



NUCLEAR FUEL SERVICES, INC.
a subsidiary of The Babcock & Wilcox Company

■ 1205 banner hill road ■ erwin, tn 37650 ■ phone 423.743.9141
■ www.nuclearfuelservices.com

21G-11-0147
GOV-01-55-04
ACF-11-0235

July 28, 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 to NRC, dated September 23, 2010, Response to Request for Additional Information Concerning the Updated Decommissioning Cost Estimate Submitted Per 10 CFR 70.25(e)
 - 6) Letter from Mark P. Elliott to NRC, dated April 13, 2011, Supplemental Information to Support the Response to Request for Additional Information Concerning the Updated Decommissioning Cost Estimate Submitted Per 10 CFR 70.25(e)
 - 7) Letter from NRC to Mark P. Elliott, dated May 27, 2011, (TAC No. L32974), Interim Approval of Decommissioning Cost Estimate Amount

Subject: Letter of Credit No. TFTS-934413 Issued by JPMorgan Chase Bank

Pursuant to recent conversations with members of your staff, and in response to RAI Question 6 (Reference 4), Nuclear Fuel Services, Inc. (NFS) hereby submits Letter of Credit No. TFTS-934413 issued by JPMorgan Chase Bank, dated July 19, 2011, in the amount of \$3,785,680.00 (Attachment 1).

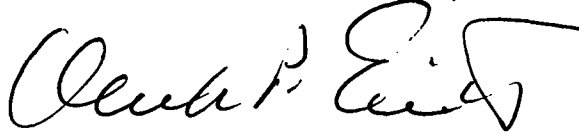
NIMS501

As outlined in the D&D Cost Estimate (References 5 and 6), the liability for the entire NFS site is split into three shares – DOE Liability, NFS Liability, and JV Liability. This letter of credit relates to the JV Liability category, and is intended to supplement two existing Letters of Credit issued by Crédit Industriel et Commercial (No. SB22.401 in the amount of \$3,133,975.00; and No. SB22.493 in the amount of \$8,725,345.00), copies of which are included in Attachment 2. The value of financial assurance provided for the JV Liability category now equals \$15,645,000.00 as specified in the cost estimate.

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Ms. Jennifer Wheeler, Licensing and ISA Manager, at (423) 735-5429. Please reference our unique document identification number (21G-11-0147) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.

A handwritten signature in black ink, appearing to read "Mark P. Elliott", with a stylized flourish at the end.

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

JKW/pdj

Attachment 1: Letter of Credit No. TFTS-934413 issued by JPMorgan Chase Bank
Attachment 2: Letters of Credit No. SB22.401 and No. SB22.493 issued by Crédit Industriel et Commercial

Copy:

Regional Administrator
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303-1257

Mr. John Pelchat
Project Inspector
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303

Mr. Kevin Ramsey
Senior Project Manager
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Mr. Galen Smith
Senior Resident Inspector
U.S. Nuclear Regulatory Commission

21G-11-0147
GOV-01-55-04
ACF-11-0235

ATTACHMENT 1

Letter of Credit No. TFTS-934413 issued by JPMorgan Chase Bank

(3 pages to follow)

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

JUL 19, 2011
OUR L/C NO.: TFTS-934413

BENEFICIARY:
U.S. NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555

APPLICANT:
NUCLEAR FUEL SERVICES, INC.
1205 BANNER HILL ROAD
ERWIN, TN 37650
NRC LICENSE NO. SNM-124
AND FOR THE ACCOUNT OF:
AREVA NP, INC.
3315 OLD FOREST ROAD
LYNCHBURG, VA 24501

AMOUNT: USD3,785,680.00

EXPIRY: JULY 19, 2012

DEAR SIR OR MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. TFTS-934413 IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF NUCLEAR FUEL SERVICES, INC., 1205 BANNER HILL ROAD, ERWIN, TN 37650, NRC LICENSE NO. SNM-124, AND FOR THE ACCOUNT OF AREVA NP, INC., 3315 OLD FOREST ROAD, LYNCHBURG, VA 24501, UP TO THE AGGREGATE AMOUNT OF USD3,785,680.00 (THREE MILLION SEVEN HUNDRED EIGHTY FIVE THOUSAND SIX HUNDRED EIGHTY AND 00/100 UNITED STATES DOLLARS) AVAILABLE UPON PRESENTATION OF:

(1) YOUR SIGHT DRAFT, BEARING REFERENCE TO THIS LETTER OF CREDIT NO. TFTS-934413, AND

(2) YOUR DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS AUTHORIZED OFFICERS, SIGNED AS SUCH, READING AS FOLLOWS: "I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO REGULATIONS ISSUED UNDER AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION."

THIS LETTER OF CREDIT IS ISSUED IN ACCORDANCE WITH REGULATIONS ISSUED UNDER THE AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION (NRC), AN

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

JUL 19, 2011
OUR L/C NO.: TFTS-934413

AGENCY OF THE U.S. GOVERNMENT, PURSUANT TO THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, AND THE ENERGY REORGANIZATION ACT OF 1974. NRC HAS PROMULGATED REGULATIONS IN TITLE 10, CHAPTER I OF THE CODE OF FEDERAL REGULATIONS, PART 70, WHICH REQUIRE THAT A HOLDER OF, OR AN APPLICANT FOR, A MATERIALS LICENSE ISSUED UNDER 10 CFR PART 70 PROVIDE ASSURANCE THAT FUNDS WILL BE AVAILABLE WHEN NEEDED FOR DECOMMISSIONING.

THIS LETTER OF CREDIT IS EFFECTIVE AS OF JULY 19, 2011 AND SHALL EXPIRE ON JULY 19, 2012 BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED FOR A PERIOD OF ONE YEAR ON JULY 19, 2012 AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST 90 DAYS BEFORE THE CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU, NUCLEAR FUEL SERVICES, INC. AND AREVA NP, INC., BY CERTIFIED MAIL, AS SHOWN ON THE SIGNED RETURN RECEIPTS. IF NUCLEAR FUEL SERVICES, INC. IS UNABLE TO SECURE ALTERNATIVE FINANCIAL ASSURANCE TO REPLACE THIS LETTER OF CREDIT WITHIN 30 DAYS OF NOTIFICATION OF CANCELLATION, NRC MAY DRAW UPON THE FULL VALUE OF THIS LETTER OF CREDIT PRIOR TO CANCELLATION. THE BANK SHALL GIVE IMMEDIATE NOTICE TO THE APPLICANT AND NRC OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING (1) THE INSOLVENCY OR BANKRUPTCY OF THE BANK OR (2) ANY VIOLATION OF REGULATORY REQUIREMENTS THAT COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. THE BANK ALSO SHALL GIVE IMMEDIATE NOTICE IF THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

WHENEVER THIS LETTER OF CREDIT IS DRAWN ON, UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON ITS PRESENTATION TO US WITHIN 30 DAYS, AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF NUCLEAR FUEL SERVICES, INC. AND FOR THE ACCOUNT OF AREVA NP, INC. IN ACCORDANCE WITH YOUR INSTRUCTIONS.

EACH DRAFT MUST BEAR ON ITS FACE THE CLAUSE: "DRAWN UNDER JPMORGAN CHASE BANK, N.A. STANDBY LETTER OF CREDIT NO. TFTS-934413 AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED USD3,785,680.00."

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS 2007 REVISION, PUBLISHED BY THE INTERNATIONAL CHAMBER OF COMMERCE

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

JUL 19, 2011
OUR L/C NO.: TFTS-934413

(PUBLICATION NO. 600) .

PLEASE ADDRESS ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, ATTN: STANDBY LETTER OF CREDIT DEPT., 10420 HIGHLAND MANOR DRIVE, 4TH FLOOR, TAMPA, FL 33610. CUSTOMER SERVICE NUMBER IS TOLL FREE 1-800-634-1969, CHOOSE OPTION 1, 312-385-7910 OR E-MAIL ADDRESS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE INCLUDE OUR LETTER OF CREDIT NUMBER IN ALL CORRESPONDENCE.



AUTHORIZED SIGNATURE

Jon P. Pierson
Assistant Vice President

21G-11-0147
GOV-01-55-04
ACF-11-0235

ATTACHMENT 2

**Letters of Credit No. SB22.401 and No. SB22.493
issued by Crédit Industriel et Commercial**

(5 pages to follow)

Except as otherwise expressly stated, this documentary credit is subject to the "Uniform Customs and Practice for Documentary Credits" issued by the International Chamber of Commerce (Publication No. 500)



Crédit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cables: CICINUSA New York
Telex: 62160 CICNY
Rapifax: (212) 715-4477

Date: May 5, 2003
Our ref.: SB22.401
Amount: \$3,133,975.00
Validity: May 1, 2004

UNITED STATES NUCLEAR
REGULATORY COMMISSION
Washington, D.C. 20535

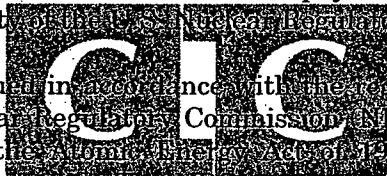
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Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. SB22.401 in your favor by order of Nuclear Fuel Services, Inc., 1205 Banner Hill Rd., Erwin, TN 37650 and for the account of Framatome ANP, Inc. 3315 Old Forest Rd., Lynchburg, VA 24501 up to an aggregate amount of \$3,133,975.00, available upon presentation of:

- 1) Your sight draft, bearing reference to this Letter of Credit Number SB22.401 and
- 2) A statement purportedly signed by yourselves reading as follows:

"I certify that the amount of the draft is payable pursuant to regulations issued under authority of the U.S. Nuclear Regulatory Commission."



This Letter of Credit is issued in accordance with the regulations issued under the authority of the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 70, which require that a holder of, or an applicant for, a materials license issued under 10 CFR Part 70 provide assurance that funds will be available when needed for decommissioning.

This Letter of Credit is effective as of May 1, 2003 and shall expire on May 1, 2004, but such expiration date shall be automatically extended for a period of one year on May 1, 2004 and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify you, Framatome ANP, Inc. and Nuclear Fuel Services, by certified mail as shown on the signed return receipts. If Framatome ANP, Inc and/or Nuclear Fuel Services is unable to secure alternative financial assurance to replace this Letter of Credit within 30 days of our notification of cancellation, the NRC may draw upon the full value of this Letter of Credit prior to cancellation. The bank shall give immediate notice to Framatome ANP, Inc. and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the bank or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The bank also shall give immediate notice if it for any reason, becomes unable to fulfill its obligation under this Letter of Credit.

CONTINUED ON PAGE 2 WHICH FORMS AN INTEGRAL PART OF THIS LETTER OF CREDIT

C.I.C. 3733975000

Except as otherwise expressly stated, this documentary credit is subject to the "Uniform Customs and Practice for Documentary Credits" issued by the International Chamber of Commerce (Publication No. 500)



Crédit Industriel et Commercial

520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cables: CICINUSA New York
Telex: 62160 CICNY
Rapifac: (212) 715-4477

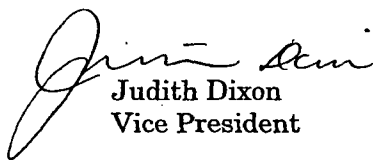
Page 2


SB22.401

Whenever this Letter of Credit is drawn on under and in compliance with the terms of this Letter of Credit, we shall duly honor such draft upon presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund of Nuclear Fuel Services in accordance with your instructions.

Each draft must bear on its face the clause: "Drawn under Letter of Credit No. SB22.401, dated May 5, 2003 and the total of this draft and all other drafts previously drawn under this Letter of Credit does not exceed USD3,133,975.00."

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) published by the International Chamber of Commerce, Publication No. 500.


Judith Dixon
Vice President


Leon Lalite
Vice President &
Deputy Group Head



COPY

AMENDMENT



Crédit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cables: CICINUSA New York
Telex: 62160 CICNY
Rapifax: (212) 715-4477

DOCUMENTARY LETTER OF CREDIT—IRREVOCABLE

SB 22.401

NEW YORK CREDIT NO.

DATE OF ISSUE
May 5, 2003

OPENING BANK'S NUMBER

ADVISING/OPENING BANK

APPLICANT

BENEFICIARY

UNITED STATES NUCLEAR
REGULATORY COMMISSION
Washington, D.C. 20535

FRAMATOME ANP, Inc.
3315 Old Forest Road
P.O. Box 10935
Lynchburg, VA 24506-0935

THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE
CREDIT AND MUST BE ATTACHED THERETO.

THE ABOVE MENTIONED CREDIT IS AMENDED AS FOLLOWS:

- Beneficiary's address must now read:

Washington, D.C. 20555

- First paragraph of Letter of Credit is amended to read:

"We hereby establish our Irrevocable Standby Letter of Credit No. SB22.401 in your favor by order of Nuclear Fuel Services, Inc., 1205 Banner Hill Rd., Erwin, TN 37650 NRC License No. SNM-124 and for the account of Framatome ANP, Inc., 3315 Old Forest Road, Lynchburg, VA 24501 up to an aggregate amount of \$3,133,975.00, available upon presentation of ..."

- Third paragraph of Letter of Credit is amended to read as follows:

"This Letter of Credit is effective as of May 1, 2003 and shall expire on May 1, 2004, but such expiration date shall be automatically extended for a period of one year on May 1, 2004 and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify you, Framatome ANP, Inc. and Nuclear Fuel Services, by certified mail as shown on the signed return receipts. If Nuclear Fuel Services is unable to secure alternative financial assurance to replace this Letter of Credit within 30 days of our notification of cancellation, the NRC may draw upon the full value of this Letter of Credit prior to cancellation. The bank shall give immediate notice to Framatome ANP, Inc., Nuclear Fuel Services, Inc., and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the bank or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The bank also shall give immediate notice if it for any reason, becomes unable to fulfill its obligation under this Letter of Credit."

- Please send us by fax your agreement to this amendment to the attention of the Letter of Credit Department, fax no. (212) 715-4477

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

June 3, 2003

Authorized Signature(s)

COPY

Publication No. 500
issued by the International Chamber of Commerce
with the Customs and Practice for Documentary Credits
as otherwise expressly stated, this Documentary Credit is subject to the



Crédit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cables: CICINUSA New York
Telex: 62160 CICNY
Rapifac: (212) 715-4477

Date: May 12, 2004
Our ref.: SB22.493
Amount: \$8,725,345.00
Validity: May 10, 2005

UNITED STATES NUCLEAR
REGULATORY COMMISSION
Washington, D.C. 20555

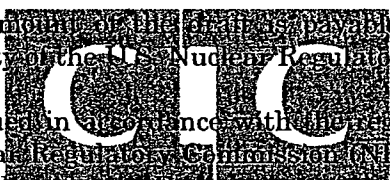
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Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. SB22.493 in your favor by order of Nuclear Fuel Services, Inc., 1205 Banner Hill Rd., Erwin, TN 37650 NRC License No. SNM-124 and for the account of Framatome ANP, Inc. 3315 Old Forest Rd., Lynchburg, VA 24501 up to an aggregate amount of \$8,725,345.00, available upon presentation of:

- 1) Your sight draft, bearing reference to this Letter of Credit Number SB22.493 and
- 2) A statement purportedly signed by yourselves reading as follows:

"I certify that the amount of this draft is payable pursuant to regulations issued under authority of the U.S. Nuclear Regulatory Commission."



This Letter of Credit is issued in accordance with the regulations issued under the authority of the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 70, which require that a holder of, or an applicant for, a materials license issued under 10 CFR Part 70 provide assurance that funds will be available when needed for decommissioning.

This Letter of Credit is effective as of May 10, 2004 and shall expire on May 10, 2005, but such expiration date shall be automatically extended for a period of one year on May 10, 2005 and on each successive expiration date, unless, at least 90 days before the current expiration date, we notify you, Framatome ANP, Inc. and Nuclear Fuel Services, by certified mail as shown on the signed return receipts. If Nuclear Fuel Services is unable to secure alternative financial assurance to replace this Letter of Credit within 30 days of our notification of cancellation, the NRC may draw upon the full value of this Letter of Credit prior to cancellation. The bank shall give immediate notice to Framatome ANP, Inc., Nuclear Fuel Services, Inc., and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the bank or (2) any violation of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The bank also shall give immediate notice if it for any reason, becomes unable to fulfill its obligation under this Letter of Credit.

CONTINUED ON PAGE 2 WHICH FORMS AN INTEGRAL PART OF THIS LETTER OF CREDIT

C.I.C. 66387 25345000

except as otherwise expressly stated, this documentary credit is subject to the Uniform Customs and Practice for Documentary Credits issued by the International Chamber of Commerce (Publication No. 500)

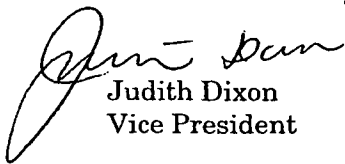


Crédit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
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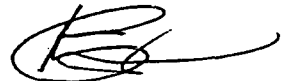
Whenever this Letter of Credit is drawn on under and in compliance with the terms of this Letter of Credit, we shall duly honor such draft upon presentation to us within 30 days, and we shall deposit the amount of the draft directly into the standby trust fund of Nuclear Fuel Services in accordance with your instructions.

Each draft must bear on its face the clause: "Drawn under Letter of Credit No. SB22.493, dated May 12, 2004 and the total of this draft and all other drafts previously drawn under this Letter of Credit does not exceed USD8,725,345.00."

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) published by the International Chamber of Commerce, Publication No. 500.


Judith Dixon
Vice President




Leon Lalite
Vice President &
Deputy Group Head

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ORIGINAL