



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

June 7, 2017

Mr. Richard J. Freudenberger, Director  
Safety and Safeguards  
Nuclear Fuel Services, Inc.  
1205 Banner Hill Road  
Erwin, TN 37650

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION INTENT TO DRAW ON THE  
LETTER OF CREDIT

Dear Mr. Freudenberger,

Nuclear Fuel Services Inc. (NFS) in Joint Venture with AREVA, uses a surety method, in the form of a letter of credit (LOC) and a standby trust agreement, as one method of financial assurance for decommissioning of the NFS Fuel Fabrication Facility, specifically for the Blended Low Enriched Uranium complex. By letter to the U.S. Nuclear Regulatory Commission (NRC) dated April 13, 2017, the issuing bank notified the NRC that it would not renew the LOC beyond its expiration date of July 19, 2017. According to the terms of the LOC, the NRC may draw upon the LOC if NFS is unable to secure alternative financial assurance to replace the LOC within 30 days of the notice of cancellation.

Staff recognizes NFS and AREVA are in the process of obtaining a new LOC that is intended to replace the one expiring; nonetheless, we are notifying you of our intent to draw on the existing instrument if we do not receive an alternative means for financial assurance for NRC review and approval. Unless NFS provides an alternative means for financial assurance for NRC review and approval no later than June 14, 2017, the NRC is prepared to draw upon the LOC in the full amount as early as June 16, 2017. The funds will be deposited in the amended standby trust agreement that the NRC staff approved by letter dated May 30, 2017.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System component of the NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Robert K. Johnson, Chief  
Fuel Manufacturing Branch  
Division of Fuel Cycle Safety, Safeguards,  
and Environmental Review  
Office of Nuclear Material Safety  
and Safeguards

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

U.S. NUCLEAR REGULATORY COMMISSION INTENT TO DRAW ON THE LETTER  
OF CREDITDATE: June 7, 2017**ADAMS ACCESSION No.: ML17156A848** \* via e-mail

<b>OFC</b>	FCSE/FMB	FCSE/FMB	DUWP/PAB	DUWP/PAB
<b>NAME</b>	*TBrockington	LCuadrado	*KKline	<b>*ASchwartzman for CMcKenney</b>
<b>DATE</b>	6/6/2017	6/6/2017	6/6/2017	6/7/2017
<b>OFC</b>	FCSE/FMB	OGC	FCSE/FMB	
<b>NAME</b>	RJohnson	*ACoggins	RJohnson	
<b>DATE</b>	6/7/2017	6/6/2017	6/7/2017	

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