



March 31, 2017

U.S. Nuclear Regulatory Commission
ATTN: Document Control
Decommissioning Branch
Division of Waste Management
11545 Rockville Pike
Two White Flint North
Rockville, Maryland 20852

Reference: License SMB-911; Docket No. 40-7580
License Conditions 43, 44, and 45 – Annual Update

Document Control:

Pursuant to License SMB-911 Conditions 43, 44, and 45, the licensee, FMRI, Inc. ("FMRI"), submits the following information:

License Condition 43 (accounting of expenses)

This letter and the enclosed "Table 1 – Accounting of Expenses for Year 2016" (Attachment 1) provide the information required by License Condition 43 regarding FMRI expenses in 2016, including the following:

- a) Expenses incurred by FMRI in 2016, using the same line items as provided in Table 15-11 of the Decommissioning Plan ("DP").
- b) The amount spent on each line item during 2016.
- c) Cumulative expenses (i.e., spent in 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016).
- d) Identification of variances, both positive and negative, between the planned expense projected by FMRI for 2016 in the most recent previous annual update submitted to the NRC on March 31, 2016 and the actual expense for each line item during 2016.
- e) An explanation of the reasons for variances that exceed 5% of the planned expense for a line item during 2016 (provided as a footnote to Table 1).

Subparagraph (f) of License Condition 43 requests a comparison of the cost of work remaining to the funding remaining under the assurances provided to NRC. The cost of work remaining is

to be determined by estimating the amount and cost of labor, materials, services, etc., required to complete the work. If the cost of remaining activities exceeds the remaining amounts assured to the NRC, a detailed plan to adjust the work plan to the available funding is to be provided.

Enclosed is "Revised Table 15-11, Revised Closure Cost Estimate by Year" (Attachment 2) that provides the revised estimated cost of \$18,489,034.00 for the decommissioning work remaining to be incurred in 2017 and out years. This correlates to an increase in total decommissioning cost estimate (i.e., including previous years expenses) to a total of \$42,034,474 which is \$1,429,474 less than the original estimate of \$41,605,000 on which the financial assurance mechanism was based. The revised estimate is based on full funding and a shorter time span.

Finally, paragraph (g) of License Condition 43 requests an explanation of the reason for all expenses not covered by the line items of Table 15-11. There were no other expenses that are not covered by the line items of Table 15-11 in 2016.

License Condition 44 (accounting of income)

The accounting of income in 2016 from Reorganized Fansteel (i.e., Fansteel Inc. or "Fansteel") showing amounts paid to FMRI following the format used in License Condition 44 is provided below: Fansteel is funding FMRI monthly.

- | | | |
|----|----|--|
| a) | \$ | 0.00 - annual mandatory prepayments |
| b) | \$ | 741,000.00 - annual in monthly payment |
| c) | \$ | 0.00 - additional annual prepayment (1) insurance proceeds, and
(2) re-organized debtor asset sale proceeds |
| d) | \$ | 0.00 - payments under the secondary promissory note |
| e) | \$ | 0.00 - payments under the contingent promissory note |

Subparagraph (f) of License Condition 44 also requests information on any other payments received. Other payments received by FMRI in 2016 are as follows:

- \$ 449,812.00 - withdrawn from the Decommissioning Trust
- \$ 822.10 - from the sale of surplus equipment
- \$ 58,500.00 - from rental income
- \$ 0.00 - from interest income

License Condition 45

FMRI will submit License Condition 45 by the end of April. Because of Fansteel position more time is needed to complete updated Table 15-12. This will be submitted with the affidavit of Robert Compennolle.

If you have any questions, please call me at (918) 687-6303.

Sincerely,

Robert Comper Nolle by Jan Burg

Robert Compennolle
President, FMRI

Enclosures

Copy to: (Greg Chapman NRC)
(FMRI File (NRC-033165))

bcc:

James Burgess (FMRI)

ATTACHMENT 1

Table 1 - FMRI - Accounting of Expenses for Year 2016 (License Condition 43; Submitted March 31, 2017)

Line Item No.	Site maintenance activities	Year 2016:			Percent Variance	Yrs 2004, 05,06,07,08
		Projected in revised Table 15-11 on 3/31/16	Actual	Better (Worse)		09,10,11,12,13,14,15- 2016
						Cumulative Actual
1	Site maintenance costs in preparation for decommissioning	-	-	-		\$ -
2	Miscellaneous costs, legal & other consulting services	\$ 50,000	\$ 132,915	\$ (82,915)	166	4,225,985.00
		\$ 50,000	\$ 132,915	\$ (82,915)		4,225,985.00
	Site plans & maintenance					
3	Prepare decommissioning plans and reports (Funded Cost)	\$ -	-	\$ -		648,988.00
4	Facility oversight through facility closure in about 10 years	\$ 76,400	\$ 548,872	\$ (472,472)	618	4,813,332.00
5	Preparation of Environmental Report	\$ -	-	\$ -		\$ -
6	NRC review of decommissioning plans and reports (Funded Cost)	\$ -	-	\$ -		236,899.00
7	NRC oversight & misc. through facility closure over 10 years (Funded Cost)	\$ 144,000	\$ 348,061	\$ (204,061)	142	2,124,386.00
8	Health Physics support through facility closure over 10 years (Funded Cost)	\$ 15,000	\$ 30,656	\$ (15,656)	104	474,162.00
9	NRC oversight of groundwater treatment	\$ -	-	\$ -		\$ 125,000.00
10	Survey activities (Funded Cost)	\$ -	-	\$ -		\$ -
11	Decontaminate all buildings (Funded Cost)	\$ -	-	\$ -		\$ -
12	Decontaminate equipment (Funded Cost)	\$ -	-	\$ -		\$ -
		\$ -	\$ -	\$ -		8,422,767.00
	WIP disposition					
13	Ponds 2&3 Residues (WIP), Excavation, on-site hauling, and drying (Funded Cost)	\$ -	\$ 34,746	\$ -		2,348,709.00
14	Ponds 2&3 Residues transportation (Funded Cost)	\$ 438,600	\$ 286,330	\$ 152,270	(35)	3,601,056.00
15	Ponds 2&3 Residues disposition (Funded Cost)	\$ 275,200	\$ 163,482	\$ 111,718	(41)	1,720,457.00
16	Backfill where removed Ponds 2 & 3 Residues (WIP residues) (Funded Cost)	\$ -	-	\$ -		\$ -
		\$ 713,800	\$ 484,558	\$ 229,242		7,670,222.00
	CaF2 disposal					
17	Ponds 5,6,7,8, & 9 Residues – Excavation, on-site hauling, and drying (Funded Cost)	\$ -	-	\$ -	#DIV/0!	\$ -
18	Ponds 5,6,7,8, & 9 Residues transportation (Funded Cost)	\$ -	-	\$ -	#DIV/0!	\$ -
19	Ponds 5,6,7,8, & 9 Residues disposal (Funded Cost)	\$ -	-	\$ -	#DIV/0!	\$ -
20	Backfill where removed Ponds 5,6,7,8, & 9 Residues (Funded Cost)	\$ -	-	\$ -	#DIV/0!	\$ -
		\$ -	\$ -	\$ -		\$ -
	Soil disposal					
21	Radiologically contaminated soils, Excavation & on-site hauling (Funded Cost)	\$ -	-	\$ -		\$ -
22	Radiologically contaminated soils transportation (Funded Cost)	\$ -	-	\$ -		\$ -
23	Radiologically contaminated soils disposal (Funded Cost)	\$ -	-	\$ -		\$ -
24	Backfill where removed radiologically contaminated soils (Funded Cost)	\$ -	-	\$ -		\$ -
		\$ -	\$ -	\$ -		\$ -
	Groundwater treatment					
25	Groundwater treatment for 3 years during decommissioning of WIP	\$ -	-	\$ -		1,410,000.00
26	Groundwater treatment for 17 years after decommissioning of WIP	\$ 160,000	\$ 62,079	\$ 97,921		\$ 1,806,485.00
		\$ 160,000	\$ 62,079	\$ 97,921		
	Total Decommissioning Expenses	\$ 923,800	\$ 679,552	\$ 244,248	(26)	3,216,485.00
						20,928,509.00

Explanation of Variances that Exceed 5% of the Planned Expenses by Line Item:

- Line Item 2 (Miscellaneous costs, legal & other consulting services) - Greater than expected consulting costs related to insurance recovery and consent agreement
- Line Item 4 (Facility Oversight)-More personnel needed to support phase 1
- Line Item 7 (NRC oversight & misc.) - NRC has more oversight during the consent agreement
- Line Item 8 (Health Physics support was used for Phase 1 transportation and submittals
- Line Item 13, Excavation was done for 5 months during the year which was not planned for 2016
- Line Item 14 (WIP Transportation shipments were made but the delay between receiving and invoicing caused the difference
- Line Item 15, (WIP shipments were made but the delay between receiving and invoicing caused the difference
- Line Item 26 (Change of accounting of expenses for Groundwater used this year) actual verses note payments

40132295
41605000
1472705

ATTACHMENT 2

**Revised Table 15-11
FMRI Revised Closure Cost Estimate by Year (License Condition 45; Submitted March 31, 2017)**

	Pre Approval			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Subtotal	On going	Total	
	2002* (Actual)	2003 (Actual)	Subtotal (2002 - 2003)	2004 (Actual)	2005 (Actual)	2006 (Actual)	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Actual)	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 Actual	2016 Actual	2017 Projected	(2004 - 2017)	later years 2018 to 2023		
Site maintenance activities (line item number)																					
(1) Site maintenance costs in preparation for decommissioning	154,000	1,448,000	1,600,000	424,038	200,658	\$ 209,889	859,118	384,577	573,810	87,221	232,227	136,000	260,059	579,483	145,990	132,915	100,000	4,325,985	141,000	1,600,000	
(2) Miscellaneous costs, legal & other consulting services	180,000	250,000	410,000	424,038	200,658	209,889	859,118	384,577	573,810	87,221	232,227	136,000	260,059	579,483	145,990	132,915	100,000	4,325,985	141,000	4,876,985	
Site plans & maintenance	314,000	1,898,000	2,010,000	424,038	200,658	209,889	859,118	384,577	573,810	87,221	232,227	136,000	260,059	579,483	145,990	132,915	100,000	4,325,985	141,000	6,478,985	
(3) Prepare decommissioning plans and reports				90,302	211,002	\$ 347,684												648,988		848,988	
(4) Facility oversight through facility closure in about 10 years				570,785	430,886	\$ 457,568	445,593	440,872	304,539	241,141	236,051	137,883	552,736	135,813	310,893	548,872	300,000	5,113,332	209,114	5,322,446	
(5) Preparation of Environmental Report		200,000	200,000																	200,000	
(6) NRC review of decommissioning plans and reports				102,649	86,250	\$ 48,000												236,899		236,899	
(7) NRC oversight & misc. through facility closure over 10 years				160,408	198,827	\$ 175,238	222,904	189,771	198,249	34,731	44,827	136,000	42,288	193,398	178,565	348,091	350,000	2,474,368	320,000	2,794,368	
(8) Health Physics support through facility closure over 10 years					45,000	\$ 102,500	59,068	31,322	11,073	33,081	26,791	107,723	-	11,330	15,820	30,656	25,000	469,162	55,000	554,162	
(9) NRC oversight of groundwater treatment																		125,000	1,000,000	1,125,000	
(10) Survey activities												125,000						-	400,000	400,000	
(11) Decontaminate all buildings																		-	400,000	400,000	
(12) Decontaminate equipment																		-	400,000	400,000	
WIP disposition		200,000	200,000	924,144	972,065	1,130,990	727,583	661,765	513,861	308,933	307,769	508,606	595,024	340,541	505,878	927,589	675,000	9,097,748	2,384,114	11,681,862	
(13) Ponds 2&3 Residues (WIP), Excavation, on-site hauling, and drying					425,672	699,829	197,420	349,288	101,750	372,735	100,515	50,000						2,398,709	70,000	2,468,709	
(14) Ponds 2&3 Residues transportation						8,825	1,380,822	1,060,893	181,523	-	-	41,208	211,039	430,617	286,330	300,000	3,901,056	953,324	4,854,380		
(15) Ponds 2&3 Residues disposition							734,613	514,876	52,032				102,285	153,169	183,482	170,000	1,890,457	553,468	2,443,925		
(16) Backfill where removed Ponds 2 & 3 Residues (WIP residues)					425,672	708,554	2,312,855	1,625,057	335,305	372,735	100,515	50,000	41,208	313,324	610,440	449,812	510,000	8,190,222	1,588,792	9,781,014	
CaF2 disposal																					
(17) Ponds 5,6,7,8, & 9 Residues - Excavation, on-site hauling, and drying																		-	345,408	345,408	
(18) Ponds 5,6,7,8, & 9 Residues transportation																		-	4,227,003	4,227,003	
(19) Ponds 5,6,7,8, & 9 Residues disposal																		-	4,673,930	4,673,930	
(20) Backfill where removed Ponds 5,6,7,8, & 9 Residues																		-	150,000	150,000	
Soil disposal																					
(21) Radiologically contaminated soils, Excavation & on-site hauling																			-	137,789	137,789
(22) Radiologically contaminated soils transportation																			-	1,336,300	1,336,300
(23) Radiologically contaminated soils disposal																			-	1,477,700	1,477,700
(24) Backfill where removed radiologically contaminated soils																			-	50,000	50,000
Groundwater treatment																					
(25) Groundwater treatment for 3 years during decommissioning of WIP				282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	167,841	180,803	167,862	162,079	160,000	1,410,000	524,000	1,410,000	
(26) Groundwater treatment for 17 years after decommissioning of WIP				282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	167,841	180,803	167,862	162,079	160,000	3,378,485	524,000	2,460,485	
Total Revised Decommissioning Cost Estimate	314,000	1,866,000	2,210,000	1,630,182	1,880,396	2,331,433	4,181,556	3,253,399	1,704,978	1,050,889	922,511	874,606	1,063,930	1,414,151	1,430,270	1,672,395	1,445,000	24,960,440	17,044,034	42,034,474	