



NUCLEAR FUEL SERVICES, INC.

a subsidiary of The Babcock & Wilcox Company

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21G-11-0084
GOV-01-55-04
ACF-11-0138

April 13, 2011

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

- Reference:
- 1) Docket No. 70-143; SNM License 124
 - 2) Letter from B. Marie Moore to NRC, dated December 1, 2009, (21G-09-0180), Updated Decommissioning Cost Estimate as Required by 10 CFR 70.25(e)
 - 3) Letter from David C. Ward to NRC, dated February 26, 2010, (21G-10-0029), Revision to the Updated Decommissioning Cost Estimate Submitted Per 10 CFR 70.25(e)
 - 4) Letter from NRC to Mark P. Elliott, dated July 27, 2010, (TAC No. L32974), Request for Additional Information Concerning Updated Decommissioning Cost Estimate
 - 5) Letter from Mark P. Elliott, dated September 23, 2010, Response to Request for Additional Information Concerning the Updated Decommissioning Cost Estimate Submitted Per 10 CFR 70.25(e)

Subject: Supplemental Information to Support the Response to Request for Additional Information Concerning the Updated Decommissioning Cost Estimate Submitted Per 10 CFR 70.25(e)

In response to a conference call held with your staff on March 9, 2011, Nuclear Fuel Services, Inc. (NFS) hereby submits supplemental information to support the response to the Request for Additional Information (RAI) submitted on September 23, 2010, (Reference 5). Attachment 1 contains a short summary of the NRC's remaining points that require the supplemental information, arranged by RAI Question Number. Attachment 1 is suitable for release to the public.

Attachment 2 contains selected pages from the cost estimate, which have been revised to update the "Decommissioning Responsibility" map, as well as the rate for disposal of clean materials. The revised pages in Attachment 2 are intended to replace the

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corresponding pages submitted in Reference 5. **The information in Attachment 2 is considered proprietary in nature as set forth in the enclosed affidavit. Certain pages are also marked as "Official Use Only" in accordance with 5 U.S.C. 552. Therefore, NFS requests that this information be withheld from public disclosure.**

Attachment 3 contains backup information for the disposal rates for contaminated materials. Attachment 4 contains backup information for the disposal rates for clean materials. **The information in Attachment 3 and Attachment 4 is considered proprietary in nature as set forth in the enclosed affidavit. Therefore, NFS requests that this information be withheld from public disclosure.**

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Mr. Rik Droke, Senior Regulatory Advisor, at (423) 743-1741. Please reference our unique document identification number (21G-11-0084) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.



Mark P. Elliott, Director
Quality, Safety, and Safeguards

JKW/pdj

Enclosure: Affidavit

Attachment 1: Supplemental Information to Support the 9/23/2010 Response to RAI

Attachment 2: Selected Replacement Pages for Cost Estimate

Attachment 3: Backup Information for Contaminated Disposal Rates

Attachment 4: Backup Information for Clean Disposal Rates

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Enclosure

Affidavit
(2 pages to follow)

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**AFFIDAVIT
FINANCIAL INFORMATION**

I, Mark P. Elliott, representing the Quality, Safety, & Safeguards Department at Nuclear Fuel Services, Inc. (NFS), that to the best of my knowledge and beliefs, make the following representation contained herein:

- A. The following document(s) which Nuclear Fuel Services, Inc. (NFS) wishes to have withheld from public disclosure is:

Attachments 2, 3, and 4 to Letter (21G-11-0084) dated April 13, 2011:

Attachment 2: Selected Replacement Pages for Cost Estimate

Attachment 3: Backup Information for Contaminated Disposal Rates

Attachment 4: Backup Information for Clean Disposal Rates

- B. The information contained in the document(s) cited in A above has been held in confidence by Nuclear Fuel Services, Inc. (NFS), or its contractor, in that it contains financial information as specified in Title 10, Code of Federal Regulations, Part 2.390(a). The basis for requesting that this document(s) be withheld from public disclosure is explicitly marked on the cover page to each of the aforementioned documents and/or the top of each affected page in accordance with 10 CFR 2.390(b)(i)(B).
- C. The information contained in the document(s) cited in A above is the intellectual property of Nuclear Fuel Services, Inc. (NFS), or its contractor, and as such is customarily held in confidence by Nuclear Fuel Services, Inc. (NFS). As such, Nuclear Fuel Services, Inc. (NFS) has customarily submitted privileged and confidential information of this type to the Nuclear Regulatory Commission (NRC) and to its predecessor, the Atomic Energy Commission (AEC), in confidence.
- D. The information contained in the document(s) cited in A above has not been made available to public sources by Nuclear Fuel Services, Inc. (NFS), nor has Nuclear Fuel Services, Inc. (NFS) authorized that it be made available. In accordance with Nuclear Fuel Services, Inc. (NFS) policies governing the protection and control of information, proprietary information contained herein has been made available, on a limited basis, to others outside NFS only as required and under suitable agreement providing for nondisclosure and limited use of the information.
- E. The public disclosure of the information contained in the document(s) cited in A above is likely to cause substantial economic harm to the competitive advantage

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held by Nuclear Fuel Services, Inc. (NFS). The basis for withholding said information is that it is vital to a competitive advantage held by Nuclear Fuel Services, Inc. (NFS), would be helpful to competitors of NFS, and would likely cause substantial harm to the competitive position of Nuclear Fuel Services, Inc. (NFS).

- F. The proprietary information that Nuclear Fuel Services, Inc. (NFS) requests to be withheld from public disclosure is contained in the entire document(s) as so marked.

Mark P. Elliott

4/13/11

Mark P. Elliott
Quality, Safety, & Safeguards
Nuclear Fuel Services, Inc.

Date

I certify the above named person appeared before me and executed this document on this the 13th day of April, 2011.

Hitomi L. Lewis

State of Tennessee Notary Public



My commission expires:

Aug 28, 2012

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ATTACHMENT 1

**Supplemental Information
to Support the 9/23/2010 Response to RAI
(4 pages to follow)**

ATTACHMENT 1

Supplemental Information to Support the 9/23/2010 Response to RAI

RAI 1

Clarify the connection between the "Area potentially requiring removal of contaminated soil" identified on the map (Reference 5, Attachment 3, "Updated Cost Estimate," page 106) and the total excavation area and volume in the estimate.

NFS Response

As noted on page 5 of 104 of the estimate (Reference 5, Attachment 3, "Updated Cost Estimate"),

"The estimate assumes that after a building is removed an average of four feet of soil will also have to be removed from the building footprint and surrounding area for disposal. Estimated soil volumes are based on general knowledge of previous plant operations and knowledge gained through decommissioning, sampling and construction activities... The total area where four feet of excavation is expected is about 448,100 ft². This area is shown on the attached facility map titled "Decommissioning Responsibility" and is within the red-bordered outline area."

In addition, a 20 percent swell factor was used to estimate the difference between the volume of soil excavated (compacted) and the volume of soil loaded into containers for disposal (loose). The swell factor can be found as a footnote on page 56 of 104 of the estimate. Therefore, the total volume to be excavated equals 448,100 ft² times an average depth of 4 feet times a swell factor of 20 percent, or 2,150,880 cubic feet.

Clarify the liability for soil excavation in the building specific tables versus the "Soils" table on page 56 of 104 of the estimate.

NFS Response

Within the NFS Protected Area, the liability of removing contaminated soils under and adjacent to buildings belongs to DOE due to historical uses of the facilities and grounds, even though some of those buildings are now used by NFS for commercial projects. Therefore, no liability was included in the estimate for soils related to NFS.

With regard to the JV (or the BLEU Complex), sampling was performed to confirm and document that no contaminated soil existed prior to the start of facility construction. The estimate assumes that the equipment will be removed, the buildings will be demolished to ground level, and no excavation is planned. Therefore, no liability was included in the estimate for soils related to the JV.

Any references in the building specific tables to “Soils – Contaminated” or “Soils – Clean” are shown as zero volume, and those volumes are included in the totals on the “Soils” table on page 56 of 104 of the estimate.

Address any differences between the color-coded map submitted with the Response to RAI Concerning License Renewal for SNM-124 (8/16/2010) and the color-coded map submitted with the Decommissioning Cost Estimate (Reference 5).

NFS Response

During the development of Reference 5, the color-coded map originally submitted to answer RAI 10.2 in the Response to RAI Concerning License Renewal (8/16/2010) was updated to improve the consistency with the estimate tables provided for DOE, NFS, and JV liabilities.

To resolve any confusion, a new map, marked “Decommissioning Responsibility, Revision 2,” is included in Attachment 2. The specific changes are noted below.

- Building 311 – Decommissioning responsibility was changed from DOE to NFS to correct an error.
- Building 440 – Decommissioning responsibility was changed from DOE/NFS to NFS to correct an error.
- Buildings 107, 320, 340, 345, 350, 420, and 480 – the color-coding was removed from these buildings because the estimate tables note “Building and equipment to be abandoned in place (AIP)” with zero values for **both** clean disposal volume and contaminated disposal volume.
- Small areas outside Building 308 – Decommissioning responsibility was added to DOE to correct an error.
- Buildings 301 and 333 – the color-coding of partial DOE and partial NFS are meant only to designate that the two entities share the liability for decommissioning. The major portions of the buildings that are colored are not intended to indicate how much liability each entity has; however, a small portion in the lower left hand corner was changed intentionally to indicate NFS responsibility.
- Trailer 23 – Decommissioning responsibility was changed from DOE to Rental to correct an error.

RAI 3

Clarify whether NFS has financial assurance established to cover the D&D costs for the JV, or whether the contract language between NFS and JV is being relied upon for this assurance.

NFS Response

Financial assurance instruments, in the form of two Irrevocable Letters of Credit issued by Crédit Industriel et Commercial, are in place to cover the D&D costs for the JV. Letter of Credit Number SB22.401 for the Uranyl Nitrate Building was issued May 5, 2003. Letter of Credit Number SB22.493 for the Oxide Conversion and Effluent Processing Buildings was issued May 12, 2004. The amount of financial assurance for the JV will be updated if necessary when the amount of the estimate is approved by NRC.

RAI 4

Provide a justification for the change in disposal volumes from the 2006 to the 2010 Decommissioning Cost Estimate.

NFS Response

The 2006 estimate assumed that the site was returned to "green field" status, which included demolishing all structures on the site. The 2010 estimate assumes that only contaminated structures are demolished, and uncontaminated structures are left standing. Therefore, the estimated volume identified for disposal in the 2010 estimate is less than the 2006 estimate.

RAI 5

Are the difficulty factors applied to operators only, or are they applied to all labor categories?

NFS Response

The difficulty factors are directly applied to the Operator Hours. Because the other labor categories, as well as supplies and equipment, are calculated based on a percentage of Operator Hours, the difficulty factors are applied indirectly to these categories.

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Clarify whether the estimated cost of disposal, for both the Nevada Test Site and landfill, is based on the current rates being charged.

NFS Response

The estimated cost of disposal for the Nevada Test Site is based on current rates being charged. The basis for the estimated cost of disposal for landfill could not be located; therefore, the estimate has been updated to reflect current rates being charged. See Attachment 3 for related backup information.

Clarify whether any credits for salvage value are taken for the containers used to transport the JV materials.

NFS Response

Areva owns the containers used to transport the JV materials. There is no disposal cost listed in the estimate for the containers because they will be returned to Areva. Page 5 of 104 of the estimate includes a statement that "no credit for any salvage value that might be realized from the sale of potential assets (e.g., recovered materials or decontaminated equipment) during or after the decommissioning is included in the estimate."

RAI 6

Demonstrate that financial assurance is provided in an amount at least equal to the cost estimate (10 CFR 70.25(e)).

NFS Response

NFS recognizes the need to update the financial assurance instruments after NRC approves the amounts in the cost estimate. Once NRC approval of the amounts is documented, NFS will proceed with updating the bank documents.