70-36

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 to maximum 5.0 weight percent in the U-235 isotope	A. Any, excluding metal powder	A. 8,000 kilograms contained U-235
B. Uranium, any U-235 enrichment	B. Any	B. 350 grams
C. Source material (Uranium and Thorium)	C. Any, excluding metal powder	C. 50,000 kilograms
D. Cobalt-60	D. Sealed sources	D. 40 millicuries, total
E. Americium-241	E. Solid sources	E. 200 microcuries

9. Authorized use: For use in accordance with the statements, representations, and conditions contained in Part I of the licensee's renewal application dated February 26, 1982, and supplements dated July 21, 1982; February 21, 1983; May 31, 1984; April 29, June 6, and October 11, 1988; and February 10, March 22, May 1, August 18, October 23, October 26, and November 8, 1989 (2); and January 3 and January 12, 1990; and letters dated February 29, 1984, January 20, 1986, and March 30, 1987.

10. Authorized place of use: This licensee's existing facilities in Hematite, Missouri, as described in the referenced license renewal application.

11. Quarterly inspections by the Supervisor, NLS&A, or his representative shall be preplanned and shall be documented. Such documentation shall be maintained for 2 years.

12. A written report shall be made by the NLS&A Supervisor to the Plant Manager every 6 months reviewing employee radiation exposure (internal and external) and effluent release data to determine:

    a. if there are any upward trends developing in personnel exposure for identifiable categories of workers, types of operations, or in effluent releases;

    b. if exposures and releases can be lowered in accordance with the ALARA commitment; and

    c. if equipment for effluent and exposure control is being properly used, maintained, and inspected.

13. The licensee shall leak test sealed sources in accordance with the enclosed "License Condition For Leak Testing Sealed Byproduct Material Sources."

14. Release of equipment and material from the plant site or to clean areas onsite shall be in accordance with the enclosed "Guidelines for Decontamination of Facilities and Equipment Prior to Release for Unrestricted Use or Termination of Licenses for Byproduct, Source, or Special Nuclear Material" dated August 1987.

15. Pursuant to 10 CFR 20.302, the licensee is authorized to treat waste and scrap materials containing uranium enriched in U-235 and/or source material by incineration.

16. Within 60 days of the date of this license renewal, the licensee shall submit to the NRC a description of a proposed monitoring program to determine the quantity and environmental effects of radioactivity on spent limestone rock used as onsite fill material and to determine the environmental effects of outdoor storage of the alpha-contaminated material.

17. The licensee shall survey spent limestone rock discharge from each HF scrubber for beta contamination. Rock with beta contamination which exceeds five times the background of fresh rock shall not be used for landfill.

18. Within 60 days of the date of this license renewal, the licensee shall submit to NMSS a plan, including schedule, for the disposal of alpha-contaminated spent limestone rock.

19. The licensee shall decontaminate the two evaporation ponds such that the average residual contamination in each pond does not exceed the appropriate limit of either 250 picocuries of insoluble uranium or 100 picocuries of soluble uranium per dry gram of soil. The Tc-99 concentrations in a composite sample for each pond shall be determined.

SAFEGUARDS INFORMATION
NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE
SUPPLEMENTARY SHEET

License number
SNM-33 Amendment No. 17

Docket or Reference number
70-36

JAN 24 1990

20. a. If the radioactivity in plant gaseous effluents exceeds 150 µCi per calendar quarter, the licensee shall, within 30 days, prepare and submit to the Commission a report which identifies the cause for exceeding the limit and the corrective actions to be taken by the licensee to reduce the release rates. If the parameters important to a dose assessment change, a report shall be submitted within 30 days which describes the changes in parameters and includes an estimate of the resultant change in dose commitment.

b. In the event that the calculated dose to any member of the public in any consecutive 12-month period is about to exceed the limits specified in 40 CFR 190.10, the licensee shall take immediate steps to reduce emissions so as to comply with 40 CFR 190.10. As provided in 40 CFR 190.11, the licensee may petition the Nuclear Regulatory Commission for a variance from the requirements of 40 CFR 190.10. If a petition for a variance is anticipated the licensee shall submit the request at least 90 days prior to exceeding the limits specified in 40 CFR 190.10.

21. The licensee shall maintain and execute the response measures of his Radiological Contingency Plan submitted to the Commission by letter dated December 28, 1987. The licensee shall also maintain implementing procedures for his Radiological Contingency Plan as necessary to implement the Plan. The licensee shall make no change in his Radiological Contingency Plan that would decrease the response effectiveness of the Plan without prior Commission approval as evidenced by a license amendment. The licensee may make changes to his Radiological Contingency Plan without prior Commission approval if the changes do not decrease the response effectiveness of the Plan. The licensee shall furnish the Chief, Fuel Cycle Safety Branch, Division of Industrial and Medical Nuclear Safety, NMSS, U. S. Nuclear Regulatory Commission, Washington, DC 20555, a report containing a description of each change within 6 months after the change is made.

22. At the end of the plant life, the licensee shall decontaminate the facilities and site in accordance with the general decommissioning plan submitted in the enclosure to the letter dated January 12, 1979, so that these facilities and grounds can be released to unrestricted use. The financial commitment to assure that funds will be available for decommissioning in the letter dated March 8, 1979, is hereby incorporated as condition of the license.

23. The licensee shall continue the soil sampling program for the spent limestone fill areas, as described in the letter dated February 29, 1984, until discontinuance is authorized by the Commission.

24. The monitoring program for the spent limestone shall include:

a. Continuous air sampling at the center of, and approximately 1 meter above, the uncovered spent limestone piles for a minimum 2-year period. The weekly samples may be composited and analyzed for uranium activity on a quarterly basis. The lower limit of detection shall be 10 µCi/ml, or

[1] The report or petition should be submitted to the Director, Office of Nuclear Material Safety and Safeguards, with a copy to the Regional Administrator, Region III.

b. Measurement of the uranium activity on the surface of the spent limestone. Prior to conducting such a program, the licensee shall submit the sampling and analytical program to the NRC for approval.

25. Processing of UF_6 in 10-ton cylinders is not authorized.

26. The 10-ton UF_6 cylinders shall be equipped with valve protectors.

27. The concrete pad for storage of UF_6 cylinders and the surrounding area shall be sloped or graded so that any spilled combustible fluids would not be confined to the storage area.

28. No combustibles shall be stored on the concrete pad.

29. A CO_2 fire extinguisher shall be readily available near the storage pad.

30. In addition to the controls in Section I of the enclosure to the letter dated March 30, 1987, UF_6 cylinders which are in transport and containing UF_6 heels shall be either sealed, in sealed overpacks, or in sealed vehicles.

31. Notwithstanding the statement in Section 4.2.3 of the application, the k-effective of a unit or an array of units shall not exceed 0.98 unless specifically authorized by the license.

32. Nuclear criticality safety evaluations performed by the licensee in accordance with Section 2.7, Part I of the application shall be based on assumptions of optimum moderation and reflection of individual safe units and of arrays.

33. Nuclear criticality safety evaluations involving k-effective calculations performed by a Nuclear Criticality Specialist shall be independently reviewed and approved by an individual having, as a minimum, the qualifications of a Nuclear Criticality Specialist.

34. For uranium enriched to more than 4.1 w/o U-235, the licensee shall limit the agglomeration/granulation process, each agglomerated powder storage location, and the pellet pressing operation to safe mass units as specified in Table 4.2.4, Part I of the application.

35. Deleted.

MATERIALS LICENSE
SUPPLEMENTARY SHEET

License number
SNM-33 Amendment No. 17
Docket or Reference number
70-36

JAN 24 1990

36. Deleted.

37. Deleted.

38. Building 250 (boiler room and warehouse) shall remain as an authorized place of use. Building 253 is not an authorized place of use.

39. At all times, the licensee shall limit moderating material (solutions and powders), except poreformer and lubricant, to not more than two 5-gallon pails on each of the second and third floors of Building 251.

FOR THE NUCLEAR REGULATORY COMMISSION

Date: JAN 24 1990

By: Glen L. Sjoblom
Division of Industrial and
Medical Nuclear Safety, NMSS
Washington, DC 20555

Schedule B

Initial Funds in Trust

None

Schedule C

Trustee Fees

- Prior to Funding of Trust -- $2,500.00 per annun

- After Funding of Trust -- per attached table of Escrow Fees

ESCROW ADMINISTRATION FEE SCHEDULE

ANNUAL ADMINISTRATIVE (based on asset value):

	CUMULATIVE
10 Basis Points on the first $5MM or any part thereof;	$5,000
6 Basis Points on the next $5MM;	8,000
3 Basis Points on next $90MM;	35,000
1 1/2 Basis Points on balance;	
Minimum annual administrative	$5,000

Activity fee $40.00 per securities transaction.

Out-of-town closings $600.00 per diem plus expenses.

New York closing $75.00 per hour.

July 29, 1988