



Nuclear Operations Division

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January 7, 2008  
08-003

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

- References: (1) Letter dated November 14, 2007, Morrell (BWXT) to Director, NMSS (NRC), Notification of Company Name Change and Request to Revise Chapters 1 through 7, 10, and 11 of License Application SNM-42
- (2) Letter dated December 10, 2007, Cole (BWXT) to Director, NMSS (NRC) Reply to the Request for Additional Information In Regards to the BWX Technologies, Inc. SNM-42 License Amendment Request of November 14, 2007.

Subject: Request for Transfer of Control for License SNM-42 and Request for Exemption from 10CFR25 (f), (TAC L32657)

Gentlemen:

At this time, BWX Technologies, Inc. (BWXT) is providing additional information to supplement the amendment request dated November 14, 2007, concerning the restructuring of BWXT Nuclear Operations Division. In addition, BWXT is also submitting a request to transfer control of License SNM-42 from BWXT to Babcock & Wilcox Nuclear Operations Group, Inc. (B&W NOG). BWXT is also requesting an exemption from 10 CFR 70.25(f) to provide financial assurance for decommissioning costs associated with DOE contracts by allowing BWXT to provide a letter of agreement from the DOE to fulfill this requirement.

This amendment request and supplemental information is being provided based on recent discussions with NRC staff.

In accordance with the guidance provided in NUREG 1556, Appendix F, BWXT is providing information that is needed for NRC to make a determination regarding the transfer of BWXT's SNM-42 license to the newly formed subsidiary B&W NOG.

1. Provide a complete description of the transaction (transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact whom the NRC may contact if more information is needed.

As indicated in previous correspondence, in 2007 a decision was made to launch a corporate identity campaign to better reflect the consolidation of the operations of B&W and BWXT that occurred on January 1, 2007. One of the conclusions reached was that the name "The Babcock & Wilcox Companies" should be used only as a transitional name and "The Babcock & Wilcox Company" (formerly used by the fossil power subsidiary in Barberton, Ohio, herein "B&W") should be adopted by the common immediate parent company of B&W and BWXT in order to maximize the equity derived in having a single, consistent identity across the corporation. Therefore, another name change occurred at the end of November, 2007 which resulted in "The Babcock & Wilcox Companies" becoming "The Babcock & Wilcox Company." Consequently, a decision was made to rename all of the entities that report to B&W and BWXT to reflect this common "Babcock & Wilcox" identity. For the B&W side of the corporation, the primary subsidiary formerly named "The Babcock & Wilcox Company" was renamed as "Babcock & Wilcox Power Generation Group, Inc." (B&WPGG). On the BWXT side of the corporation, two main entities are listed as reporting under BWXT: BWXT Services, Inc. (which is the M&O services provider for BWXT, including BWXT Pantex, LLC and BWXT Y-12, LLC) and BWXT-Nuclear Operations Division ("NOD"). BWXT Services, Inc. has been renamed "Babcock & Wilcox Technical Services Group, Inc." (B&W TSG). All of the entities reporting in to B&W TSG were also renamed accordingly by including the Babcock & Wilcox name. However, BWXT-Nuclear Operations Division ("NOD") is different in that it is not a separate legal entity, but rather a division of BWXT. Since the BWXT name will no longer be used for branding/marketing purposes, several options were discussed as to how to rename BWXT-NOD. Eventually, the decision was made to simply incorporate NOD as a separate legal entity equal to BWXT Services, Inc. This incorporation will result in a transfer of all NOD assets to B&W NOG. Should additional information be needed to support NRC's review of this matter, the Legal contact is Beth Colling, Managing Attorney, BWX Technologies, Inc. at (434) 522-5641.

2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.

There are no personnel or operational changes associated with this change from NOD to B&W NOG. B&W NOG's President and other senior executives will remain the same. All such corporate officers and managers are U.S. Citizens and all of the corporations involved (both pre and post name change) are U.S. owned. NRC-licensed material now at the BWXT facility will remain under the supervision of the current Site Radiation Officer.

3. Describe any changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.

This name change will not result in any changes to current programs, procedures, organization, location, facilities, equipment, and/or conduct of operations at the BWXT facility.

4. Describe the status of the surveillance program (surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.

There will be no changes to status of the surveillance program.

5. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels, and fixed and/or removable contamination, including methods and sensitivity.

BWXT confirms that all records concerning the safe and effective decommissioning of its facility will remain onsite after the name change to B&W NOG.

6. Confirm that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor, or that the transferee will submit a complete description of the proposed license program.

B&W NOG will abide by all constraints, conditions, requirements, and commitments of the present NRC license.

In addition to the above information, BWXT is providing its confirmation that financial assurance for decommissioning costs associated with licensed activity at the BWXT facility will remain intact. The arrangements by which BWXT provided financial assurance for decommissioning funding for its NOD Lynchburg facility where BWXT is licensed to possess the materials which are the subject of this license included a U.S. DOE contractual guarantee and a Letter of Credit (LOC). The current LOC will be amended to add B&W NOG, Inc. as a guarantor under the BWXT credit (see copy of letter in **Enclosure 1** from BWXT to Calyon to request an amendment to LC No. 308036012). Once the LOC is amended, an executed copy of the amendment will be forwarded to the NRC. This LOC will ensure that BWXT is the responsible party for the financial assurance from now until the restructuring of B&W NOG occurs. Once that is completed, then B&W NOG becomes the primary responsible entity and BWXT becomes a secondary responsible party in the event B&W NOG is unable to fulfill its obligations. In addition, a copy of the Consent and Waiver dated October 29, 2007 is provided in **Enclosure 2** to provide further documentation of Calyon Bank's (the credit facility holding the LOC) acknowledgement and consent to the change in company structure and agreement to continue providing financial assurance through BWXT and then through its direct subsidiary, B&W NOG. BWXT will provide a copy of the draft Standby Trust Agreement, which will reflect the new company name, under a separate submittal. Once the Standby Trust Agreement is executed, an executed copy will be forwarded to the NRC.

With respect to financial assurance for decommissioning costs associated with our DOE contracts, BWXT and DOE entered into an indefinite agreement in a letter dated February 17, 1993 by which DOE agreed to accept financial responsibility for costs associated with decommissioning of the BWXT site. NRC accepted the terms and conditions of this agreement and found this method of financial assurance to be acceptable to meet the requirements of 10 CFR 70.25(f). After being apprised of the pending name change, the DOE provided its assurance that the B&W NOG restructuring is acceptable and that the current Letter Agreement setting forth the terms of the DOE's obligations remains intact (see copy of letter in **Enclosure 3**). At this time BWXT is requesting an exemption from the requirements of 10 CFR 70.25(f) to continue to utilize the agreement with DOE to provide financial assurance for decommissioning costs associated with DOE contracts.

The proposed restructuring and transfer is consistent with the requirements set forth in the AEA and NRC regulations and will not be inimical to the common defense and security or constitute an unreasonable risk to the public health and safety.

Accordingly, BWXT respectfully requests that NRC consent to the transfer of License No. SNM-42 to BWXT on or before January 30, 2008, the date of the impending restructuring.

Should additional information be needed to support NRC's review of this matter, please contact Beth Colling, Managing Attorney, BWX Technologies, Inc. at (434) 522-5641. Thank you very much for your consideration.

Sincerely,



Barry L. Cole  
Manager, Licensing & Safety Analysis  
(Licensing Officer)

Enclosures

c: U.S. NRC Region II  
NRC, Resident Inspector  
NRC, Amy Snyder

**ENCLOSURE 1**



## BWX Technologies, Inc.

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Reply To: Treasury Department  
McDermott International, Inc.  
777 N. Eldridge Pkwy.  
Houston, TX 77079-4526

December 20, 2007

P.O. Box 218369  
Houston, TX 77218-8748  
(281) 870-5830  
(281) 870-5828 Fax

Page Dillehunt/  
Vincent Montalto  
Calyon  
1301 Travis Street  
Houston, TX 77002

Via Facsimile  
Page 1 of 1  
(713) 890-8666  
(212) 459-3173

Re: Letter of Credit Amendment  
LC No. 308036012  
U.S. Nuclear Regulatory Commission USD 24,531,906.00

Dear Page:

Please amend the above letter of credit as follows:

In the first paragraph of the Letter of Credit text, please insert the phrase "for and on behalf of Babcock & Wilcox Nuclear Operations Group, Inc." after the text reading "for the account of BWX Technologies, Inc.".

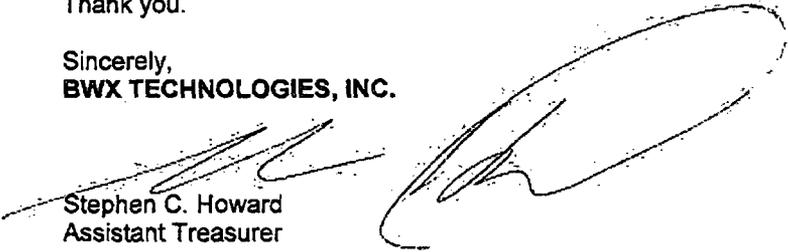
In item 2 of the Letter of Credit text, please also delete the text reading "BWX's".

**ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.**

Please fax a copy of your amendment to: Israel Castillo, McDermott Incorporated, fax 281-870-5828.

Thank you.

Sincerely,  
**BWX TECHNOLOGIES, INC.**

  
Stephen C. Howard  
Assistant Treasurer