



**Hoffmann-La Roche**

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May 21, 1991

**VIA FEDERAL EXPRESS**

Mr. Theodore S. Michaels  
Senior Project Manager  
Non-Power Reactors  
Mail Stop 11B20  
U. S. Nuclear Regulatory Commission  
One White Flint North  
11155 Rockville Pike  
Rockville, Maryland 20852

**In Re:       Decommissioning Financial Assurance  
              Plan on behalf of Cintichem, Inc.  
              Docket No.: 50-54/License No. R-81 and  
              Docket No.: 70-687/License No. SNM-639**

Dear Ted:

Pursuant to item (a) of your November 21, 1990 approval letter (the "Approval Letter") with respect to the above captioned matter, enclosed please find the resubmission of the Financial Assurance Plan documentation on behalf of Cintichem, Inc., a subsidiary of Hoffmann-La Roche Inc. ("Roche"), pursuant to 10 C.F.R. Sections 50.33 and 70.25. All revisions requested in item (a) of the Approval Letter have been incorporated in this documentation. Please note that this resubmission supersedes and replaces the Parent Company Guarantee financial assurance documentation filed with the U. S. Nuclear Regulatory Commission on October 17, 1990.

Under item (b) of the Approval Letter, our request for the withholding and exemption from public disclosure of certain proprietary and confidential financial information of Roche was approved pursuant to 10 C.F.R. 2.790. We trust that the prior approval of this request will apply to the proprietary and confidential financial information of Roche included in this resubmission. If the above assumption is not true, please inform us

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at your earliest opportunity in order that we may have the opportunity to withdraw the provision of financial assurance by way of a Parent Company Guarantee prior to the filing of the proprietary and confidential information in the Public Document Room.

Enclosed, as Exhibit 1, is a copy of Section 2.4 of the Decommissioning Plan which sets forth the current estimated cost for the decommissioning program. This program combines the decommissioning of the research reactor (Part 50 License) and the radiochemical processing laboratory (Part 70 License) and the associated costs.

Also enclosed, as Exhibit 2, is the revised Parent Company Guarantee financial assurance mechanism, pursuant to 10 C.F.R. Sections 50.75(e)(2)(iii) and 70.25(f)(2), provided by Roche as Cintichem's parent company. This revised financial assurance mechanism documentation has been based on the recently completed audited financial statements of Roche for the year ending December 31, 1990. In the event it is required, Exhibit 2 includes a new Application and Supporting Affidavit requesting that the proprietary and confidential financial information of Roche contained in the financial assurance mechanism be withheld and exempted from public disclosure.

The enclosed Exhibit 3 is a set of the Parent Company Guarantee financial assurance mechanism documents with the proprietary and confidential financial information of Roche deleted and an appropriate footnote added in its place. This version will appear as an amendment to the Decommissioning Plan, however, please feel free to use Exhibit 3 as the version to be filed in the Public Document Room.

Additionally, I wish to confirm our recent discussion wherein it was agreed that this resubmission of the Parent Company Guarantee financial assurance mechanism in the full amount of the estimated costs of decommissioning, including contingency costs, makes the Irrevocable Standby Letter of Credit, No. S529503, issued by Swiss Bank Corporation on July 25, 1990, for the benefit of the NRC, unnecessary and that Cintichem will cancel such Irrevocable Letter of Credit immediately.

We look forward to your earliest advices as to the acceptance of this resubmission of the Parent Company Guarantee financial assurance mechanism and confirmation of the extension to this



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resubmission of the NRC's prior approval of our request for the withholding and exemption from public disclosure of Roche's proprietary and confidential financial information.

Should you have any questions with respect to this letter or the enclosed Exhibits, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to be "H. J. McGovern", written over a horizontal line. The signature is highly stylized and somewhat illegible due to the cursive and overlapping strokes.

cc: James J. McGovern  
President  
Cintichem, Inc.

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EXHIBIT 1

Section 2.4 of Decommissioning Plan  
Cost Estimate

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#### 2.4 Cost Estimate and Funding

The estimated cost associated with the decommissioning program described in this plan is \$20,482,000 in 1990 dollars excluding contingency (Ref. 1). Table 2-1 provides a breakdown of the estimated costs. This cost estimate has been prepared in accordance with guidelines given in reference 2.

The decommissioning funds will be provided by Hoffmann-LaRoche (HLR), Cintichem's parent company. Included in Appendix D is a letter from HLR indicating their commitment to funding the decommissioning and a financial statement.

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TABLE 2.1

## SUMMARY OF CINTICHEM DECOMMISSIONING COSTS

<u>Cost Category</u>	<u>Cost (Thousands \$)</u>	<u>Percent of Total Cost</u>
Activity Dependent (1)		
o Decontamination-Dismantling	4,321	21.10
o Disposal-Burial	5,781	28.22
o Waste Transportation	311	1.52
o Waste Packages	662	3.23
Period Dependent (2)		
o Project Management - Technical Support	4,017	19.61
o Support Labor	1,668	8.14
o Equipment Rental - Services	2,251	10.99
Collateral Costs (3)		
o Site Preparations	597	2.91
o Equipment	658	3.21
o Engineering/Technical Services	216	1.07
SUBTOTAL	20,482	100.00
Contingency (4)		
o Activity Dependent	2,125	10.37
o Period Dependent	2,226	10.87
o Collateral Costs	147	0.72
TOTAL	24,980	

## TABLE 2-1 FOOTNOTES:

(1) Activity-Dependent Costs

Activity-dependent costs are those that are directly related to discrete activities, e.g., decontamination, removal, packaging, shipping and disposal. They include all labor, materials, energy, equipment and services (shipping and disposal) associated with the "hands-on" activities.

(2) Period-Dependent Costs

Period-dependent costs are those associated with project management, administration, routine maintenance, radiological, environmental and industrial safety, security and can include special support equipment rental and operators. They are not directly assignable to any one activity, but are essentially period-dependent, i.e., these costs continue for the duration of the decommissioning program or period.

(3) Collateral Costs

Collateral or special item costs are typically one-time costs that are neither attributable directly to a specific decommissioning activity, nor period-dependent. This category includes such items as heavy equipment purchase, health and safety supplies and facility/site preparations.

(4) Contingency Costs

These costs are allocated to account for unforeseen increases in costs that cannot be identified prior to conduct of the work and which are beyond the control of project management. Typical reasons for contingency include changes in project schedule due to weather, labor, or regulatory delays, greater than estimated contamination levels or areas, increased work difficulty, or changes of disposal, transportation or packaging cost.

References:

- (1) "Cintichem Reactor and Hot Laboratory Decommissioning Cost Estimate", prepared by TLG Engineering, Inc., Bridgewater, CT, September 1990
- (2) National Environmental Studies Project - "Guidelines for Producing Commercial Nuclear Power Plant Decommissioning Cost Estimates", AIF/NESP-036, May 1986, TLG Engineering, Inc.

EXHIBIT 3

Parent Company Guarantee Documents  
With Proprietary and Confidential Financial Information Deleted

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