December 22, 2009

Ms. B. Marie Moore, Vice President
Safety and Regulatory
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. – NON-ACCEPTANCE OF UPDATED DECOMMISSIONING COST ESTIMATE

Dear Ms. Moore:

We have received your letter dated December 1, 2009, transmitting an updated decommissioning cost estimate for your facility. Our acceptance review has identified deficiencies that prevent us from accepting the application for detailed review. Specifically, the estimate contains unrealistic assumptions such as the removal of all buildings regardless of the activities performed in the buildings, and the excavation of the top four feet of soil over the entire protected area regardless of contamination levels in the area. It is our understanding that NFS is preparing a revised estimate. Therefore, a detailed review is an inefficient use of our resources. Please submit a revised estimate by **January 15, 2010,** based on realistic assumptions.

In addition, the public has a right to know general information about the estimated costs to decommission the facility and how the funds are guaranteed (i.e., total amounts, assumptions used, etc.). Please separate general information from detailed, proprietary information and mark it for release after the proprietary information is detached.

In accordance with Title 10 *Code of Federal Regulations* 2.390 of the U.S. Nuclear Regulatory Commission's (NRC) "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Agency-wide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If you have any questions concerning this letter please contact me at (301) 492-3123, or via email to Kevin.Ramsey@nrc.gov.

Sincerely,

/RA/

Kevin M. Ramsey, Project Manager
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 70-143
License No.: SNM-124

If you have any questions concerning this letter please contact me at (301) 492-3123, or via email to Kevin.Ramsey@nrc.gov.

Sincerely,

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