



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

June 7, 2018

Dr. David M. Slaughter, President  
and Reactor Administrator  
Aerotest Operations, Inc.  
3455 Fostoria Way  
San Ramon, CA 94583

SUBJECT: AEROTEST OPERATIONS, INC. - RESPONSE TO THIRD REQUEST  
FOR EXTENSION OF TIME TO RESPOND TO LETTER REGARDING  
IRREVOCABLE STANDBY LETTER OF CREDIT FOR THE AEROTEST  
RADIOGRAPHY AND RESEARCH REACTOR (EPID L-2017-PMP-0014)

Dear Dr. Slaughter:

By letter dated March 8, 2018 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML18054A077), the U.S. Nuclear Regulatory Commission (NRC) staff sent Aerotest Operations, Inc. (Aerotest) a request that Aerotest respond within 30 days of its receipt of that letter to explain how it complies, or plans on complying, with the license transfer condition that its irrevocable standby letter of credit conforms to the guidance provided in NRC Regulatory Guide (RG) 1.159, "Assuring the Availability of Funds for Decommissioning Nuclear Reactors." The current version of RG 1.159, Revision 2, dated October 2011, may be found at ADAMS Accession No. ML112160012.

By letter dated March 27, 2018 (ADAMS Accession No. ML18092A087), Aerotest requested an additional 30 days beyond the deadline in the NRC staff's March 8, 2018, letter to respond to the March 8, 2018, letter. By letter dated April 3, 2018 (ADAMS Accession No. ML18087A340), the NRC staff accepted Aerotest's first extension request dated March 27, 2018. By letter dated May 7, 2018 (ADAMS Accession No. ML18130A578), Aerotest requested that the deadline extension granted by the NRC staff's April 3, 2018, letter be further extended such that the new deadline would be 60 days beyond the original deadline to respond to the NRC staff's March 8, 2018, letter. By letter dated May 16, 2018 (ADAMS Accession No. ML18128A034), the NRC staff accepted Aerotest's second extension request dated May 7, 2018. By letter dated June 1, 2018 (ADAMS Accession No. ML18156A130), Aerotest requested that the deadline to respond to the NRC staff's March 8, 2018, letter be extended again such that the new deadline would be 90 days beyond the original deadline to respond to the NRC staff's March 8, 2018, letter.

Aerotest stated that its June 1, 2018, extension request was necessary because it determined that the revised letter of credit language proposed by Bank of the West (BoW) to address the issue of insolvency notification to the applicant and beneficiary was not adequate. Aerotest stated that it had submitted a follow-up revision, referencing RG 1.159, Appendix B-5, to BoW, and that the follow-up revision is currently under review by BoW. (The NRC staff notes, however, that in RG 1.159, Revision 2, the example wording for an irrevocable standby letter of credit for a nuclear reactor licensee is found in Appendix A-5.)

The NRC staff accepts Aerotest's third extension request dated June 1, 2018.

If you have any questions, or need additional time to respond to the NRC staff's original March 8, 2018, request please contact me at 301-415-4067, or by electronic mail at [Edward.Helvenston@nrc.gov](mailto:Edward.Helvenston@nrc.gov).

Sincerely,

*/RA/*

Edward Helvenston, Project Manager  
Research and Test Reactors Licensing Branch  
Division of Licensing Projects  
Office of Nuclear Reactor Regulation

Docket No. 50-228

License No. R-98

cc: Sandy Warren, General Manager  
Aerotest Operations, Inc.  
3455 Fostoria Way  
San Ramon, CA 94583

California Energy Commission  
1516 Ninth Street, MS-34  
Sacramento, CA 95814

Radiologic Health Branch  
P.O. Box 997414, MS 7610  
Sacramento, CA 95899-7414

Test, Research and Training  
Reactor Newsletter  
P.O. Box 118300  
University of Florida  
Gainesville, FL 32611

SUBJECT: AEROTEST OPERATIONS, INC. - RESPONSE TO THIRD REQUEST FOR EXTENSION OF TIME TO RESPOND TO LETTER REGARDING IRREVOCABLE STANDBY LETTER OF CREDIT FOR THE AEROTEST RADIOGRAPHY AND RESEARCH REACTOR (EPID L-2017-PMP-0014) DATED: JUNE 7, 2018

**DISTRIBUTION:**

PUBLIC	PRLB R/F	RidsNrrDlpProb	NParker, NRR
RidsNrrDlpPrlb	CMontgomery, NRR	CBassett, NRR	EHelvenston, NRR
RidsNrrDlp	AMendiola, NRR	AAdams, NRR	SLynch, NRR
RidsOgcMailCenter	ABowers, NRR	MFlores, NMSS	RAugustus, NMSS
CMcKenney, NMSS	MDusaniwskyj, NRR	JWachutka, OGC	

**ADAMS Accession No.: ML18155A603**

**\*concurred via email**

OFFICE	NRR/DLP/PRLB/PM	NRR/DLP/PRLB/LA*	NRR/DLP/PRLB/BC	NRR/DLP/PRLB/BC
NAME	EHelvenston	NParker	AAdams	EHelvenston
DATE	6/6/2018	6/6/2018	6/6/2018	6/7/2018

**OFFICIAL RECORD COPY**