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AEROTEST OPERATIONS, INC.

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August 10, 2012

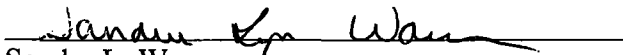
Mr. Spyros Traiforos
Attn: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Mr. Traiforos:

As per our earlier telephone conversations between Craig Bassett, Spyros Traiforos, and Sandra Warren, we are reporting that during our follow-up fuel inspection from July 16, 2012 through July 25, 2012, we discovered an additional 17 elements (for a total of 22 elements) with what we assume are non-displaced cracks. One of the 17 elements has a long mark that does not seem to have any depth, and we are assuming that is a crack at this time, but we may re-visit that element later. Craig Bassett of the U.S. NRC was present during this inspection, and he will return to Aerotest starting September 10, 2012, for further video review of our entire inventory of elements. While we do not believe that these elements represent a safety issue, we do plan on having them canned, and we have already begun the fabrication process for more canisters. We are tentatively planning resuming the canning operation in late October.

We will maintain contact with Spyros Traiforos and Craig Bassett to keep them informed of the status.

On behalf of Aerotest Operations, Inc., I certify that the content of this letter contains information that is true and correct to the best of my knowledge.


Sandra L. Warren
General Manager

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NRR