

**From:** Kevin Ramsey  
**Sent:** Wednesday, August 13, 2008 8:10 AM  
**To:** Theodosios Hristopoulos; Toni Rask; Lorena Mendoza  
**Cc:** Kenneth Kline; Senter, Emily A.  
**Subject:** Summary of 8/6/08 Call w/NFS re: CD Line (L32653)

On August 6, 2008, a call was conducted with Nuclear Fuel Services to discuss financial assurance issues related to the proposed CD Line. The following individuals participated:

Kevin Ramsey, NRC/NMSS  
Kenneth Kline, NRC/FSME  
Emily Senter, NFS  
Rik Droke, NFS  
Dallas Gardner, NFS  
Pat Tester, NFS  
Jay Dernovshek, NFS  
Richard Booth, NFS

With regard to Request for Additional Information (RAI) question 27, NRC asked for NFS to clarify the reference to "in-house labor forces." NFS confirmed that the cost estimate includes funds for a third party to perform decommissioning work. The "in-house" labor rates were at least as high as contractor labor rates.

With regard to RAI question 28, NRC asked if the overall contingency factor was at least 25 percent. The NFS response to the RAI letter referred to a 40 percent contingency for some parts of the cost estimate, but only a 10 percent contingency for other parts of the cost estimate. NFS stated that it reviewed the cost estimate and confirmed that the overall contingency factor was 25 percent.

With regard to RAI question 29, NRC asked for the method NFS intends to use to adjust the cost estimate over time (i.e., Consumer Price Index, etc.). NFS stated that it plans to re-evaluate the cost estimate based on actual historical information.

With regard to RAI question 31, NRC noted that the application included an excerpt from the Department of Energy (DOE) contract stating that Bechtel Jacobs Company and the Government assume the obligation to pay for decommissioning NFS facilities. NRC noted that Bechtel Jacobs Company is not a government agency and it was unclear if Bechtel Jacobs and DOE were splitting the decommissioning costs. NFS stated that the obligation of the Government is contained in a government contract written through the Government's prime contractor at DOE's Portsmouth (OH) enrichment site. The prime contractor for the Government was Bechtel Jacobs Company when the contract was initially placed. The current prime contractor is LATA Parallax Portsmouth. The Government, through their prime contractor, continues to be responsible for decommissioning of the equipment installed for use on this project.

NRC stated that if NFS wishes to use this type of assurance, it had to submit a letter of intent issued solely by a government agency (i.e., DOE). NFS objected to the request for a letter of intent. It was noted that NRC accepted a DOE contract for the assurance of decommissioning funds for the great majority of the NFS site when the license was

renewed in 1999. NRC staff stated that it wasn't familiar with the basis for the license renewal, but a letter of intent is listed in 10 CFR 70.25(f) as an acceptable method for assuring decommissioning funds, not a government contract. In addition, NRC noted that it didn't have a copy of the contract to confirm that there are no limitations to the DOE obligation. NFS offered to provide a copy of the contract without commercial sections for NRC review. NRC stated that it would consult with its management on the acceptability of this method and let NFS know if a copy of the contract was needed. NFS also stated that a contractual agreement by the Government is no less binding on the Government than a letter of intent.

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Mail Envelope Properties (499C2FC6BB962446994CA8682D8ADF330DDA4CA478)

Subject: Summary of 8/6/08 Call w/NFS re: CD Line (L32653)  
Sent Date: 8/13/2008 8:10:27 AM  
Received Date: 8/13/2008 8:10:27 AM  
From: Kevin Ramsey

Created By: Kevin.Ramsey@nrc.gov

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#### Post Office:

HQCLSTR02.nrc.gov

Files	Size	Date & Time
MESSAGE	23007	8/13/2008

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