



May 11, 2007
REL:07:019

U.S. Nuclear Regulatory Commission
Fuel Facility Licensing Directorate, FCSS
Attn: Gary S. Janosko, Deputy Director
Mail Stop 8 F42
Washington, D.C. 20555

Dear Mr. Janosko:

**Subject: Updated Financial Assurance Instruments for AREVA NP Inc. Richland,
Washington Fuel Fabrication Facility (License No. SNM-1227; Docket No. 70-
1257)**

Ref.: Letter, R. E. Link to U.S. NRC Document Control Desk, "Annual Financial Test Update for Decommissioning Financial Assurance for the AREVA NP Inc. (AREVA NP) Richland Fuel Fabrication Facility (License No. SNM-1227, Docket No. 70-1257)", dated April 10, 2007.

Via the referenced letter, AREVA NP provided to the NRC its annual financial test update in support of its parent company guarantee for decommissioning financial assurance. Per prior instruction from the NRC, we are submitting directly to you the original copies of the financial assurance instruments constituting the annual update. As indicated in the referenced correspondence, copies of the parent firm's (AREVA's) 2006 financial statements in conjunction with the auditor's report on these statements will be provided as soon as they become available.

Attached please find originals of the following:

- AREVA NP Inc. Chief Executive Officer (CEO) Letter;
- AREVA Chief Financial Officer (CFO) Letter, Including Parent Company Guarantee Financial Test [attached to the original Auditor's Special Report (next item)]; and
- Auditor's Special Report – Confirmation of the Chief Financial Officer's Letter.

If you have questions, please contact me on 509-375-8409.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Robert Link', with a stylized flourish at the end.

R. E. Link, Manager
Environmental, Health, Safety & Licensing

AREVA NP INC.

An AREVA and Siemens company

NM5501

Gary S. Janosko
May 11, 2007

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Enclosures

cc: w/o Attachments

US Nuclear Regulatory Commission
Attn: M. N. Baker, Mail Stop 8 F42
Fuel Cycle Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards
Washington, D.C. 20555-0001

U.S. Nuclear Regulatory Commission
Director, Office of Nuclear Material Safety and Safeguards
Attn: Document Control Desk
Washington, D.C. 20555



Thomas A. Christopher
President and CEO

CHIEF EXECUTIVE OFFICER (CEO) LETTER

March 26, 2007

U. S. Nuclear Regulatory Commission
Washington, D.C. 20055

Dear Sir or Madam:

I am the President and Chief Executive Officer of AREVA NP Inc., 2101 Horn Rapids Road, Richland, Washington, 99352, a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 70.

I hereby certify that AREVA NP Inc. is currently a going concern, and that it possesses positive tangible net worth in the amount of \$195M as of December 31, 2006.

This firm is not required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on December 31.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas A. Christopher', written over a horizontal line.

Thomas A. Christopher

TAC/kc

AREVA NP Inc.

An AREVA and Siemens company

3315 Old Forest Road, P. O. Box 10935, - Lynchburg, VA 24506-0935
Tel: 434 832 2519 - Fax: 434 832 3003 www.areva.com

Mazars & Guérard

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Salustro Reydel
Membre de KPMG International

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Deloitte & Associés

185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine cedex

Auditors' Report

In accordance with our appointment as statutory auditors of the "Société des Participations du Commissariat à l'Energie Atomique", whose trade name is AREVA, the "Letter", prepared by the Chief Financial Officer of AREVA and enclosed with the present report has been communicated to us in order to perform certain agreed procedures.

Our work has been performed in accordance with professional standards applicable in France. The procedures we performed are summarized as follows:

1. We compared the amounts in the attached schedules with amounts included in the company's consolidated financial statements prepared in accordance with IFRS as adopted by the European Union for the year ended December 31, 2006 and which were approved by the Executive Board on March 5, 2007 and reviewed by the Supervisory Board on March 22, 2007; or with amounts included in the corresponding general ledger;
2. We checked the totals and percentages included in the schedules.

Based on the procedures referred above, we have no matters to report regarding the consistency of the information given by AREVA in the attached "Letter" with the consolidated financial statements of AREVA as at December 31, 2006 or the corresponding general ledger.

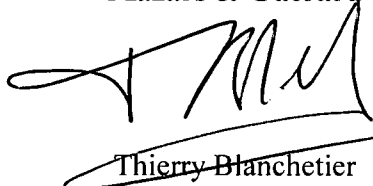
Because the above procedures do not constitute either an audit or a review made in accordance with professional standards applicable in France, we do not express any assurance on the individual accounts available in the attached schedule. Had we performed additional procedures, others matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Nuclear Regulatory Commission and yourselves, and should not be assigned to unspecified use or to be communicated to other person without our prior written authorization.

This report shall be governed by, and construed in accordance with the French Laws. The Courts of France (represented by the Cour d'Appel de Paris) shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this report and any matter arising from them. Each party irrevocably waives any right it may have to object an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

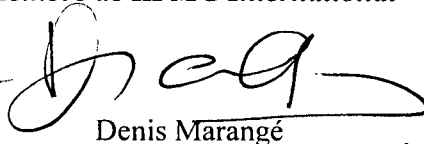
Paris-La-Défense and Neuilly-sur-Seine, March 30, 2007

Mazars & Guérard



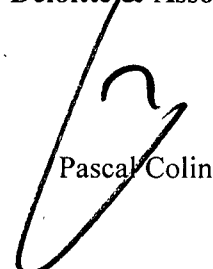
Thierry Blanchetier

Salustro Reydel
Membre de KPMG International



Denis Marangé

Deloitte & Associés



Pascal Colin



Paris, March 30th 2007

NUCLEAR REGULATORY COMMISSION

WASHINGTON, DC 20055
USA

CHIEF FINANCIAL OFFICER (CFO) LETTER

I am the chief financial officer of the "Société des Participations du Commissariat à l'Energie Atomique", whose trade name is AREVA and registered office is 27-29 rue Le Peletier, 75009 Paris, a French Société Anonyme. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 70.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 70, the decommissioning of the following facility owned or operated by subsidiaries of this firm. The current cost estimate or certified amount for decommissioning so guaranteed, is as follow:

| Name of Facility | License Number | Location of Facility | Certified Amounts or Current Cost Estimates |
|-------------------------|-----------------------|-----------------------------|----------------------------------------------------|
| Areva NP, Inc | SNM - 1227 | Richland, WA 99352 | 37.4 M\$ |

This firm is not required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

This fiscal year of this firm ends on December 31st. The figures for the following items marked with an asterisk are derived from this firm's independently audited year-end financial statements and footnotes for the latest completed fiscal year, ended December 31st, 2006. A copy of this firm's 2006 financial statements will be enclosed as soon as available.

The completed Financial Test I is enclosed.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Alain Pierre Raynaud', is written over a horizontal line.

Alain Pierre Raynaud
Chief Financial Officer

Parent company guarantee financial test 1 (EUR) - FY2006

EUR/USD au 31/12/06
1,317

| | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------|----|-------------|
| 1 | Current decommissioning cost estimates or certified amounts (all amounts in €m) | | |
| a | Decommissioning amounts covered by this parent company guarantee | M€ | 28,4 |
| b | All decommissioning amounts covered by other NRC or Agreement State parent company | M€ | 0 |
| c | All amounts covered by parent company guarantees, self guarantees, or financial tests of other Federal or State agencies (eg EPA) | M€ | 0 |
| | TOTAL M€ | | 28,4 |

| | | | | |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *2 | Total liabilities (if any portion of the cost estimates for decommissioning is included in total liabilities on your firm's financial statements, you may deduct the amount of that portion from this line and add this amount to lines 3 and 4) | M€ | 14 585 | Total of liabilities minus 2,494 billion Euros of provisions for Group share dismantling costs and minus 2,091 billion Euros of provisions for third party share dismantling costs. |
| *3 | tangible net worth (net worth minus goodwill, patents, trademarks and copyrights) plus provisions for Group share dismantling costs | M€ | 6 484 | Net worth (including decommissioning costs - Group share) minus 2,616 Billion Euros as goodwill and minus 0,116 billion Euros as copyright, trademarks and patents. |
| *4 | Net worth plus decommissioning cost plus provisions for Group share dismantling costs | M€ | 9 216 | shareholder's equity+additional capital (including decommissioning costs - Group share) |
| *5 | Current assets (less than 1 year) | M€ | 8 167 | |
| *6 | Current liabilities (less than 1 year) | M€ | 6 850 | |
| *7 | Net working capital (line 5 minus line 6) | M€ | 1 317 | |
| *8 | The sum of the net income plus depreciation, depletion and amortization | M€ | 1 463 | |
| *9 | Total assets in the US | M€ | 1 347 | |

| TEST | | | YES/NO |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-------|--------|
| 10 | is line 3 at least \$10 million? (line 10 is in \$) | 854 | YES |
| 11 | is line 3 at least 6 times line 1? X | 228 | YES |
| 12 | is line 7 at least 6 times line 1? X | 46 | YES |
| 13 | Are at least 90% of firm's assets located in the US? If not complete 14 | | |
| 14 | Is line 9 at least 6 times line 1? X | 47,43 | YES |
| Guarantor must meet two of the following three ratios: | | | |
| 16 | total liabilities (*2) / net worth (*4) < 2 | 1,58 | YES |
| 17 | net income plus amortization, depletion, depreciation (*8) / net worth (plus uncovered AREVA share decommissioning costs) > 0,1 | 0,22 | YES |
| 18 | current assets / current liabilities > 1,5 | 1,19 | NO |





Schedule reconciling amounts contained in Chief Financial Officer's Letter with the amounts in financial statements (EUR)

| financial test I | PER FINANCIAL STATEMENT (M€) | Reconciling Items (M€) | PER CFO's Letter (M€) |
|----------------------------------------------------------------------------------|---------------------------------------|------------------------------|--------------------------------|
| 6 Total current liabilities (less than 1 year) | 6 850 | | |
| Long term debt | 11 196 | | |
| Deferred income taxes | 1124 | | |
| | <u>19 170</u> | | |
| Accrued decommissioning costs included in long term debts | | 4 585 | |
| Total liabilities (less accrued decommissioning costs - Group share) | | | 14 585 |
| 4 Net worth | 6 722 | | |
| Less: patents, trademarks and copyright | -116 | | |
| Less: Cost in excess of value of tangible assets acquired | -2 616 | | |
| | <u>3 990</u> | | |
| Accrued decommissioning costs included in long term debts | | 4 585 | |
| Less : Third party part in long term decommissioning assets | | <u>-2 091</u> | |
| AREVA share of the accrued decommissioning costs included in long term debts | | 2 494 | |
| Net worth (plus AREVA share of decommissioning costs) | | | 9 216 |
| tangible net worth (plus AREVA share of decommissioning costs) | | | 6 484 |
| Less : Long term portfolio dedicated to decommissioning assets | | <u>-2 986</u> | |
| Net AREVA share of the accrued decommissioning costs included in long term debts | | -492 | |
| Net worth (plus uncovered AREVA share decommissioning costs) | | | 6 722 |
| CONTROL | | | 21 069 |
| + good will + patents + copyrights +trademarks | | | 2 732 |
| + Third party part in long term decommissioning assets | | | 2 091 |
| TOTAL BALANCE SHEET | | | 25 892 |

Parent company guarantee financial test 1 (USD) - FY2006

EUR/USD au 31/12/06
1,317

| | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------|-----|-------------|
| 1 | Current decommissioning cost estimates or certified amounts (all amounts in \$m) | | |
| a | Decommissioning amounts covered by this parent company guarantee | M\$ | 37,4 |
| b | All decommissioning amounts covered by other NRC or Agreement State parent company | M\$ | 0 |
| c | All amounts covered by parent company guarantees, self guarantees, or financial tests of other Federal or State agencies (eg EPA) | M\$ | 0 |
| | TOTAL M\$ | | 37,4 |

| | | | | |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *2 | Total liabilities (if any portion of the cost estimates for decommissioning is included in total liabilities on your firm's financial statements, you may deduct the amount of that portion from this line and add this amount to lines 3 and 4) | M\$ | 19 208 | Total of liabilities minus 3,285 billion \$ of provisions for Group share dismantling costs and minus 2,754 billion \$ of provisions for third party share dismantling costs. |
| *3 | tangible net worth (net worth minus goodwill, patents, trademarks and copyrights) plus provisions for Group share dismantling costs | M\$ | 8 539 | Net worth (including decommissioning costs - Group share) minus 3,445 Billion \$ as goodwill and minus 0,153 billion \$ as copyright, trademarks and patents. |
| *4 | Net worth plus decommissioning cost plus provisions for Group share dismantling costs | M\$ | 12 137 | shareholder's equity+additional capital (including decommissioning costs - Group share). |
| *5 | Current assets (less than 1 year) | M\$ | 10 756 | |
| *6 | Current liabilities (less than 1 year) | M\$ | 9 021 | |
| *7 | Net working capital (line 5 minus line 6) | M\$ | 1 734 | |
| *8 | The sum of the net income plus depreciation, depletion and amortization | M\$ | 1 927 | |
| *9 | Total assets in the US | M\$ | 1 774 | |

| | TEST | | YES/NO |
|-----------|---------------------------------------------------------------------------------------------------------------------------------|-------|---------------|
| 10 | is line 3 at least \$10 million? | 854 | YES |
| 11 | is line 3 at least 6 times line 1? | x 228 | YES |
| 12 | is line 7 at least 6 times line 1? | 46 | YES |
| 13 | Are at least 90% of firm's assets located in the US? If not complete 14 | | |
| 14 | Is line 9 at least 6 times line 1? | 47,43 | YES |
| | <u>Guarantor must meet two of the following three ratios:</u> | | |
| 16 | total liabilities (*2) / net worth (*4) < 2 | 1,58 | YES |
| 17 | net income plus amortization, depletion, depreciation (*8) / net worth (plus uncovered AREVA share decommissioning costs) > 0,1 | 0,22 | YES |
| 18 | current assets / current liabilities > 1,5 | 1,19 | NO |





Schedule reconciling amounts contained in Chief Financial Officer's Letter with the amounts in financial statements (USD)

| financial test I | PER FINANCIAL STATEMENT M\$ | Reconciling Items M\$ | PER CFO's Letter M\$ |
|----------------------------------------------------------------------------------|--------------------------------------|-----------------------------|-------------------------------|
| 6 Total current liabilities (less than 1 year) | 9 021 | | |
| Long term debt | 14 745 | | |
| Deferred income taxes | 1480 | | |
| | <u>25 247</u> | | |
| Accrued decommissioning costs included in long term debts | | 6 038 | |
| Total liabilities (less accrued decommissioning costs - Group share) | | | 19 208 |
| 4 Net worth | 8 853 | | |
| Less: patents, trademarks and copyright | -153 | | |
| Less: Cost in excess of value of tangible assets acquired | <u>-3 445</u> | | |
| | 5 255 | | |
| Accrued decommissioning costs included in long term debts | | 6 038 | |
| Less : Third party part in long term decommissioning assets | | <u>-2 754</u> | |
| AREVA share of the accrued decommissioning costs included in long term debts | | 3 285 | |
| Net worth (plus AREVA share of decommissioning costs) | | | 12 137 |
| Tangible net worth (plus AREVA share of decommissioning costs) | | | 8 539 |
| Less : Long term portfolio dedicated to decommissioning assets | | <u>-3 933</u> | |
| Net AREVA share of the accrued decommissioning costs included in long term debts | | -648 | |
| Net worth (plus uncovered AREVA share decommissioning costs) | | | 8 853 |
| CONTROL | | | 27 748 |
| + good will + patents + copyrights +trademarks | | | 3 598 |
| + Third party part in long term decommissioning assets | | | 2 754 |
| TOTAL BALANCE SHEET | | | 34 100 |