

November 3, 2014

Mr. Philip M. Kirby, Contracting Officer
NNSA Production Office, Y-12
U.S. Department of Energy
P.O. Box 2050
Oak Ridge, TN 37831-8009

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION CONCERNING
DECOMMISSIONING FINANCIAL ASSURANCE FOR NUCLEAR FUEL
SERVICES (TECHNICAL ASSIGNMENT CONTROL NO. L33333)

Dear Mr. Kirby:

We have reviewed the information submitted by letter dated May 23, 2014. Our review has identified that additional information is needed.

The specific requests for additional information are enclosed. We request the information be provided to us within 30 days from the date of this letter. Please reference Technical Assignment Control No. L33333 in your response.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the U.S. Nuclear Regulatory Commission's (NRC) "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room and the Agencywide Documents Access and Management System (ADAMS).

ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

P. Kirby

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If you have any questions concerning this letter, please contact me at (301) 287-9116, or via e-mail to Kevin.Ramsey@nrc.gov.

Sincerely,

/RA/

Kevin M. Ramsey, Project Manager
Fuel Manufacturing Branch
Division of Fuel Cycle Safety
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

Docket No. 70-143
License No. SNM-124

cc: Andrew Sabisch, Nuclear Fuel Services
Becky Eddy, NNSA Y-12

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Becky Eddy, NNSA Y-12

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|--------|---------------|---------------|---------------|---------------|
| NAME | KRamsey | TBrockington | CMcKenney | RKJohnson |
| DATE | 10/ 22 /2014 | 10/ 28/2014 | 10/30 /2014 | 11/ 3 /2014 |

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**REQUEST FOR ADDITIONAL INFORMATION
REGARDING DECOMMISSIONING FINANCIAL ASSURANCE
FOR NUCLEAR FUEL SERVICES**

The following information is needed to verify the U.S. Nuclear Regulatory Commission (NRC) staff can continue to find that an exemption granted to Nuclear Fuel Services (NFS) in 2003 is acceptable. The exemption granted relief from the decommissioning funding mechanisms required by Title 10 of the *Code of Federal Regulations* (10 CFR) 70.25. At that time, we understood the clause in your contract to be a statement of intent to request funding from the U.S. Congress when needed to perform decommissioning activities. We now understand that your contract established an account to hold funds for decommissioning activities. Under our regulations in 10 CFR 70.25(f)(3), we would normally require prepayment of decommissioning funds to be maintained in a trust fund with certain restrictions. It is our understanding that your account is not a trust fund. Please provide the following information so we can determine whether continuation of the exemption is appropriate.

1. Documentation of the terms and conditions of the liability account, including who is responsible for administering it.
2. A copy of the Interagency Agreement regarding the account, if one exists.
3. Confirmation that the account is funded (not an accounting entity).
4. Clarify whether the funds are restricted cash.
5. Clarify whether the account is irrevocable and identify the irrevocable clause in the documentation provided in Item 1.
6. Describe whether the funds are restricted for decommissioning purposes.
7. Describe investment restrictions. Funds should not be invested in securities of the licensee.
8. Describe provisions for distribution of funds including any limits on withdrawal of funds at one time.
9. Describe provisions for annual valuation.
10. Describe provisions for amending the terms and conditions of the account, including whether amendment can be made without prior authorization from NRC.
11. Normally, NRC is the party that directs a trustee to make distributions from a trust fund. Describe the party that will direct the entity administering the account to make distributions from the account, whether to the licensee or a third-party contractor.
12. If Tennessee Valley Authority (TVA) is the party administering the account, provide documentation describing TVA's procedures for administering the account.

Enclosure