

Betty Garrett - A follow up on your Surty update

From: Michael Raddatz
To: R.Schoenfelder@westonSolutions.com
Date: 06/27/2006 10:43 AM
Subject: A follow up on your Surty update - *Cabot Corp.*
CC: Betty Garrett

Good Morning

By letter dated March 23, 2006, you submitted an amended decommissioning funding plan (DFP). It contained a cost estimate of \$2,104,521 to decommission its Boyertown facility. The cost estimate declined from the 2004 figure due to removal of a large volume of presscake from the site. You used a 15% contingency factor in its cost estimate, which was accepted in the past. However, the staff recently concluded that an adequate basis for accepting a contingency factor of less than 25%, as directed in NUREG-1757, Vol. 3, "Consolidated NMSS Decommissioning Guidance: Financial Assurance, Recordkeeping, and Timeliness," Appendix A.3.1.2.3, is the existence of firm price contracts that cover significant portions of the decommissioning activities. You did not identify such contracts.

However, you did state that the estimate included conservative assumptions in its cost estimate. Therefore, if you can provide additional information to quantify the average amount of conservatism in its estimate to demonstrate that the conservatism, when added to the contingency factor, equals at least 25% of the decommissioning cost estimate, we will be able to complete this review.

Betty Please docket 40-6940

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