

March 21, 2013

MEMORANDUM TO: Robert Johnson, Chief
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards

FROM: Lydia Chang, Chief **/RA/**
Special Projects Branch
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION INPUT FOR
BABCOCK & WILCOX NUCLEAR OPERATING GROUP REQUEST
TO AMEND LICENSE NO. SNM-42 CHAPTER 10 (TAC NO: L33247)

On December 5, 2012, the Fuel Manufacturing Branch, in the Division of Fuel Cycle Safety and Safeguards, sent a Technical Assistance Request to the Special Projects Branch (SPB) to review the Babcock & Wilcox Nuclear Operating Group request to amend chapter 10 of license number SNM-42. The SPB staff has reviewed the submittal and recommends the following requests for additional information as outlined in the enclosure.

Docket No.: 70-27
License No.: SNM-42

Enclosure:
Request for Additional Information

CONTACT: Reginald Augustus, FSME/DWMEP
(301) 415-0165

MEMORANDUM TO: Robert Johnson, Chief
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards

FROM: Lydia Chang, Chief
Special Projects Branch
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION INPUT FOR
BABCOCK & WILCOX NUCLEAR OPERATING GROUP REQUEST
TO AMEND LICENSE NO. SNM-42 CHAPTER 10 (TAC NO: L33247)

On December 5, 2012, the Fuel Manufacturing Branch, in the Division of Fuel Cycle Safety and Safeguards, sent a Technical Assistance Request to the Special Projects Branch (SPB) to review the Babcock & Wilcox Nuclear Operating Group request to amend chapter 10 of license number SNM-42. The SPB staff has reviewed the submittal and recommends the following requests for additional information as outlined in the enclosure.

Docket No.: 70-27
License No.: SNM-42

Enclosure:
Request for Additional Information

CONTACT: Reginald Augustus, FSME/DWMEP
(301) 415-0165

Distribution: KRamsey MBaker

ML13079A058

OFC:	DURLD	DURLD	DURLD
NAME:	RAugustus	CHolston	LChang
DATE:	3/20/13	3/20/13	3/21/13

OFFICIAL RECORD COPY

Babcock & Wilcox Nuclear Operations Group, Inc. (B&W NOG)
Request for Additional Information Input for
B&W NOG's Request to Amend Chapter 10 of License No. SNM-42

Item pertaining to entire estimate

Item 1: Provide clarification that no credit for salvage value is being taken in estimate. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev. 1, Appendix A.3.1.3, a licensee's cost estimate should clearly state that it takes no salvage value credit from the sale of potential assets either during or after decommissioning. On page 10-3 of the B&W NOG cost estimate, it states "[c]ontaminated equipment may be sold for use at another fuel cycle facility."

The Special Projects Branch (SPB) staff recommends that the licensee clearly state that no credit for salvage value has been taken in its decommissioning cost estimate.

Items specific to Downblending estimate

Item 1: Clarify statement regarding contingency amounts to cover management of the decommissioning effort. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev.1, Appendix A.3.1.2.3, licensees are required to apply an adequate contingency factor amount for costs associated with decommissioning due to the uncertainty of contamination levels, waste disposal costs and other costs. Proposals that do not apply a 25% contingency factor to all components of the cost estimate should only be approved in situations where a case-specific review has determined unforeseen increases to the decommissioning costs are extremely low. On page 10-17 of the B&W NOG cost estimate, it states "[c]ontingency amounts to cover management of the decommissioning effort are not included in this estimate since the activities will be restricted to a small area contiguous with NR areas and will only be a small portion of those activities required for the NR facilities and the management of those activities is covered by the NR financial assurances."

The SPB staff recommends that the licensee clearly state that a 25% contingency factor is being used for the costs associated with the management portion of activities related to downblending.

Item 2: Adequately justify the key assumptions used in the decommissioning cost estimate. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev. 1, Appendix A.3.1.3 licensees must identify and sufficiently justify key assumptions being used in the decommissioning cost estimate. On page 10-18 of the B&W NOG cost estimate, it states "[t]he transportation costs were determined assuming ½ of the waste would be shipped by rail and the other half shipped by truck....[t]he total cubic volume of the waste was estimated...."

The SPB staff recommends that the licensee provide a sufficient basis for these assumptions that are made in its decommissioning cost estimate.

Item 3: Provide clarification with respect to labor and non-labor costs. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev. 1, Appendix A.3.1.2.1-2, “[t]he source for labor the labor costs (e.g., Bureau of Labor Statistics’ schedules of labor rates for specified areas of the country; current commonly used standard cost estimating manuals; or labor costs in current or projected third-party contracts with the licensee) should be described in sufficient detail to allow the U.S. Nuclear Regulatory Commission (NRC) staff to confirm them.” In addition, non-labor costs should also be clearly identifiable for staff to confirm.

The SPB staff recommends that the licensee provided sufficient detail to allow for the NRC staff to confirm the labor and non-labor costs used in the decommissioning cost estimate. The SPB staff requests the following information be clarified in Table 1 on page 10-19:

- Breakdown of the number of hourly worker hours versus salary worker hours
- Clear basis for number of workdays and total man-hours determination
- A clear basis for shipping and burial of radioactive waste unit costs

Items specific to Lynchburg Technology Center (LTC) estimate

Item 1: Adequately justify the key assumptions used in the decommissioning cost estimate. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev. 1, Appendix A.3.1.3 licensees must identify and sufficiently justify key assumptions being used in the decommissioning cost estimate. On page 10-28 of the B&W NOG cost estimate, it states “[t]he majority of the building walls and floors are capable of being decontaminated, i.e., contamination has not penetrated deeper than one-eighth inch into the block and concrete floor. This is based on the ‘dry’ processing operations that occurred in the majority of the facility.”

The SPB staff recommends that the licensee provide a sufficient basis for this assumption that is made in its decommissioning cost estimate.

Item 2: Provide clarification with respect to labor costs. (NUREG-1757, Vol. 3, Rev. 1, Appendix A)

Per NUREG-1757, Vol. 3, Rev. 1, Appendix A.3.1.2.1-2, “[t]he source for the labor costs (e.g., Bureau of Labor Statistics’ schedules of labor rates for specified areas of the country; current commonly used standard cost estimating manuals; or labor costs in current or projected third-party contracts with the licensee) should be described in sufficient detail to allow the NRC staff to confirm them.”

The SPB staff recommends that the licensee provide sufficient detail to allow for the NRC staff to confirm the labor costs used in the decommissioning cost estimate. The SPB staff requests the following information be clarified in the Summary of LTC Decommissioning Cost Estimate on page 10-33:

- Breakdown of the number of hours worked by labor category (e.g., craft laborer).
- Clear basis for number of workdays and total man-hours determination.