



babcock & wilcox nuclear operations group

▶ 2016 mt. athos road ▶ lynchburg, va 24505-5447 usa
▶ phone 434.522.6000 ▶ fax 434.522.6805 ▶ www.babcock.com

May 6, 2011

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

References:

- 1) Docket No. 70-143; SNM License 124
- 2) Letter from B. Marie Moore to the NRC, dated June 30, 2009, (21G-09-0104), Renewal of Special Nuclear Material (SNM) License 124
- 3) Letter from NRC to Mark P. Elliott, dated June 15, 2010, (TAC No. L32830), Request for Additional Information Concerning License Renewal
- 4) Letter from Mark P. Elliott to NRC, dated August 16, 2010, (21G-10-0163), Response to the Request for Additional Information Concerning License Renewal for SNM-124

Subject: Request for Additional Information Concerning License Renewal for SNM-124

On January 13, 2011, a meeting was held between your staff and Nuclear Fuel Services, Inc. (NFS) regarding Request for Additional Information (RAI) 1.9. During this meeting, your staff noted concerns regarding the ongoing viability of NFS based on a review of recent financial performance.

As you are aware, NFS was acquired by a subsidiary of The Babcock & Wilcox Company (B&W), effective December 31, 2008. B&W is a leader in clean energy technology and services, primarily for the nuclear, fossil and renewable power markets as well as a premier advanced technology and mission critical defense contractor. B&W is listed on the New York Stock Exchange, has locations worldwide, and employs approximately 12,000 people, in addition to approximately 10,000 joint venture employees.

NFS has been providing fuel for our nation's vital Naval Nuclear Propulsion program for over 50 years and also processes HEU in a highly secure (Category 1) facility. NFS's history, licensing and processing capabilities were all key factors in B&W's decision to acquire NFS. As part of this acquisition, B&W performed due diligence and concluded that NFS had strategic value for B&W and its shareholders, as well as for our nation's critical defense programs.

While NFS has experienced some financial challenges in recent years, B&W has made significant investments with regards to NFS' infrastructure, safety culture and working capital. B&W is aware of the potential that NFS will likely need additional resources in the future, and B&W will continue to exercise prudent and responsible financial discipline in evaluating future loans, capital contributions and other investments in NFS.

Sincerely

Peyton S. Baker
President, B&W NOG

psb201101

11/5501