

Submitted: June 13, 2014

In the Matter of:

AEROTEST OPERATIONS, INC.
(Aerotest Radiography and Research Reactor)ASLBP #: 14-931-01-LT-BD01
Docket #: 05000228
Exhibit #: NRC-040-00-BD01
Admitted: 8/12/2014
Rejected:
Other:

Identified: 8/12/2014

Withdrawn:
Stricken:

AEROTEST OPERATIONS, INC.

3455 FOSTORIA WAY • SAN RAMON, CA 94583 • (925) 866-1212 • FAX (925) 866-1716

August 6, 2010

TO OUR VALUED CUSTOMERS:

Re: Closure of Aerotest Operations

I am writing on behalf of Aerotest Operations, Inc. ("Aerotest") to inform you that, per order of the Federal Government, Aerotest will likely have to cease operations at its nuclear radiography facility on or shortly after September 13, 2010.

As you may be aware, on July 9, 2009, Aerotest was informed by the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission (the "NRC") that, due to concerns regarding the degree of foreign ownership of Aerotest's ultimate parent (a US (DE) corporation listed on the NYSE), the NRC would deny Aerotest's application for renewal of its operating license, effectively requiring Aerotest to divest itself of its nuclear radiography facility. During the subsequent months, Aerotest has worked with the NRC, other government agencies and private parties to structure a transaction that would allow its facility to continue operations.

Most recently, Aerotest negotiated a letter of intent for the transfer of the facility to another non-destructive testing company. Per an order issued on July 6, 2010, the NRC approved transfer of the license to operate the Aerotest facility if Aerotest and the potential transferee can complete this transaction prior to September 13, 2010. However, because of the current uncertainty involving the future ability of the U.S. Department of Energy to dispose of the spent nuclear fuel generated at the facility, and, therefore, the difficulty of predicting costs associated with storage of such fuel, the potential transferee is unwilling to go forward with the transaction.

Aerotest has attempted, without success, to resolve the spent fuel issue in several ways. Most recently, Aerotest made a proposal to the Department of Defense that it feels would have allowed its nuclear radiography facility to continue operations. Unfortunately, Aerotest has received no response to this proposal. Consequently, Aerotest feels that it is prudent to notify you that, barring any intervening government actions, Aerotest will likely be required to regrettably cease operations at its nuclear radiography facility on or shortly after September 13, 2010.

Very truly yours,

A handwritten signature in cursive script that reads "Sandra Warren".
Sandra Warren
General Manager

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