

70-08

BATTELLE MEMORIAL INSTITUTE

DECOMMISSIONING FUNDING PLAN

DECEMBER 1993

9401110152 931223
PDR ADDCK 07000008
B PDR

INDEX

<u>Enclosure</u>	<u>Tab</u>
Decommissioning Cost Estimate	A
Description of Funding Assurance	B
Request for Exemption	C
Letter of Credit & Standby Trust Agreement - Society National Bank	D
Industrial Trust Agreement & Current Appraisal - Bank One Ohio	E

BATTELLE MEMORIAL INSTITUTE
DECOMMISSIONING COST ESTIMATE

I. Battelle Columbus Laboratories Decommissioning Project (BCLDP)

<u>Project Baseline WBS* Elements:</u>	<u>\$(000)</u>
1.1 Waste Management	20,371
1.2 Regulatory Compliance, ES&H Oversight and Institutional Relations	5,429
1.3 Decommissioning Plan	820
1.4 Site Characterization	*1,441
1.5 Surveillance & Maintenance	**11,289
1.6 Project Management	***34,234
1.7 Decontamination	45,365
1.8 Restoration	****13,414
Contingency	<u>15,596</u>
Total	\$147,959

Less 100% DOE Funded Portions of WBS Elements:

1.4 Site Characterization	*(495)
1.5 Surveillance & Maintenance	**(11,289)
1.6 Management Oversight	***(7,799)

Less WBS Elements Occurring After NRC Unrestricted Release:

1.8 Restoration	****(13,414)
-----------------	--------------

Total Net Cost Share Base for BCLDP 114,962

Less Costs Incurred Against Baseline thru May 1993: (52,333)

Current Net Cost Share Base	62,629
Ten percent Battelle cost share rate	.10
Financial Assurance Required from Battelle for BCLDP	<u>\$6,263</u>

II. Balance of Battelle Columbus Operations \$(000)

Project Baseline Elements:

1.0 Planning, procurement, training & characterization	435
2.0 Drainpipe removal, dismantling & decontamination	390
3.0 Floors, fume hoods, benches, glove boxes, & ventilation ducts dismantling & decontamination	990
4.0 Radiation surveying, follow up cleaning, re-surveying	248

* Work Breakdown Structure pursuant to DOE Order 2250.1C.

5.0	Independent verification	300
6.0	Radioactive waste disposal	2,250
7.0	Supplies & equipment	<u>100</u>
	Total	\$4,713
III.	Total Amount - Battelle Financial Assurance	<u>\$10,976,000</u>
IV.	Existing Decommissioning Trust - Created December 1, 1980	
	Industrial Trust Fund - value as of 6/30/93	(\$1,011,559)
	(see attached July 7, 1993 letter from Bank One Ohio Trust Company)	
V.	Amount of Additional Battelle Financial Assurance	<u>\$9,964,441</u>
	(see attached Letter of Credit from Society National Bank)	

Description of Financial Assurance

As shown in our Decommissioning Cost Estimate (Tab A), Battelle is providing estimates for the current costs of decommissioning associated with the Battelle Columbus Laboratories Decommissioning Project (BCLDP), and the projected costs associated with the decommissioning of the balance of Battelle Columbus facilities where radioactive materials are used. Battelle's plan for assuring that these costs can be met is in three parts.

I. Request for Exemption for Federal Government Funded Portion of BCLDP

On July 25, 1990, Battelle filed with the Commission its Request for Exemption, requesting a partial exemption from the financial assurance requirements of 10 CFR §70.25(f)(4) and 10 CFR §30.35(f)(4). The exemption seeks approval from the NRC to rely on the U.S. Department of Energy's (DOE) Statement of Intent to satisfy a portion of Battelle's financial assurance obligation for decommissioning certain facilities associated with the BCLDP. The request was accompanied by a legal analysis for granting the requested exemption, as well as DOE's July 24, 1990 letter summarizing its responsibilities for funding a significant portion of the decommissioning effort.

On May 25, 1993, we filed with the Commission our Supplemental Submittal Relative to Battelle's July 25, 1990 Request for Exemption. As requested by the NRC, this submittal provides a current affirmation of DOE's intent to fund decommissioning. DOE's May 5, 1993 letter affirms its intent to provide funding for 90%, and for some elements 100%, of the BCLDP.

Battelle's Request for Exemption associated with the above filings is hereby incorporated by reference, and copies of the relevant documents, including DOE's Statements of Intent, are included herein for convenience at Tab C.

II. Society National Bank's Irrevocable Standby Letter of Credit No. 593/92096

As we show in our Tab A cost estimate, Battelle's portion of the decommissioning costs for the BCLDP (\$6,263,000), plus the costs of decommissioning the balance of Battelle Columbus facilities (\$4,713,000), totals \$10,976,000. Society National Bank has issued the attached Standby Letter of Credit, in specimen form, for \$9,964,000. The Letter of Credit and the accompanying Standby Trust Agreement have been prepared in conformance with NRC Regulatory Guide 3.66 (June 1990), and are attached at Tab D.

III. Existing Decommissioning Trust

The Battelle Industrial Trust (Tab E) was created on December 1, 1980, with copy to Leland Rouse, U.S. NRC, by letter dated December 15, 1980. The trust was established to demonstrate Battelle's financial ability to decontaminate and decommission its licensed facilities as a condition of our SNM-7 license, and to provide for release of funds by the Trustee only for such activities. As a condition of the trust, Battelle is required to provide to the Trustee a decommissioning plan approved by the NRC, and to certify that withdrawals from

the trust are requested only if they are in accordance with the approved plan. On June 29, 1979 and September 23, 1987, Leland Rouse sent letters to Battelle approving our conceptual decommissioning plan. The NRC additionally indicated that it had no objection to Battelle withdrawing funds from its trust fund for expenses associated with decommissioning in accordance with the approved plan. Since that date, Battelle has made withdrawals from the trust to support our active decommissioning effort for certain specified facilities.

As shown in the attached July 7, 1993 letter from Bank One Ohio Trust Company (also at Tab E), the Industrial Trust is valued currently at \$1,011,559. This fund, together with a Government Trust Fund available to DOE (on which we are not relying), have formed a basis for providing decommissioning financial assurance since late 1980. Although continued reliance on the Industrial Trust is clearly appropriate, we note that the trust language is now somewhat dated in light of the recommended wording for trust agreements in Regulatory Guide 3.66. While the main features of the recommended trust language are present in the 1980 trust agreement, e.g., the requirement that Battelle certify to the trustee that disbursements are in accordance with an NRC approved decommissioning plan, if the NRC wishes that a new trust agreement be executed, we would be happy to do so.



Battelle

... Putting Technology To Work

505 King Avenue
Columbus, Ohio 43201-2693
Telephone (614) 424-6424
Facsimile (614) 424-5263

July 25, 1990

Samuel J. Chilk
Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Secretary Chilk:

REQUEST FOR EXEMPTION FOR SNM-7
DOCKET 70-8

Dear Secretary Chilk:

Attached is a Request for Exemption submitted by Battelle Memorial Institute, holder of NRC License SNM-7. Battelle makes the request pursuant to the authority of 10 CFR 70.14(a) and 30.11(a). Battelle requests an exemption from the requirements of 10 CFR 70.25(f)(4) and 30.35(f)(4), seeking authority to rely on a Federal Government statement of intent to partially satisfy its financial assurance obligation for decommissioning its facilities.

We appreciate your attention to this matter.

Sincerely,

Daniel T. Swanson

Daniel T. Swanson
Chief Counsel
Energy Systems Group

DTS:lat

Attachment

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

BATTELLE MEMORIAL INSTITUTE }
_____ }

Docket No. 70-8
License No. SNM-7

REQUEST FOR EXEMPTION

REQUESTED ACTION

Battelle Memorial Institute (Battelle), holder of NRC License No. SNM-7, hereby requests the Commission to grant exemptions to Battelle from the requirements of 10 CFR 70.25(f)(4) and 30.35(f)(4). The purpose of the request is to permit Battelle to utilize a government statement of intent to partially satisfy its requirement to provide financial assurance of its ability to decommission its facilities. Battelle submits that, whereas the referenced regulations do not specifically provide for a private licensee to rely on a government statement of intent, such reliance is entirely consistent with NRC's regulatory scheme. Further, issuance of the requested exemptions is authorized by law and would not endanger life or property or the common defense and security and is in the public interest.

STATEMENT OF BATTELLE'S CASE

FACTUAL BACKGROUND

Battelle holds NRC License No. SNM-7, authorizing it to possess and utilize special nuclear and byproduct material. Pursuant to 10 CFR 70.25 and 30.35, Battelle has the option of submitting either a complete decommissioning funding plan or a certification of financial assurance in the amounts specified in those regulations, by July 27, 1990. By virtue of the quantity of radioactive material authorized under the license, Battelle is required to provide financial assurance in the amount of \$750,000 for each of the two Parts under which it is licensed, or a total of \$1.5 million.

A substantial amount of the research performed by Battelle in Ohio requiring the use of radioactive material, was done on behalf of the U.S. Department of Energy (DOE). However, because the research facilities are privately owned by Battelle, as well as some radioactive material, Battelle was obligated to hold a materials license, and could not be exempted from licensing as are many other DOE contractors pursuant to 10 CFR 70.11(a) and 30.12.

DOE has assumed responsibility for 85-90% of the cost of decommissioning and decontaminating Battelle's facilities, as evidenced in the attached letter from Edward G. Cumesty, Acting Manager of the Chicago Operations Office, DOE, dated July 24, 1990. The precise percentage is to be negotiated between DOE and Battelle. In support of this obligation, DOE and other Federal Government clients have previously paid several hundred thousand dollars into a trust fund to be used exclusively for decontamination of Battelle facilities. However, DOE has indicated that it is not presently prepared to pay additional funds into a trust solely for the purpose of satisfying Battelle's financial assurance certification obligation to the NRC, since, in DOE's view, a statement of its commitment to provide funds for 85-90% of the cost of cleanup should be sufficient given the NRC's willingness to honor a federal, state or local government statement of intent under sections 70.25(f)(4) and 30.35(f)(4) for a government licensee. As a result, Battelle is faced with a near term obligation to assure \$1.5 million in funds as part of its certification, and an amount much larger than that when it next renews its license, and yet it is not able to rely on the party substantially responsible for the cost of decommissioning, the Federal Government, based on the current wording of the NRC Regulations.

Battelle is satisfying the immediate financial assurance certification requirement by utilizing its existing Government Trust and its Industrial Trust, which were established to support decommissioning efforts. Those trusts, plus a supplemental letter of credit by Battelle from a bank, totals the \$1.5 million certification level. If this exemption were granted, Battelle would propose to utilize a DOE Statement of Intent to satisfy 85-90% of the certification requirement, with the Government Trust available to receive funds from DOE. Battelle would then extinguish its letter of credit, and utilize the Industrial Trust to satisfy the remaining 10-15% of the certification funding. Battelle would continue to rely on the DOE Statement of Intent to satisfy 85-90% of the cost of the ultimate decommissioning funding plan, to be submitted later.

LEGAL BASIS FOR GRANTING EXEMPTIONS

The Commission is authorized to grant a specific exemption from the requirements in Parts 70 and 30 if it determines that doing so is 1) authorized by law, 2) will not endanger life or property or the common defense and security, and 3) is otherwise in the public interest. 10 CFR 70.14(a) and 30.11(a). Based on the discussion below, Battelle submits that the Commission already implicitly made these findings when it issued its decommissioning regulations permitting government licensees to use a statement of intent to obtain funds for decommissioning when necessary.

Issuance Of The Exemptions Is Authorized By Law

The NRC regulations currently permit a government licensee to promise to utilize its budgeting process to provide assurance that it will support decommissioning of its licensed facilities. 10 CFR 70.25(f)(4) and 30.35(f)(4). This is true regardless of whether the licensee has the resources of the entire Federal budget, or is merely a small local government with a small tax base. The Commission declared that it was authorized to

promulgate these regulations pursuant to the Atomic Energy Act of 1954, as amended. 53 Fed. Reg. 24018, 24044, 24055 (June 27, 1988). Included in these authorized regulations are subsections of the referenced requirements which even allow a private statement to satisfy the financial assurance requirement (i.e. a parent company guarantee). 10 CFR 70.25(f)(2).

Battelle's requested exemption would not expand on the scope of the regulations to any substantive extent, since the requested action would merely entail having the NRC exercise its discretion to consider a DOE statement of intent to be a satisfactory method of providing financial assurance on behalf of a private licensee. The same rationale for finding that statutory authority exists for issuing the referenced regulations in connection with a federal, state or local government licensee, or with a private (parent) company guarantee, would apply equally to a government guarantee made on behalf of a private licensee. Accordingly, the legal basis exists for granting the exemption.

Issuance Of The Exemptions Will Not Endanger Life Or Property Or The Common Defense And Security And Are Otherwise In The Public Interest

In the Supplementary Information accompanying the issuance of the final regulations, the NRC explained the rationale for allowing government licensees ability to merely issue a statement of intent, while not permitting private licensees to issue their own private statements of intent (when a parent company guarantee is not available). The NRC stated that "[t]he different treatment arises because there is reasonable assurance that the appropriate government entity, which has the power of taxation, will provide adequate funding in the future to decommission the facility in a manner which protects public health" 53 Fed. Reg. 24018, 24034 (June 27, 1988).

There is no meaningful distinction between the scenario contemplated by the NRC in the referenced quote, and Battelle's situation where the United States Government is obligated to pay a percentage of the decommissioning of Battelle's facilities. Indeed, based on conversations with the drafters of the regulations, and a close reading of the Supplementary Information accompanying the issuance of the final rule, it appears that the NRC simply did not contemplate a situation like Battelle's, where the Federal Government was obligated to pay a substantial amount of the decommissioning costs of an operation, and yet was not the licensee. The Commission was obviously not concerned about the inherent nature of a private licensee, as contrasted with a public one, for it authorized the use of a private guarantee under certain circumstances (the parent company guarantee). Rather, the Commission's concern seems to be focused on the financial viability of the guarantor, whether the responsible party is a government entity or a parent of a private company licensee. Since Battelle's situation involves a commitment by the Federal Government, there does not seem to be any question of the ability of the guarantor to initiate funding mechanisms to support the commitment to pay approximately 90% of Battelle's decommissioning costs. Battelle would provide the remaining financial assurance through alternate means which are authorized by 10 CFR 70.25(f) and 30.35(f).

As to the public interest consideration, it is clear that both Congress and the NRC did not intend to place DOE decommissioning obligations, such as that

which it has with Battelle, under the control of the NRC. Congress, in promulgating Section 202 of the Energy Reorganization Act of 1974, and the Commission, in issuing 10 CFR 70.11, 70.14(c), 30.4, and 30.11(c), clearly intended to remove DOE from the regulatory authority of the NRC, with four exceptions which are unrelated to this factual situation. By forcing DOE to make actual cash outlays to support a decommissioning funding plan, rather than relying on DOE's statement of intent to make funding available for its obligations, NRC would be accomplishing indirectly what Congress and the Commission clearly did not wish to occur directly.

CONCLUSION

Based on the discussion above, Battelle concludes that the requested exemptions are authorized by law and will not endanger life or property or the common defense and security, and are in the public interest. Accordingly, it is proper and consistent with the existing decommissioning financial assurance regulatory scheme to grant the requested exemptions.

Respectfully submitted by,

Daniel T. Swanson

Daniel T. Swanson, Chief Counsel
Energy Systems Group
Battelle Memorial Institute
505 King Avenue
Columbus, Ohio 43201-2693
(614) 424-7923

U.S. DOE STATEMENT OF INTENT



Department of Energy
Chicago Operations Office
9800 South Cass Avenue
Argonne, Illinois 60439

July 24, 1990

Dr. Joseph W. Ray
Group Vice President and
General Manager
D&D Operations
Battelle
505 King Avenue
Columbus, Ohio 43201

Dear Dr. Ray:

**SUBJECT: DECONTAMINATION AND DECOMMISSIONING (D&D) OF THE BATTELLE
MEMORIAL INSTITUTE WEST JEFFERSON AND COLUMBUS FACILITIES (W-
7405-ENG-92)**

The purpose of this memorandum is to summarize the Department of Energy (DOE) responsibility for the subject facilities in support of the Battelle Memorial Institute (BMI) request for an exemption to NRC Financial Assurance Requirements for Decommissioning for licensees (10 CFR 70.25).

On April 16, 1943, BMI entered into Contract No. W-7405-ENG-92 with the Manhattan Engineer District to perform atomic energy research and development (R&D) activities. Since that time, BMI has continuously performed R&D work at its West Jefferson and Columbus facilities, under the contract, for the Manhattan Engineer District and its successor agencies--AEC, ERDA, and DOE. The BMI/Government relationship was unique and, in many respects, has been similar to that of a GOCO-type arrangement. BMI has also used its facilities in the performance of work for other Government agencies and since 1954 for commercial organizations as well, under separate contractual arrangements. The work in support of DOE was an overwhelming majority of the government work.

On March 27, 1984, DOE Chicago Operations Office (CH) notified BMI of its intent to allow the subject contract to expire due to the decrease in the level of activity under the contract and the fact that this type agreement was no longer justifiable under the new FAR/DEAR regulations. These regulations were to become effective April 1, 1984, and no new work was to be placed under the contract unless such work had a completion date no later than August 14, 1986, the current expiration date of the contract. Any subsequent work would be provided for under new, individual contracts awarded in accordance with the new FAR/DEAR acquisition regulations. BMI coincidentally informed CH of its decision to withdraw from any further experimental nuclear material research business associated with handling radioactive material and requested through the contracting officer that DOE decontaminate and decommission the BMI West Jefferson and Columbus facilities.

Dr. Joseph W. Ray

- 2 -


July 24, 1990

Since the contract did not contain any explicit provision for the D&D and clear cut delineations of DOE program responsibility could not be ascertained due to the numerous past BMI sponsors, many no longer existing, BMI requested guidance from CH and later the DOE Surplus Facilities Management Program (SFMP) in the Office of Remedial Action and Waste Technology. BMI presented its D&D Project Request to CH on October 15, 1985, which was the result of 10 months of documentation and data collection. After reviewing the BMI claim, including each of BMI's specific allegations, together with the contractual and other legal bases cited by BMI in its submission, CH concluded that DOE responsibility did exist for almost all of the D&D of the West Jefferson and Columbus facilities.

On May 29, 1985, Mr. William R. G. Voigt, Jr., Director, Office of Remedial Action and Waste Technology, Office of Nuclear Energy, U.S. Department of Energy approved an action memorandum which concluded that the Department of Energy, as successor to the Atomic Energy Commission and the Federal Government's earlier nuclear work, has predominant liability and responsibility for the D&D of the Battelle facilities. On March 8, 1989, Mr. John E. Baublitz, Acting Director, Office of Remedial Action and Waste Technology, Office of Nuclear Energy, U.S. Department of Energy, transmitted a signed Justification for a New Start to Mr. Hilary Rauch, Manager of the Chicago Operations Office. This Justification for a New Start contained the approvals to initiate the major project of decontaminating and decommissioning the West Jefferson and Columbus facilities. The Justification for a NEW Start stated that the DOE would be liable for 85-90% of the D&D effort. The remaining liability would reside with the Battelle Memorial Institute.

The D&D of the BMI facilities continues to be a recognized and accepted liability on the Department of Energy. The project is included in the 1989 edition of the 5-Year Plan (DOE/S-0070) and in the 1990 edition (DOE/S-0078P) currently out for comment. These plans reflect the support the project is receiving in the planning process.

I am authorized to represent that it is DOE's intent to meet its liability to decontaminate and decommission Battelle's facilities at a pace consistent with the priorities established within the Department and consistent with the funding provided in the budgetary process.



E. Cumesty
Acting Manager

JON/lcj/B90-319

cc: W. Murphie, DOE:HQ
J. Neff, DOE:HQ



Battelle

Putting Technology To Work

505 King Avenue
Columbus, Ohio 43201-2693
Telephone (614) 424-6424
Facsimile (614) 424-5263

May 25, 1993

Mr. Samuel J. Chilk
Secretary
U. S. Nuclear Regulatory Commission
Washington DC 20555

Subject: Materials License No. SNM-7
Docket No. 70-8

Dear Mr. Chilk:

Enclosed is Battelle's Supplemental Submittal relative to Battelle's July 25, 1990 Request for Exemption. Please include this submittal in the docket for this matter.

Sincerely,

Gregory Fess
NRC Licensing Coordinator

GF:cs

Enclosure

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of

BATTELLE MEMORIAL INSTITUTE)
Docket No. 70-8)
License No. SNM-7)

SUPPLEMENTAL SUBMITTAL RELATIVE TO
BATTELLE'S JULY 25, 1990 REQUEST FOR EXEMPTION

The attached U. S. Department of Energy Statement of Intent to Support the Battelle Columbus Laboratories Decommissioning Project, dated May 5, 1993 from Cherri J. Langenfeld, Manager, DOE Chicago Operations Office, is hereby submitted for inclusion in the record and in further support of Battelle's July 25, 1990 Request for Exemption.

Respectfully submitted,



Gregory Fess
NRC Licensing Coordinator
Battelle Memorial Institute
505 King Avenue
Columbus OH 43201
(614) 424-7923



Department of Energy

DOE Chicago Field Office
980th South Cass Avenue
Argonne, Illinois 60439

May 5, 1993

Dr. Kenneth C. Brog, Manager
BCL Decommissioning Project
Battelle Memorial Institute
505 King Avenue
Columbus, OH 43201

Dear Dr. Brog:

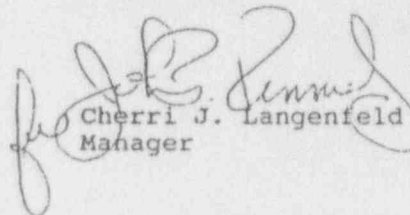
**SUBJECT: STATEMENT OF INTENT TO SUPPORT THE BATTELLE COLUMBUS
LABORATORIES DECOMMISSIONING PROJECT**

- References:
1. Letter dated January 7, 1993, from Kenneth C. Brog, Battelle, to Tom Baillieul, DOE, Subject: DOE Statement of Intent to Support BCLDP
 2. Letter dated April 3, 1992, from Donald L. Bray, DOE, to Kenneth C. Brog, Battelle, Subject: Decontamination and Decommissioning (D&D) of the Battelle Memorial Institute West Jefferson and Columbus Facilities (Contract No. W-7405-ENG-92)

In response to your request in Reference 1, I am writing to confirm that the statements made by Mr. Bray in Reference 2 were within his authority and to add my office's commitment that the DOE Chicago Operations Office intends to request the necessary annual funding that will assure completion of its contractual obligation under Contract No. W-7405-ENG-92. DOE is committed, subject to the availability of appropriated funding, to provide 100% of the funding to accomplish surveillance and maintenance and associated management oversight and 90% of the funding to accomplish the remaining activities in the DOE approved scope, cost, and schedule baseline.

The DOE Chicago Operations Office recognizes and accepts that the baseline cost estimate of \$148 million may change as the Project proceeds. Changes will be processed in accordance with procedures defined in the BCLDP Management Plan consistent with DOE Order 4700.1.

Sincerely,


Cherri J. Langenfeld
Manager

CL/JON/psr/dlb/C93-144

Enclosure:

Cy Ltr., Bray to Brog, dtd 4/3/92

CC: J. Neff, DOE-CH, w/encl.
R. Baker, DOE-CH, w/encl.
E. Castleberry, Battelle, w/encl.
/G. Fess, Battelle, w/encl.

SOCIETY NATIONAL BANK
INTERNATIONAL OPERATIONS
127 PUBLIC SQUARE
CLEVELAND, OHIO 44114

SWIFT: SNBCUS33
TELEX: 985517, 196188 SOCIETY CLV
FAX: (216) 689-4066
PHONE: (216) 689-3079

AUGUST __, 1993

IRREVOCABLE STANDBY LETTER OF CREDIT NO. S93/92096
EFFECTIVE AND IN FULL FORCE AS OF: SEPTEMBER 1, 1993
=====

Beneficiary:
U.S. NUCLEAR REGULATORY
COMMISSION (NRC)
WASHINGTON, DC 20555

Account Party:
BATTELLE MEMORIAL INSTITUTE
505 KING AVENUE
COLUMBUS, OH 43201-2681

Amount: USD 9,964,000.00
Expiry: SEPTEMBER 1, 1994

Gentlemen:

We hereby establish our Irrevocable Standby Letter of Credit No. S93/92096 in your favor, at the request and for the account of Battelle Memorial Institute, 505 King Avenue, Columbus, Ohio 43201, up to the aggregate amount of (U.S. \$ Nine Million Nine Hundred Sixty Four Thousand & 00/100), U.S. dollars \$9,964,000.00 available upon presentation of:

- (1) Your Sight draft, bearing reference to this Letter of Credit No. S93/92096, and
- (2) Your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to regulations issued under the authority of U.S. Nuclear Regulatory Commission (NRC)."

This Letter of Credit is issued in accordance with regulations issued under the authority of U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954 as amended, and the Energy Reorganization Act of 1974. The NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 30, 40 or 70, which require that a holder of, or an applicant for, a license issued under 10 CFR Parts 30, 40 or 70 provide assurance that funds will be available when needed for decommissioning.

This Letter of Credit is effective as of September 1, 1993 and shall expire on September 1, 1994, but such expiration date shall be automatically extended for a period of 1 year on September 1, 1994 and on each successive expiration date, unless; at least 90 days before the current expiration date, we notify both you and Battelle Memorial Institute as shown on the signed return receipts. If Battelle Memorial Institute is unable to secure alternative financial assurance to replace this Letter of Credit within 30 days of notification of cancellation the NRC may draw upon the full value of this Letter of Credit prior to cancellation.

CONTINUED ON PAGE TWO

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED THIS CREDIT IS SUBJECT TO THE CURRENT UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS FIXED BY THE INTERNATIONAL CHAMBER OF COMMERCE

SPECIMEN

Authorized Signature/AVS

SPECIMEN

Authorized Signature/EvtNo.01

SOCIETY NATIONAL BANK
INTERNATIONAL OPERATIONS
127 PUBLIC SQUARE
CLEVELAND, OHIO 44114

SWIFT: SNBCUS33
TELEX: 985517, 196188 SOCIETY CLV
FAX: (216) 689-4066
PHONE: (216) 689-3079

PAGE TWO - CONTINUATION OF LETTER OF CREDIT NO. S93/92096 DATED 08/___/93

The bank shall give immediate notice to the applicant and the NRC of any notice received or action filed alleging (1) the insolvency or bankruptcy of the financial institution or (2) any violations of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. The financial institution also shall give immediate notice if the bank, for any reason, becomes unable to fulfill its obligation under the Letter of Credit.

Notwithstanding the above, this Letter of Credit shall immediately expire upon the presentation to the bank of a statement signed by NRC approving an alternate form of financial assurance to support the Battelle Memorial Institute's certification requirements for the decommissioning of its NRC licensed activities.

Whenever this Letter of Credit is drawn on under and in compliance with the terms of this Letter of Credit, we shall duly honor such draft upon its presentation to us within 30 days, and we shall deposit the amount of the draft directly into the Standby Trust Fund of Battelle Memorial Institute in accordance with your instructions.

Each draft must bear on its face the clause "Drawn under Letter of Credit No. S93/92096 dated August __, 1993, and the total of this draft and all other drafts previously drawn under this Letter of Credit does not exceed U.S. \$9,964,000.00."

This Letter of Credit must accompany any drawing under this Credit and documents as specified, must be presented to Society National Bank, (01-127-0706) 127 Public Square, Cleveland, Ohio 44114, on or before September 1, 1994 or any extended date as stated above.

This Credit is subject to the current Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Publication NO. 400.

Authorized Signature/AVS

Authorized Signature/EvtNo.01

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED THIS CREDIT IS SUBJECT TO THE CURRENT UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS FIXED BY THE INTERNATIONAL CHAMBER OF COMMERCE

SPECIMEN

SPECIMEN

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of July 15, 1993 by and between Battelle Memorial Institute, an Ohio Corporation, herein referred to as the "Grantor," and Society National Bank, 88 E. Broad Street, Columbus, Ohio 43215, the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Parts 30, 40 or 70. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Parts 30, 40 or 70 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a letter of credit to provide part of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a letter of credit, this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SNM-7 issued pursuant to 10 CFR Parts 30, 40 or 70 as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the "Fund") for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee,

described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary of the Depositor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and
- b. A certificate attesting to the following conditions:
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan.
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and
 - (3) that the NRC has been given 30 days' prior notice of Battelle Memorial Institute's intent to withdraw funds from the escrow fund.

No withdrawal from the fund can exceed ten percent of the outstanding balance of the Fund.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC, or State agency, from the Fund for expenditures for required activities in such amounts as the NRC, or State agency, shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the fund

solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of the Agreement or by the law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary for prudent management of the Fund;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from

matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal Government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Tax and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC, or State agency, shall constitute a conclusively binding assent by the Grantor, barring the grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13. Successor Trustee. Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the NRC or State agency, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the grantor's orders, requests, and instructions. If the NRC or State agency issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or State agency, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, the NRC, or State agency, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, request, and instruction from the Grantor and/or the NRC, or State agency, except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or State agency, or by the Trustee and the NRC or State Agency, if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC or State agency, or by the Trustee and the NRC or State agency, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor, the NRC, or State agency, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any

personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of Ohio.

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

BATTELLE MEMORIAL INSTITUTE

By: _____
Title: _____

ATTEST:

By: _____
Title: _____

SOCIETY NATIONAL BANK

By: _____
Michael D. Roth, Vice President

ATTEST:

By: _____
Title: _____

Schedule A

BATTELLE MEMORIAL INSTITUTE
DECOMMISSIONING COST ESTIMATE

I. Battelle Columbus Laboratories Decommissioning Project (BCLDP)

<u>Project Baseline WBS* Elements:</u>	<u>\$(000)</u>
1.1 Waste Management	20,371
1.2 Regulatory Compliance, ES&H Oversight and Institutional Relations	5,429
1.3 Decommissioning Plan	820
1.4 Site Characterization	*1,441
1.5 Surveillance & Maintenance	**11,289
1.6 Project Management	***34,234
1.7 Decontamination	45,365
1.8 Restoration	****13,414
Contingency	<u>15,596</u>
Total	\$147,959
 <u>Less 100% DOE Funded Portions of WBS Elements:</u>	
1.4 Site Characterization	*(495)
1.5 Surveillance & Maintenance	**(11,289)
1.6 Management Oversight	***(7,799)
 <u>Less WBS Elements Occurring After NRC Unrestricted Release:</u>	
1.8 Restoration	****(13,414)
Total Net Cost Share Base for BCLDP	114,962
 <u>Less Costs Incurred Against Baseline thru May 1993:</u>	
Current Net Cost Share Base	62,629
Ten percent Battelle cost share rate	.10
Financial Assurance Required from Battelle for BCLDP	<u>\$6,263</u>

II. Balance of Battelle Columbus Operations \$(000)

<u>Project Baseline Elements:</u>	
1.0 Planning, procurement, training & characterization	435
2.0 Drainpipe removal, dismantling & decontamination	390
3.0 Floors, fume hoods, benches, glove boxes, & ventilation ducts dismantling & decontamination	990
4.0 Radiation surveying, follow up cleaning, re-surveying	248

* Work Breakdown Structure pursuant to DOE Order 2250.1C.

5.0	Independent verification	300
6.0	Radioactive waste disposal	2,250
7.0	Supplies & equipment	<u>100</u>
	Total	\$4,713
III.	Total Amount - Battelle Financial Assurance	<u>\$10,976,000</u>
IV.	Existing Decommissioning Trust - Created December 1, 1980	
	Industrial Trust Fund - value as of 6/30/93	(\$1,011,559)
	(see attached July 7, 1993 letter from Bank One Ohio Trust Company)	
V.	Amount of Additional Battelle Financial Assurance	<u>\$9,964,441</u>
	(see attached Letter of Credit from Society National Bank)	

Schedule B

CORPUS OF THE FUND

There is a standby trust with no corpus unless the standby letter of credit is drawn upon.

Schedule C

**SCHEDULE OF FEES
BATTELLE MEMORIAL INSTITUTE
STANDBY TRUST**

I. Acceptance Charge..... \$1,000.00

II. Annual Administration Charge..... \$ 500.00

III. Investment and Disbursement Charges

A. Investments:

Account balances, if invested, may only be invested in one of the managed money market funds that are available through the Trust Department. The annual administration charge for participation in the fund is \$5.00 per \$1,000 (.5%) of the average principal value.

B. Disbursements:

- For the first payment made pursuant to a disbursement request... \$ 25.00
- For the second and each additional payment made pursuant to a disbursement request \$ 15.00

IV. Special Services

For the other services not specified herein, charges will be computed based on the time and work involved, consistent with the charges made for similar services. Out-of-pocket expenses such as fees of counsel, special checks and supplies, postage, insurance and travel expenses are to be reimbursed.

BATTELLE MEMORIAL INSTITUTE SOCIETY NATIONAL BANK

By: _____

By: _____

Industrial Trust

TRUST AGREEMENT

This Trust Agreement is entered into this 1st day of December, 1980, by Battelle Memorial Institute ("Battelle") as trustor and the Bank One Trust Company, NA as trustee to receive and hold certain payments from sponsors of industrial research and development carried on by Battelle.

Purpose

Battelle owns nuclear research facilities in West Jefferson, Ohio, (the "Facilities") which, in the normal course of operations, are contaminated with radioactive matter. After a certain period of usage, these Facilities will have to be decontaminated and decommissioned. A license to operate the Facilities has been issued by the United States Nuclear Regulatory Commission ("NRC"). Battelle is now being required to demonstrate the financial viability to decontaminate and decommission the Facilities as a condition for future operations. In conjunction with various Government agencies including the Department of Defense ("DOD") and the Department of Energy ("DOE") of the United States, who sponsor a substantial volume of the research and development at the Facilities, Battelle created such a plan for identifying the costs of decontamination and for allocating the financial burden of those costs to all users of the Facilities, both Governmental and industrial, and for returning any excess funds to the users after decontamination and decommissioning is complete. The plan so developed is to be made a specific condition of the license by the NRC.

The plan requires the users to remit an allocable share of decommissioning costs when they remit their other payments for usage of the Facilities. The license will additionally require that funds collected be held in trust. This trust is being created to hold the funds of industrial sponsors separately from those of DOE and DOD, as required by those agencies, and to provide assurance that: the amounts deposited in trust are invested in high quality instruments or securities; the amounts deposited are not commingled with Battelle's own funds; the earnings on the amounts deposited are fully segregated from Battelle's earnings on its own funds; the amounts deposited are protected from the general creditors of the industrial sponsors and Battelle; and the trust assets are held solely for the benefit of the industrial sponsors of research at the Facilities.

All amounts received by Battelle from industrial users of the Facilities as their allocable share of decommissioning costs of the Facilities are to be paid over to the trustee by Battelle, to be invested until actually needed for decontamination of the Facilities. No funds may be returned to the industrial users until ultimate decommissioning is complete, unless the NRC consents to the return of funds.

Powers and Duties of the Trustee

The powers and duties of the trustee are strictly limited to receiving, holding, investing, and disbursing trust funds for the purposes described herein. The duty of the trustee to make periodic accounting other than the final accounting, shall be satisfied by the proper rendition of the monthly reports prescribed herein.

Trustee's Compensation

The trustee shall receive a fee for acting as trustee as provided herein, to be agreed upon by the trustee and Battelle. This fee may be paid directly out of the trust funds.

Investment of Trust Funds

Battelle shall, from time to time, provide specific instructions to the trustee regarding the investment of trust funds. In accordance with the specific instructions, trust funds may be invested in:

- demand notes of issuers with a rating of A-1 or P-1.
- commercial paper with a rating of A-1 or P-1.
- certificates of deposit or banker's acceptances issued by a depository which has at least \$50 million capital and surplus.
- securities issued or guaranteed by the United States, its agencies or instrumentalities.
- municipal bonds rated in the top three categories (AAA, AA, A) by Standard & Poor's Corporation.
- corporate bonds rated in the top three categories (AAA, AA, A) by Standard & Poor's Corporation.
- preferred stock with a sinking fund rated as "BBB" or better by Standard & Poor's Corporation, and preferred stock without a sinking fund rated as "A" or better by Standard & Poor's Corporation.

The investments shall be consistent with projected cash flow needs for actual decommissioning as anticipated by Battelle. Trust funds may not be invested in securities issued by Battelle or any of the industrial sponsors of research at the Facilities or any entity related to Battelle or the sponsors.

In the absence of instructions from Battelle, the trustee shall invest the funds in those short-term time deposits offered by the trustee which bear the highest rate of interest.

Removal of the Trustee

Battelle may remove as trustee the Bank One Trust Company, NA or any successor, with or without cause. Such removal shall be effective upon receipt by the trustee of written notice of removal, a written appointment of the successor trustee, and such successor's written acceptance of the trust. Any successor must be a national bank with at least \$500,000,000 in assets or a trust company with at least \$500,000,000 in managed assets.

Upon removal, the removed trustee shall deliver all trust funds in its possession to the successor trustee and shall render a final accounting. Thereafter, the removed trustee shall have no further powers or duties as trustee.

Termination

The trust shall end when all of the trust funds have been disbursed and there are no further deposits to be made into the trust.

Periodic Accounting

The trustee will provide an accounting of receipts, disbursements, and earnings on a monthly basis.

Final Accounting

Upon termination of the trust or upon appointment of a successor trustee, the trustee shall render a final accounting to Battelle and, upon request, to any sponsors of industrial research at the Facilities.

Trust Disbursements

The trustee is authorized to make disbursement for reasonable expenses of trust administration, including taxes. The trustee may disburse money from the fund to Battelle to pay those costs of trust administration which are not incurred by or assessed against the trust directly, provided that Battelle certifies to the trustee that those costs are directly related to the operation of the trust. Such costs might include taxes relating to trust deposits or income, and expenditures required of Battelle or others because of the existence of the trust.

Battelle will, from time to time, direct the trustee to disburse money from the fund to pay for expenses associated with decommissioning the Facilities. Disbursements for decommissioning may only be made in accordance with a decommissioning plan approved by NRC. Battelle will provide to the trustee copies of the decommissioning plan and NRC's approval, and must certify that each such disbursement is in accordance with the plan.

Upon completion of all decontamination and decommissioning, Battelle will direct the trustee to make a final disbursement of funds. Such final disbursement may only be made to industrial users of the Facilities, in proportion to their respective share of trust corpus and allocated earnings. If any entity which contributed to the fund is not in existence at that time, then payment shall be made in accordance with a letter designating a successor in interest. If no such letter is on file, then payment will be made to any charitable organization, contributions to which are deductible under the Internal Revenue Code, selected by Battelle.

Nonassignment

Battelle may not assign its rights under this Agreement, or direct distributions in any manner not expressly provided for, unless otherwise agreed to by the Government. To the fullest extent permissible by law, no legal process may be used to divert trust assets from their appropriate utilization for decommissioning as provided herein.

Indemnity of Trustee

Battelle agrees to hold the trustee harmless from any expense or liability which the trustee may incur in performing its duties as trustee, except for expenses or liabilities due to its own negligence, willful misconduct, or unlawful act.

Additional Terms

The trust has been accepted by the trustee in and will be administered in the State of Ohio, and this Agreement shall be interpreted in accordance with Ohio law.

If any provision of this Agreement shall be invalid or unenforceable, the remaining provisions shall continue to be fully effective.

Executed this 1st day of December, 1980.

Battelle Memorial Institute - Trustee

By: Maurice G. Stark
Maurice G. Stark
Vice President-Finance
and Treasurer

Signed in the presence of:

[Signature]
H. Louis Stallings

Executed this 1st day of December, 1980.

Bank One Trust Co., NA - Trustee

By: G. Ronald Henderson
G. Ronald Henderson
Vice President

Signed in the presence of:

[Signature]
Sinda Ann Dager



BANK ONE OHIO TRUST COMPANY, NA
Columbus, Ohio 43271-0393
614 248-7052

July 7, 1993

John P. Stewart
Assistant Treasurer
Battelle Memorial Institute
505 King Avenue
Columbus, Ohio 43201-2593

Dear Mr. Stewart,

Per your request, I am providing the following appraisals of the market value as of June 30, 1993, of the assets contained in the Industrial Trust and the Government Trust, which we hold as trustee, which were created by Battelle Memorial Institute as trustor, on December 1, 1980.

The combined value of both trusts is \$1,763,854.98, which is comprised of the following:

Value of Industrial Trust: \$1,011,558.70 comprised of:

MONEY MARKET DEPOSIT ACCOUNT	\$167,860.60
UNITED STATES TREASURY NOTES	103,094.00
MUNICIPAL BONDS	532,395.10
CORPORATE BONDS	208,209.00
	<hr/>
	\$1,011,558.70

Value of Government Trust: \$752,296.28 comprised of:

MONEY MARKET DEPOSIT ACCOUNT	\$649,202.28
UNITED STATES TREASURY NOTES	103,094.00
	<hr/>
	\$752,296.28

Sincerely,

Donna M. Carson
Trust Officer