



Nuclear Fuel Services, Inc.
1205 Banner Hill Road
P.O. Box 337, MS 123
Erwin, TN 37650
www.nuclearfuelservices.com
(423) 743-9141

21G-08-0204
GOV-01-55-04
ACF-08-0396

December 8, 2008

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

- References:
- 1) Docket No. 70-143; SNM License 124
 - 2) Application for NRC Consent to the Indirect Transfer of Control of NFS' License and Quality Assurance Program Approval, and Request for NRC Approval of a License Amendment to Effectuate Such Transfer, dated August 8, 2008 (21G-08-0113) (TAC L32692)
 - 3) Submittal of Letters from Credit Facilities Regarding Financial Assurance Instruments for NFS Decommissioning Activities, dated October 9, 2008 (21G-08-0163)

**Subject: ADDITIONAL INFORMATION REGARDING FINANCIAL
 ASSURANCE INSTRUMENTS FOR NFS DECOMMISSIONING
 ACTIVITIES**

Dear Sir:

In Reference 2, Nuclear Fuel Services, Inc. (NFS) stated that it would provide the NRC with letters from credit facilities confirming that the indirect change in control of NFS would not affect the current financial instruments issued by those facilities relative to funding of decommissioning activities at the NFS Erwin site. Such letters were provided in Reference 3 for the two credit facilities that NFS currently utilizes for its financial assurance instruments.

In Attachment 1, a letter from Crédit Industriel et Commercial, is being provided to address your staff's request for confirmation that the indirect change of control of NFS would not affect the decommissioning-related financial assurance instruments established for the BLEU Complex facilities and equipment. Those financial instruments were acquired by Framatome ANP, Inc., and not by NFS; thus, it has taken longer to obtain the confirmation letter for those instruments. NFS regrets the delay in providing this information.

In late October and early November, NRC staff members requested a summary of all the financial assurance instruments associated with licensed activities at NFS. That summary is provided in Attachment 2. Please note that the equipment shown under the ACSTAR Performance Bond has been removed from Building 301 and properly dispositioned by NFS. This equipment no longer poses a decommissioning liability to NFS or the NRC, and NFS will prepare a letter to the NRC requesting a release from this obligation in the near future.

If you or your staff have any further questions, require additional information, or wish to discuss this, please contact me, or Mr. Rik Droke, Licensing and Compliance Director at (423) 743-1741. Please reference our unique document identification number (21G-08-0204) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.



for B. Marie Moore
Vice President
Safety and Regulatory

RPD/pdj
Attachments (2)

21G-08-0204
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copy:

Regional Administrator
U.S. Nuclear Regulatory Commission
Region II, Atlanta Federal Center
61 Forsyth Street, SW, Suite 23T85
Atlanta, GA 30303

Mr. Manuel Crespo, Project Inspector
U.S. Nuclear Regulatory Commission
Region II, Atlanta Federal Center
61 Forsyth Street, SW, Suite 23T85
Atlanta, GA 30303

Mr. Kevin Ramsey, Project Manager
Fuel Cycle Facilities Branch, FCSS, NMSS
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Mr. Stephen Burris
U.S. Nuclear Regulatory Commission
Senior Resident Inspector

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Attachment 1

LETTER FROM CRÉDIT INDUSTRIEL ET COMMERCIAL,
REGARDING FINANCIAL ASSURANCE INSTRUMENTS FOR THE BLEU COMPLEX

December 5, 2008

Mr. Kenneth M. Kline
Division of Waste Management &
Environmental Protection/FSME
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, MD 20852

Re: Financial Assurance for Letters of Credit SB22.401 and SB22.493

Dear Mr. Kline:

The purpose of this letter is to provide the U.S. Nuclear Regulatory Commission (NRC) with the assurance that the current financial instruments issued by Credit Industriel et Commercial relative to the funding of decommissioning activities at the Nuclear Fuel Services, Inc. (NFS) Erwin site will not be affected by the pending indirect change in control of NFS from NFS Services, LLC to NOG Erwin Holdings, Inc.

Whenever a letter of credit established in your favor is drawn on under and in compliance with the terms of the letter of credit we shall duly honor such draft upon presentation to us within 30 days and we shall deposit the amount of the draft directly into the standby trust fund of NFS in accordance with your instructions.

Sincerely,



Nicolas Courtaigne
Assistant Vice President



Albert M. Calo
Vice President

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Attachment 2

SUMMARY OF NFS D&D FINANCIAL ASSURANCE INSTRUMENTS FOR SNM-124

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Plant Area/Function	Basis of Financial Assurance	Amount Available for Financial Assurance
1) DOE Statements of Intent		
a) All plant facilities and equipment existing as of 12/08/92; all facilities and equipment used for NR program activities regardless of date	Obligation of USDOE contained in paragraph H.018 of DOE Contract No. DE-AC12-04SN39427	DOE will pay any amount required
b) BLEU Preparation Facility (BPF) in Building 333	Obligation of USDOE (for U/Al and U Oxide) contained in Article V of DOE/TVA Contract No. DE-SA09-01SR18976/TVA No. P-01N8A-249655/001 and assured by DOE in letter to NRC.	DOE will pay any amount required
c) CD Line in Building 301 NOTE: License Amendment Request under NRC review; equipment not contaminated	Obligation of USDOE and BJC (subsequently assigned to LPP, then to CDM) contained in Modification 05, Exhibit C of BJC Contract No. 23900-SC-SM292F	DOE/BJC will pay any amount required
2) ACSTAR – Performance Bond		
a) KAST/BAST equipment in Building 301 NOTE: All equipment has been decommissioned and is no longer on-site	Assured via NFS Letter of Credit to ACSTAR issued 9/25/03 by SunTrust; ACSTAR Performance Bond for \$525,000 lists NRC as the Oblige	\$525,000
3) Crédit Industriel et Commercial – Letters of Credit		
a) BLEU Complex (managed by Framatome ANP, Inc.)	Assured via two Letters of Credit from Framatome ANP, Inc. to NRC (thru NFS) dated 5/5/03 (Revised 6/9/03) and 5/20/04	\$3,133,975 (UNB) \$8,725,345 (OCB/EPB)
4) First Tennessee – Escrow Account		
a) Press Cake/Soil Blender from earlier Building 233 commercial activities	Assured via NFS Escrow Agreement with First Tennessee Bank in favor of NRC	\$259K from escrow of which \$22K is earmarked for this D&D, the remainder is undesignated
5) SunTrust – Letters of Credit		
a) BLEU Preparation Facility (BPF) in Building 333	Assured (for U Metal) via NFS Letter of Credit to NRC dated 11/19/03.	\$594,613