



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

July 16, 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 FOURTH REQUEST
FOR EXTENSION OF TIME TO RESPOND TO LETTER REGARDING
IRREVOCABLE STANDBY LETTER OF CREDIT FOR THE AEROTEST
RADIOGRAPHY AND RESEARCH REACTOR (EPID NO. 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 letters dated March 27, 2018; May 7, 2018; and June 1, 2018 (ADAMS Accession Nos. ML18092A087, ML18130A578, and ML18156A130, respectively), Aerotest requested additional time beyond the deadline in the NRC staff's March 8, 2018, letter to respond to the March 8, 2018, letter. The NRC staff accepted Aerotest's respective requests by letters dated April 3, 2018; May 16, 2018; and June 7, 2018 (ADAMS Accession Nos. ML18087A340, ML18128A034, and ML18155A603, respectively).

By letter dated July 10, 2018 (ADAMS Accession No. ML18197A080), 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 120 days beyond the original deadline to respond to the NRC staff's March 8, 2018, letter. Aerotest stated that its July 10, 2018, extension request was necessary because it is awaiting acceptance of language for the letter of credit by Bank of the West (BoW), or the proposal of alternate language by BoW. Aerotest additionally stated that, in the event BoW is unable to accept the necessary language for the letter of credit, Aerotest is also working with an alternate financial institution to furnish an acceptable letter of credit.

The NRC staff accepts Aerotest's fourth extension request dated July 10, 2018.

In its letter dated July 10, 2018, Aerotest also discussed possible language for a letter of credit to require notice to Aerotest and the NRC of events that could affect the issuing financial institution's ability to fulfill its obligation under the letter of credit. The NRC staff notes that this language differs from the RG 1.159, Appendix A-5, example wording for an irrevocable standby

letter of credit for a nuclear reactor licensee. The NRC staff notes that, if Aerotest submitted a revised letter of credit with language that differs from the example wording in RG 1.159, Appendix A-5, the NRC staff would review the alternative language to determine whether the letter of credit adequately conforms to the guidance in RG 1.159, as required by the license transfer condition, or whether additional revisions to the letter of credit are required.

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.

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.
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