



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

March 30, 2006

Docket No. 03019882
Control No. 137951

License No. 52-21175-01

Jorge Perera
General Manager
Baxter Healthcare Corporation
P. O. Box 1389
State Road 721, Km 0.3
Aibonito, PR 00705

SUBJECT: BAXTER HEALTHCARE CORPORATION, REQUEST FOR ADDITIONAL INFORMATION CONCERNING FINANCIAL ASSURANCE DOCUMENTS, CONTROL NO. 137951

Dear Mr. Perera:

This is in reference to your letter dated November 9, 2005 and your Letter of Credit dated February 24, 2006 providing financial assurance for Nuclear Regulatory Commission License No. 52-21175-01. In order to continue our review, we need the following additional information:

1. Attachment 3 to your letter dated November 9, 2005 shows a budgetary cost to decommission your irradiator as provided to you by your irradiator manufacturer/source supplier. However, we note in the budgetary numbers that your source supplier assumed the cobalt would be eligible for their recycle program.

As noted in the Federal Register, Volume 68, No. 192, published on Friday October 3, 2003, "the cost estimate should clearly state it does not take credit for salvage value that might be realized from the sale of potential assets during or after decommissioning." You need to provide financial assurance with the assumption that all radioactive sources will be disposed. You may provide a contractual agreement from the source supplier that indicates the costs provided are valid today, but the cost cannot account for resale (or recycle) of the sources.

Please revise your \$410,205 (Canadian dollars) cost estimate.

2. Your Letter of Credit dated February 24, 2006 increased your financial assurance. Funds drawn from a letter of credit must be placed directly into a "standby trust fund" if the licensee fails to conduct decommissioning as described in NUREG-1757, Volume 3, "Consolidated NMSS Decommissioning Guidance: Financial Assurance, Recordkeeping and Timeliness." Your Standby Trust Agreement dated July 16, 2002 needs to be revised to reference your revised cost estimate (taking into account the information contained in question #1 above) and the change in your bank. Please provide either:

J. Perera
Baxter Healthcare Corporation

2

a. a revised Schedule A, B and C for your Standby Trust Agreement which is commensurate with the monetary value in your Letter of Credit dated February 24, 2006. Ensure that this revision is signed and notarized by a representative of your management and a representative from the JP Morgan Chase bank.

or

b. a revised Standby Trust Agreement as described in Appendix A.17 of NUREG-1757, Volume 3 indicating the new monetary value. Ensure that the Standby Trust Agreement is signed and notarized by a representative of your management and a representative from the JP Morgan Chase bank.

3. Once you have recalculated your cost estimate with this information, please convert your cost estimate to U.S. dollars and provide the respective financial assurance documents following the guidance in NUREG-1757, Volume 3.

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Industrial, and Academic Uses of Nuclear Material**; then **Toolkit Index Page**. Or you may obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-888-293-6498. The GPO is open from 7:00 a.m. to 9:00 p.m. EST, Monday through Friday (except Federal holidays).

We will continue our review upon receipt of this information. Please reply to my attention at the Region I Office and refer to Mail Control No. 137951. If you have any technical questions regarding this deficiency letter, please call me at (610) 337-5252.

Sincerely,

Original signed by John D. Kinneman

John D. Kinneman, Chief
Materials Security and Industrial Branch
Division of Nuclear Materials Safety

cc:
Angel M. Alicea, Radiation Safety Officer

DOCUMENT NAME: E:\Filenet\ML060950182.wpd

SISP Review Complete: KModes

After declaring this document "An Official Agency Record" it will be released to the Public.

To receive a copy of this document, indicate in the box: "C" = Copy w/o attach/encl "E" = Copy w/ attach/encl "N" = No copy

OFFICE	DNMS/RI	N	DNMS/RI	N	DNMS/RI			
NAME	KModes /KAD/		JKinneman /JDK/					
DATE	3/30/2006		3/30/06					

OFFICIAL RECORD COPY