

October 29, 2010

Mr. Mark P. Elliott, Director
Quality, Safety and Safeguards
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC., REQUEST FOR ADDITIONAL
INFORMATION CONCERNING RELEASE OF A PERFORMANCE BOND
(TAC NO. L33007)

Dear Mr. Elliott:

This letter is in response to your letter dated July 14, 2010, which requested release of a performance bond established for decommissioning financial assurance. Our review has identified that additional information is needed before your request can be approved.

The additional information specified in the enclosure should be provided to us within 30 days from the date of this letter. Please reference TAC No. L33007 in your response.

In accordance with Title 10 of the *Code of Federal Regulations* Section 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 and the Agencywide 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 e-mail 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

Enclosure:
As stated

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**Request for Additional Information
Regarding the ACSTAR Surety Bond Release Request
For Nuclear Fuel Services**

- (1) Provide survey reports, shipping papers, or other documents which confirm that the KAST/BAST equipment was removed from the site and that radiation/contamination levels in Building 301 were acceptable after the work was complete.

The Status Report requests the U.S. Nuclear Regulatory Commission (NRC) to certify that the decommissioning work was completed and it was satisfactory. Despite the certification provided by Nuclear Fuel Services (NFS), we are unaware of any documentation which confirms shipment of the equipment from the site and which confirms radiation/contamination levels in Building 301 after the equipment was removed.

This information is needed to provide a basis for finding that decommissioning financial assurance is no longer required for this equipment under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 70.25.

- (2) Confirm that ACSTAR Insurance Company will accept a statement that NRC finds the decommissioning of the KAST/BAST equipment to be acceptable and has no objection to releasing the performance bond.

The two documents that NRC is requested to sign contain inaccurate and misleading information. The Status Report implies that NFS was working under contract to NRC. The NRC conducted regulatory oversight, but was not involved in the management of contracts associated with this work. In addition, the Bond Release contains a notary attestation which refers to NRC as a "corporation." The NRC is a Federal regulatory agency, not a corporation.

Any statement signed by an NRC official must be complete and accurate. We would prefer to provide a letter instead of signing the documents provided in the request.

- (3) Confirm that no other financial instruments are payable to the standby trust established by Standby Trust Agreement, dated August 7, 1996.

The NFS's cover letter, dated July 14, 2010, states that "...the release of the referenced bond will terminate the need for the associated Standby Trust Agreement." Schedule B to the Standby Trust referenced in Attachment C lists only the ACSTAR Bond as payable to this particular Standby Trust. The staff infers that NFS intends to cancel the Standby Trust Agreement dated August 7, 1996. Confirm that the only instrument payable to the standby trust is the ACSTAR performance bond.

This information is needed to verify compliance with 10 CFR, Part 70.25(f) which requires, in part, that certain financial instruments be payable to a standby trust.

Enclosure