

August 20, 2010

Ms. April Chance, CHP
Corporate RSO
PETNET Solutions, Inc.
810 Innovation Drive
Knoxville, TN 37932

Dear Ms. Chance:

We have completed our review of PETNET Solution's (PS) decommissioning financial assurance in the form of a letter of credit (LOC) and Standby Trust Agreement (STA), and determined that we will need additional information as described below. The financial assurance was submitted along with a new application submitted for PETNET's facility located in St. Louis, Missouri.

The submitted STA deviates from the suggested language. In certain instances, the deviations are minor; however, please explain why PS and its selected trustee, Deutsche Bank Trust Companies Americas, decided to deviate from the recommended wording in NUREG-1757, Volume 3. It is highly recommended that the STA language be substantially similar to the recommended language of NUREG-1757 Volume 3.

The STA has several areas that are not filled in (e.g. license number, date cost estimate approved), yet the STA is already signed by representatives of the financial institution. Since the document is already signed by the bank with these omissions, the immediate concern is that modifications to the STA made ex post may either be invalid or may otherwise adversely impact the validity of the STA.

The STA is missing a letter of acknowledgement. Its absence may adversely impact the future interpretation and/or validity of the STA. Please provide an acceptable letter of acknowledgement, consistent with NUREG-1757 Volume 3. Also, it appears that a Certificate of Resolution and a Certificate of Events are combined into one document in Exhibit A. Please explain why these two documents were combined.

Additionally, the STA does not appear to reference the trustee's address. As required by Title 10 Code of Federal Regulations (CFR) 30.35(f)(2)(ii), an acceptable trustee includes "an entity which has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency." Without an address, we are unable to verify whether the trustee is an acceptable trustee. Also, the corporate seal of PS and the trustee appear to be missing from the STA, which may adversely impact the validity of the STA.

Across the LOC and STA, there appears to be an inconsistency with regard to which Part of Title 10 CFR would govern PS's activities. The STA lists 10 CFR 30, while the LOC lists Title 10 CFR 40. Please specify the correct Part or Parts of Title 10 CFR that would govern the license.

As recommended in NUREG-1757 Volume 3, a bank issuing a LOC should have its operations regulated and examined by a Federal or State Agency. While it appears that Fortis Bank is regulated by the State of New York, we were not able to confirm the financial institution's address listed on the LOC, a New Jersey address. Additionally, it does not appear that the State of New Jersey examines the operations of Fortis Bank. Please explain why Fortis Bank is qualified to provide a LOC, and explain any affiliation of Fortis Bank with BNP Paribas.

The LOC also deviates from the recommended language of NUREG-1757 Volume 3. Examples of deviations include, but are not limited to, the following:

- The LOC, as written, appears to be payable directly to NRC, which violates 10 CFR 30.35(f)(2)(ii);
- The LOC does not list a license number or docket number;
- The statement "All charges are for the account of the applicant" is vague. "Charges" are not defined and therefore might adversely impact the net amount of the LOC; and
- It is unclear if the bank would or would not be called upon to determine a question of fact or law at issue between the licensee and NRC.

Like the STA, it is highly recommended that the LOC language be substantially similar to the recommended language of NUREG-1757 Volume 3.

Please submit a response within 30 days of the date of this letter and reference as additional information to Control Number 300436.

If you have any questions, please contact me at (630) 829-9854.

Sincerely,

/RA/

Kevin G. Null
Materials Licensing Branch

Docket No. 030-38156
License No. 41-32720-01

As recommended in NUREG-1757 Volume 3, a bank issuing a LOC should have its operations regulated and examined by a Federal or State Agency. While it appears that Fortis Bank is regulated by the State of New York, we were not able to confirm the financial institution's address listed on the LOC, a New Jersey address. Additionally, it does not appear that the State of New Jersey examines the operations of Fortis Bank. Please explain why Fortis Bank is qualified to provide a LOC, and explain any affiliation of Fortis Bank with BNP Paribas.

The LOC also deviates from the recommended language of NUREG-1757 Volume 3. Examples of deviations include, but are not limited to, the following:

- The LOC, as written, appears to be payable directly to NRC, which violates 10 CFR 30.35(f)(2)(ii);
- The LOC does not list a license number or docket number;
- The statement "All charges are for the account of the applicant" is vague. "Charges" are not defined and therefore might adversely impact the net amount of the LOC; and
- It is unclear if the bank would or would not be called upon to determine a question of fact or law at issue between the licensee and NRC.

Like the STA, it is highly recommended that the LOC language be substantially similar to the recommended language of NUREG-1757 Volume 3.

Please submit a response within 30 days of the date of this letter and reference as additional information to Control Number 300436.

If you have any questions, please contact me at (630) 829-9854.

Sincerely,

/RA/

Kevin G. Null
Materials Licensing Branch

Docket No. 030-38156
License No. 41-32720-01

DOCUMENT NAME: G:\Work in progress\TAR- PETNETfinASSURANCEdeficienciesSTlouisAUG2010.docx

Publicly Available Non-Publicly Available Sensitive Non-Sensitive

To receive a copy of this document, indicate in the concurrence box "C" = Copy without attach/encl "E" = Copy with attach/encl "N" = No copy

OFFICE	RIII DNMS	C	RIII DNMS		RIII		RIII
NAME	KGNnull: jm						
DATE	08/20 /10						

OFFICIAL RECORD COPY