

JAN 26 1994

Textron Defense Systems

License Nos. 20-02729-05  
SUB-1410  
Docket Nos. 030-04624  
040-08806  
Control Nos. 113598  
113599

Textron Lycoming

License No. STB-393  
Docket No. 040-02917  
Control No. 116660

Textron, Incorporated  
ATTN: Richard A. McWhirter  
Senior Vice President  
and Chief Financial Officer  
40 Westminster Street  
Providence, Rhode Island 02903

Dear Mr. McWhirter:

Subject: Financial Assurance for Decommissioning

This is in reference to your letter dated November 3, 1993 and other various submittals regarding financial assurance for License Nos. 20-02729-05, SUB-1410 (Textron Defense Systems) and STB-393 (Textron Lycoming). We have reviewed the Parent Company Guarantee made by Textron, Inc., for AVCO, Corporation and have no further questions at this time.

Based on the information provided in the above referenced documents, you are presently in compliance with the financial assurance requirements outlined in the decommissioning rule in 10 CFR 30.35.

Please note that you must submit to this office an updated decommissioning cost estimate adjusted for inflation and site specific factors at the time of license renewal or when the amounts/types of materials at the facility(ies) change.

If you have any questions regarding this letter, please contact Anthony Dimitriadis of my staff at (215) 336-6953.

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C PDR

ML 10

Textron, Incorporated

-2-

Your cooperation with us is appreciated.

Sincerely,

Original Signed By:  
Mohamed M. Shanbaky

Mohamed M. Shanbaky, Chief  
Research and Development Section  
Division of Radiation Safety  
and Safeguards

cc:

Textron Defense Systems  
ATTN: Mark D. Cronan, Jr.  
Radiation Safety Officer  
201 Lowell Street  
Wilmington, Massachusetts 01887

Textron Lycoming  
ATTN: James R. Stanley  
Vice President/Operations  
550 South Main Street  
Stratford, Connecticut 06497

bcc:

M. Shanbaky, RI  
A. Dimitriadis, RI

DRSS:RI  
Dimitriadis/ge  
12/16/93

DRSS:RI  
Shanbaky  
12/25/94

NOTE TO DMB:

THE ATTACHED DOCUMENTS ARE TO BE PROCESSED AS ONE MATERIALS  
LICENSING PACKAGE.

LICENSE NUMBER: 20-02729-05

DOCKET NUMBER: 030-04624

CONTROL NUMBER: 113598

THIS SHEET MAY BE DISCARDED AFTER PROCESSING.

THANK YOU!

240204

M56  
K-8

**TEXTRON**

030-04624  
20-02729-05

Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

December 14, 1993

Anthony Dimitriadis  
U.S. Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406-1415

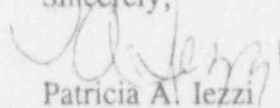
RE: Financial Assurance for Decommissioning

Dear Mr. Dimitriadis:

Pursuant to our telephone conversation yesterday, Textron is revising its response to item #5 in the Nuclear Regulatory Commission's letter to Textron dated September 15, 1993 concerning the above. As discussed, Textron will adjust for inflation and site specific factors at the time of its license renewals. Dates of license renewals are listed in Attachment A.

Should you have any questions, please do not hesitate to call me at (401) 457-2215.

Sincerely,



Patricia A. Iezzi  
Supervisor Environmental Programs

cc: Joe Pinciario/Textron Defense Systems  
John Fleming/Textron Lycoming Turbine Engine

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113598  
DEC 17 1993

ATTACHMENT A

<u>Textron Entity</u>	<u>License Number</u>	<u>Renewal Date</u>
Textron Lycoming Turbine Engine	STB-393	August 31, 1997
Textron Defense Systems	20-02729-05	January 31, 1998

CONVERSATION RECORD

TIME 3:30pm DATE 12/9/93

TYPE  VISIT  CONFERENCE  TELEPHONE  INCOMING  OUTGOING

Location of Visit/Conference:

NAME OF PERSON(S) CONTACTED OR IN CONTACT WITH YOU: Patricia A. Jezzi ORGANIZATION (Office, dept., bureau, etc.): Textron, Inc. TELEPHONE NO.: 401-457-2215

SUBJECT: Financial Assurance for Decommissioning

ROUTING table with columns NAME/SYMBOL and INT

SUMMARY

I asked her @ the means to be used for adjusting the cost estimate and associated funding levels over the life of the facility.

Also, the Standby Trust Agreement, must be submitted to go along with the Parent Co. Guarantee.

ACTION REQUIRED

Standby Trust Agreement.

NAME OF PERSON DOCUMENTING CONVERSATION: DIMITRIADIS SIGNATURE: [Signature] DATE: 12/9/93

ACTION TAKEN

SIGNATURE TITLE DATE



Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

M516  
K-8  
030-04624  
040-08806  
040-02917

November 3, 1993

**OVERNIGHT MAIL**

John D. Kinneman  
Chief Research, Development and  
Decommissioning Section  
Division of Radiation Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, Pennsylvania 19406-1415

Re: **Financial Assurance for Decommissioning**  
**Mail Control Nos. 113598; 113599; 116660**

Dear Mr. Kinneman:

This letter, submitted in duplicate, is to respond to the requests outlined in the Nuclear Regulatory Commission's letter of September 15, 1993 addressed to Richard McWhirter, Chief Financial Officer, Textron Inc.

1. **Clarify which licenses are addressed in the cost estimate.**

It is Textron's intent to demonstrate financial assurance for decommissioning at Textron Defense Systems, Lowell, Massachusetts (license numbers 20-02729-05 and SUB 1410) and Textron Lycoming Turbine Engine, Stratford, Connecticut (license number STB 393.)

2. **Submit additional detail to support the cost estimate.**

Decommissioning cost estimates for Textron Defense Systems, license numbers 20-02729-05 and SUB 1410, are described in Attachment 1.

Decommissioning cost estimates for Textron Lycoming Turbine Engine, license number STB-393, are described in Attachment 2.

3. **Account for the costs of conducting final radiation survey(s).**

Decommissioning costs estimates described in Attachments 1 and 2 include the cost estimates for conducting radiation surveys at Textron Defense Systems and Textron Lycoming Turbine Engine, respectively.

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NOV 04 1993

4. Incorporate a contingency factor into the total cost estimate.

Both Textron Defense Systems and Textron Lycoming Turbine Engine have applied a 25% percent contingency factor to their decommissioning cost estimates. See Attachments 1 and 2.

5. Describe the means to be used for adjusting the cost estimate and associated funding levels over the life of the facility.

Refer to Textron Lycoming's letter of July 20, 1992 and Textron Defense Systems' response to this question as included in Attachment 1. Also, please note that Textron, pursuant to paragraph 8 of the Parent Company Guarantee agrees to submit revised financial statements and financial test data annually within 90 days of the close of Textron's fiscal year. At this time, Textron Defense Systems and Textron Lycoming will review their cost estimates.

6. Confirm that no credit was taken for salvage value.

It is Textron's understanding that the cost estimates described in Attachments 1 and 2 do not include credits for salvage value.

7. Demonstrate that a Parent-Subsidiary relationship exists between the Guarantor and the Licensee.

Attachment 3 includes documents which explain the relationships between Textron Inc., Avco Corporation, Textron Defense Systems and Textron Lycoming Turbine Engine.

8. Submit a letter from each licensee's Chief Executive Officer.

Enclosed is a copy of Textron's annual report. Attachment 4 contains a letter signed by Textron's Chief Financial Officer which includes, among other information, the amount of Textron's tangible net worth. Textron respectfully submits this as a response to the above because Textron does not prepare financial statements for its individual operations. Also, because cash management, financing and other activities are coordinated through Textron's Corporate Office, separate financial statements for Textron Lycoming and Textron Defense Systems would not be meaningful. Should you wish to discuss this further, please do not hesitate to call.

9. Consider requesting an exemption.

Not applicable.

10. Revise the financial test based on financial data for the Guarantor's latest completed fiscal year.

See Attachment 4.

11. Submit a Standby Trust Agreement and related documentation.

Textron continues to work with a bank to establish a Standby Trust Agreement. Textron

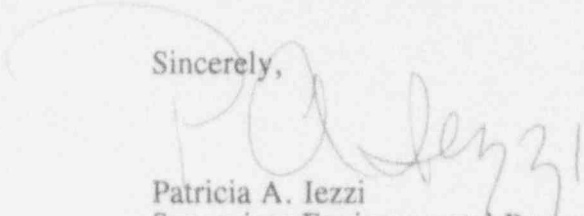


will submit this agreement in the near future.

Finally, enclosed in Attachment 5 is an executed Parent Company Guarantee.

Should you have any questions concerning the above, please do not hesitate to call me. My direct line is (401) 457-2215.

Sincerely,



Patricia A. Iezzi  
Supervisor Environmental Programs

Attachments (6)

bcc: John Fleming/Textron Lycoming Turbine Engine  
Joe Pinciario/Textron Defense Systems

11 October 1993

Re: Nuclear Regulatory Commission Letter to Richard A. McWhirter, Received 09/15/93

1) **Clarify which licenses are addressed in the cost estimate.**

The enclosed Decommissioning Funding Plans cover License No. 20-02729-05 and License No. SUB-1410. Each will be addressed separately.

2) **Submit additional detail to support the cost estimate.**

A. License 20-02729-05

Attached is a scale drawing of the facility associated with active portions of License 20-02729-05. This drawing depicts sizes and locations of room contents such as hoods, benches, cabinets, files, etc. This facility was utilized for sealed sources and irradiated components. Based on the nature of this operation and results of radiation sampling, no contamination is expected. Attachment A specifies the estimated costs for decommissioning by categories specified in Appendix F of NRC's Regulatory Guide 3.66, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Part 72" June 1990.

B. License SUB-1410

The NRC was notified that activities associated with License SUB-1410 have ceased. The off-site locations associated with this license have been verified to be "clean". The contents of the on-site location which were not associated with radiation activities and verified to be "clean" have been removed. Facility components which remain were evaluated by qualified radiation decontamination contractors. The cost estimates shown on Attachment B are based on this professional evaluation and are shown by categories specified in Appendix F of NRC's Regulatory Guide 3.66, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Part 72" June 1990.

Attached is a scale drawing of the on-site facility associated with SUB-1410 and the wastewater treatment area which provided support to this operation.

3) **Account for the costs of conducting final radiation surveys.**

See costs for the final surveys under Section 2 of this report.

- 4) **Incorporate a contingency factor into the total cost estimate.**

The application of a contingency cost factor of twenty-five percent (25%) brings the total cost to:

	<u>Base Amount</u>	<u>25% Contingency</u>	<u>Estimate Total</u>
License SUB-1410	\$369,800	\$92,450	\$462,250
License 20-02729-05	\$92,760	\$23,190	\$115,950

- 5) **Describe the means to be used for adjusting the cost estimate and associated funding levels over the life of the facility.**

Textron Defense Systems has notified the United States Nuclear Regulatory Commission of its intent to close License SUB-1410 and License 20-02729-05. It is expected that actual costs of closure may be available by the time of next reporting. In the event that actual closure costs are not available, Textron Defense Systems will periodically adjust the closure cost estimate to include inflation, changes in facility conditions and changes in expected decommissioning procedures. Adjustments to cost estimates will be made for inflation and site-specific factors at the time of license renewal or when the amounts/types of material at the facility change. Inflation adjustments for inflation will be made by calculating costs in current dollars.

- 6) **Confirm that no credit was taken for salvage value.**

Salvage value was not taken into account for the cost estimate.

- 7) **Submit a letter from each licensee's Chief Executive Officer.**

See enclosed letter signed by the Chief Executive Officer of Textron Defense Systems.

## ATTACHMENT A

### NRC Financial Assurance Plan Cost Estimates License 20-02729-05

#### 1) Planning and Preparation

<u>TASK</u>	<u>COST</u>
a) Documentation Preparation	\$5,200
b) Decommissioning Plan	\$9,400
c) Work Plans/Site Characterization	\$4,300
<i>TOTAL: \$18,900</i>	

#### 2) Decontamination and/or Dismantling of Radioactive Facility Components

<u>ITEM</u>	<u>COST</u>
a) Radiation Wipe Samples	\$1,000
b) Final Report	\$3,000
c) Labor*	\$3,660
d) Equipment	\$100
e) Materials/Consumables	\$100
<i>TOTAL: \$7,860</i>	

\*Labor - The total project time is estimated at seven days (two days for site characterization and plan preparation, three days for decontamination/dismantling, and two days for documentation/final report).

The labor rates utilized are:

<u>Labor Title</u>	<u>Per Hour</u>	<u>Hours Expected</u>	<u>Cost</u>
Certified Health Physicist	\$100	16	\$1600
Health Physicist	\$85		
Project Manager	\$75	16	\$1200
Foreman	\$65		
Health and Safety Officer	\$55		
Technician	\$45	16	\$720
Clerical Support	\$35	4	\$140

#### 3) Packaging, Shipping and Disposal of Radioactive Wastes

<u>Waste Type</u>	<u>Maximum Quantity Expected</u>	<u>Cost</u>
Radioactive	15 cubic feet	\$10,000
AM-241 Instrument		\$50,000
		<i>TOTAL: \$60,000</i>

NRC Financial Assurance Plan Cost Estimates

License 20-02729-05

Page 2

4) Restoration of Contaminated Areas on Facility Ground

Upon dismantling and decontamination, the facility will be considered to be restored. There is no further expected cost to backfill, etc.

5) Final Radiation Survey

Wipe Samples	\$3,000
Report	\$3,000

*TOTAL: \$6,000*

6) Site Stabilization, Long-Term Surveillance

Not applicable.

*GRAND TOTAL: \$92,760*

## ATTACHMENT B

### NRC Financial Assurance Plan Cost Estimates License SUB-1410

#### 1) Planning and Preparation

<u>TASK</u>	<u>COST</u>
a) Documentation Preparation	\$15,000
b) Decommissioning Plan	\$10,000
c) Work Plans/Site Characterization	\$16,900
<i>TOTAL: \$41,900</i>	

#### 2) Decontamination and/or Dismantling of Radioactive Facility Components

Textron Defense Systems has obtained formal cost bids from qualified contractors for the decontamination and restoration of the facility which was used for the activities associated with the SUB-1410 license. The cost estimate obtained from the contractor is as follows:

<u>ITEM</u>	<u>COST</u>
a) Radiation Wipe Samples	\$10,000
b) Final Report	\$2,900
c) Labor*	\$102,000
d) Equipment	\$14,000
e) Materials/Consumables	\$10,000
<i>TOTAL: \$138,900</i>	

\*Labor - The total project time is estimated at six weeks (two weeks for site characterization and plan preparation, four weeks for decontamination/dismantling, and two weeks for documentation/final report.

The Labor Rates utilized are:

<u>Labor Title</u>	<u>Per Hour</u>
Certified Health Physicist	\$100
Health Physicist	\$85
Project Manager	\$75
Foreman	\$65
Health and Safety Officer	\$55
Technician	\$45
Clerical Support	\$35

NRC Financial Assurance Plan Cost Estimates

License SUB-1410

Page 2

3) Packaging, Shipping and Disposal of Radioactive Wastes

<u>Waste Type</u>	<u>Maximum Quantity Expected</u>	<u>Cost</u>
Radioactive	300 cubic feet	\$80,000
Mixed	250 pounds	\$103,000

*TOTAL: \$183,000*

4) Restoration of Contaminated Areas on Facility Ground

Upon dismantling and decontamination, the facility will be considered to be restored. There is no further expected cost to backfill, etc.

5) Final Radiation Survey

Wipe Samples	\$3,000
Report	\$3,000

*TOTAL: \$6,000*

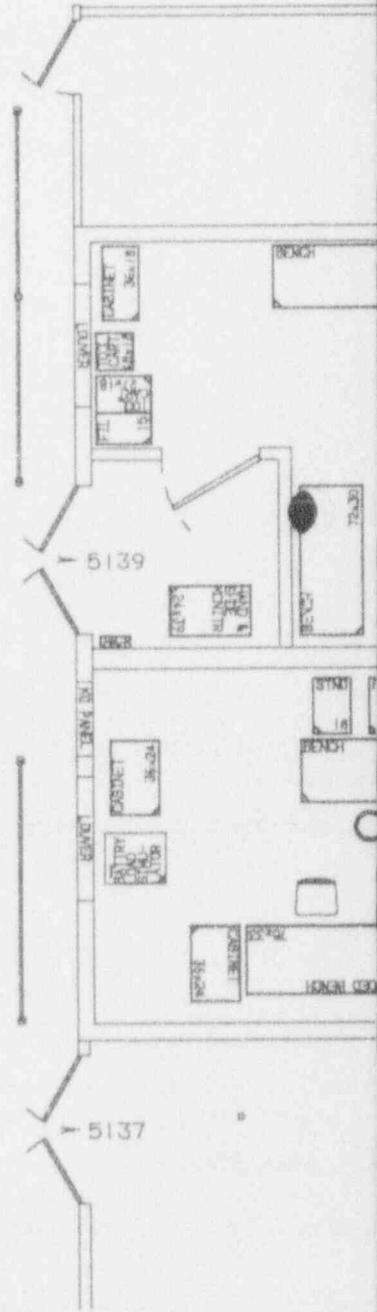
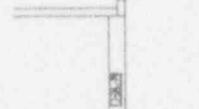
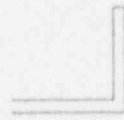
6) Site Stabilization, Long-Term Surveillance

Not applicable.

*GRAND TOTAL: \$369,800*

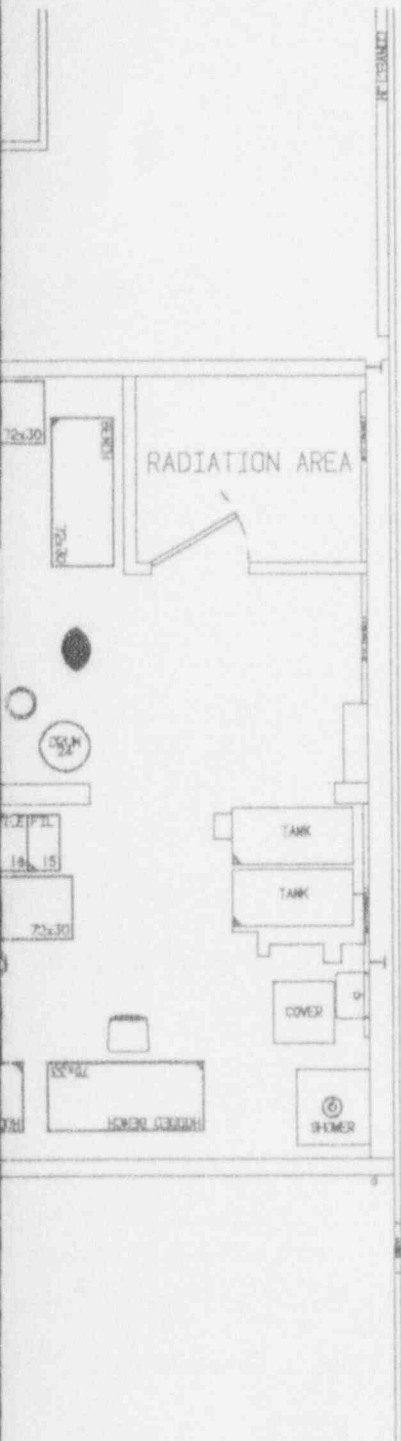
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CARD

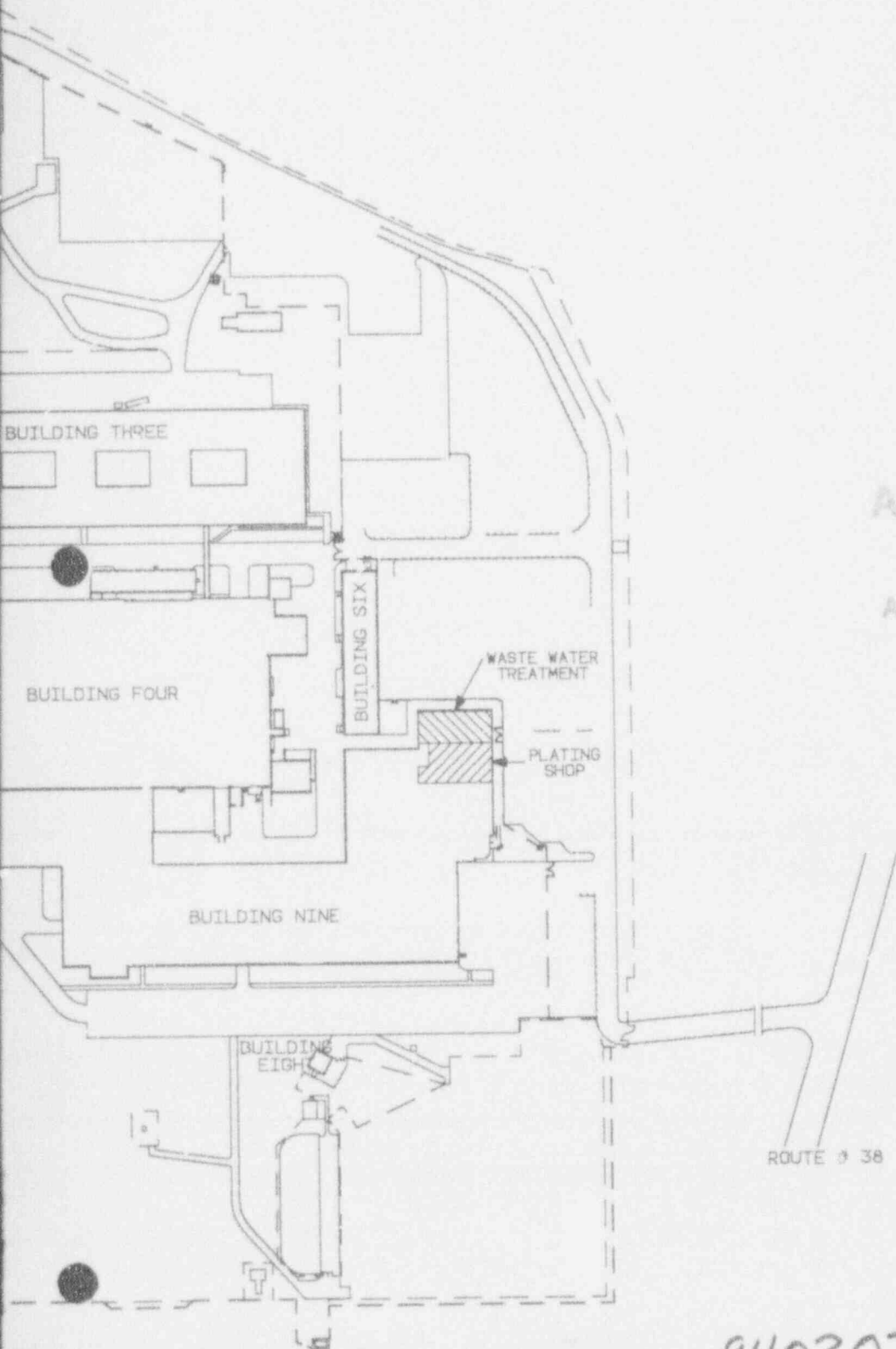
Also Available on  
Aperture Card

NRC License Area 020-02729

9403070012 - 01



FIGURE I



**ANSTEC  
APERTURE  
CARD**

Also Available on  
Aperture Card

9403070012-02

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WASTE WATER  
TREATMENT AREA



FIGURE

48

49

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TO WASTE  
WATER  
TREATMENT

ANSTEC  
APERTURE  
CARD

Also Available on  
Aperture Card

PIPE CHANNEL (TYPICAL)

OFFICE

EXIT  
LWAY

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VI

NRC License Area SUB-1410

9403070012-03

<p>Scale Systems</p>	<p>SCALE 1/8" = 1'-0"</p>	<p>PART NAME 9-0-071-4.</p>	<p>DRAWN BY B ANDERSON</p>	<p>DATE 06 OCT 1993</p>	<p>TITLE BUILDING 9 PLATING SHOP FACILITY</p>	<p>SHEET</p>
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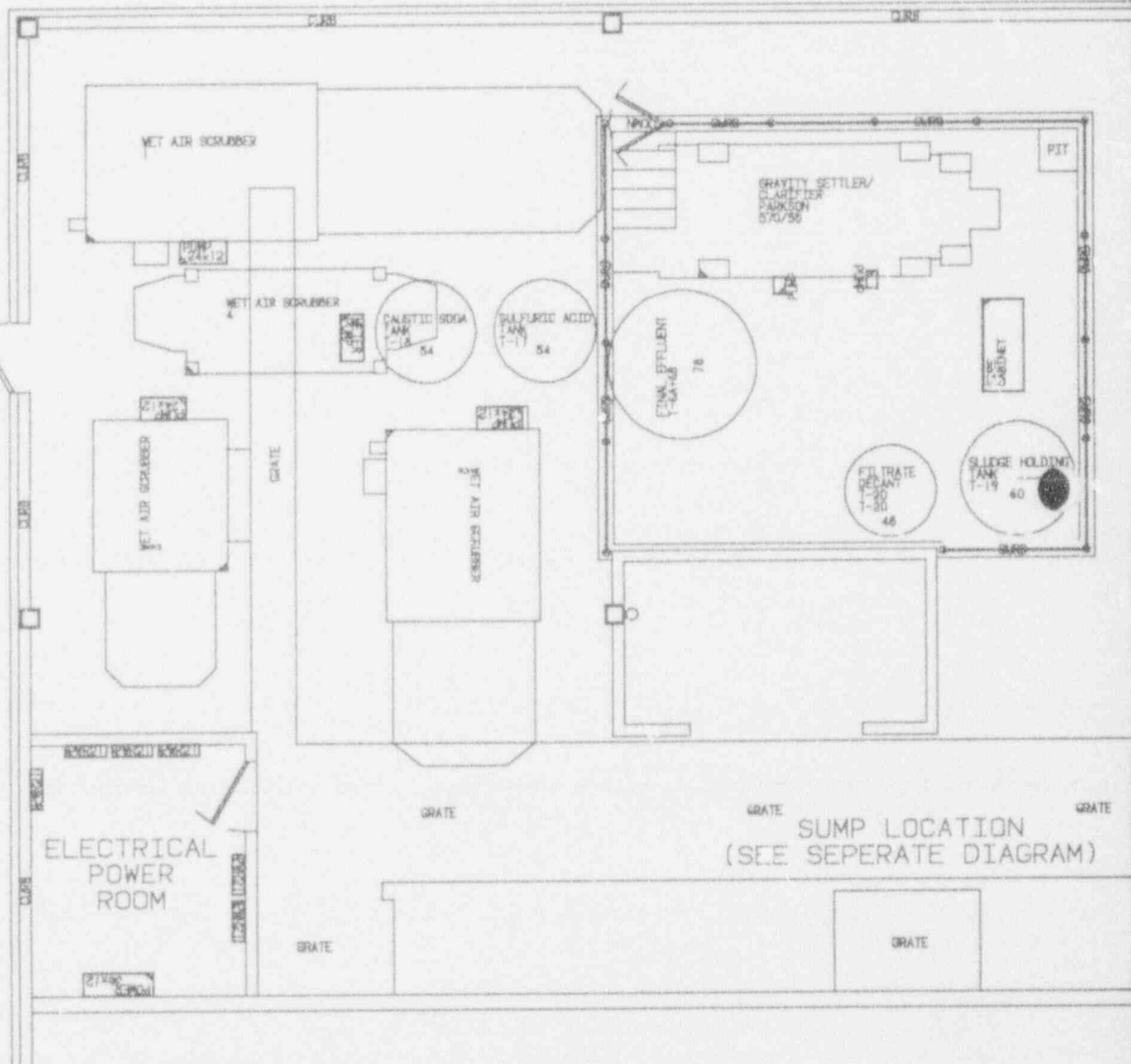
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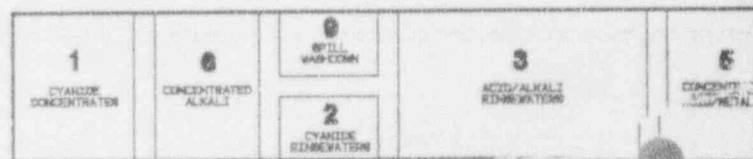
OUTSIDE  
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GRATE SUMP LOCATION  
(SEE SEPERATE DIAGRAM)

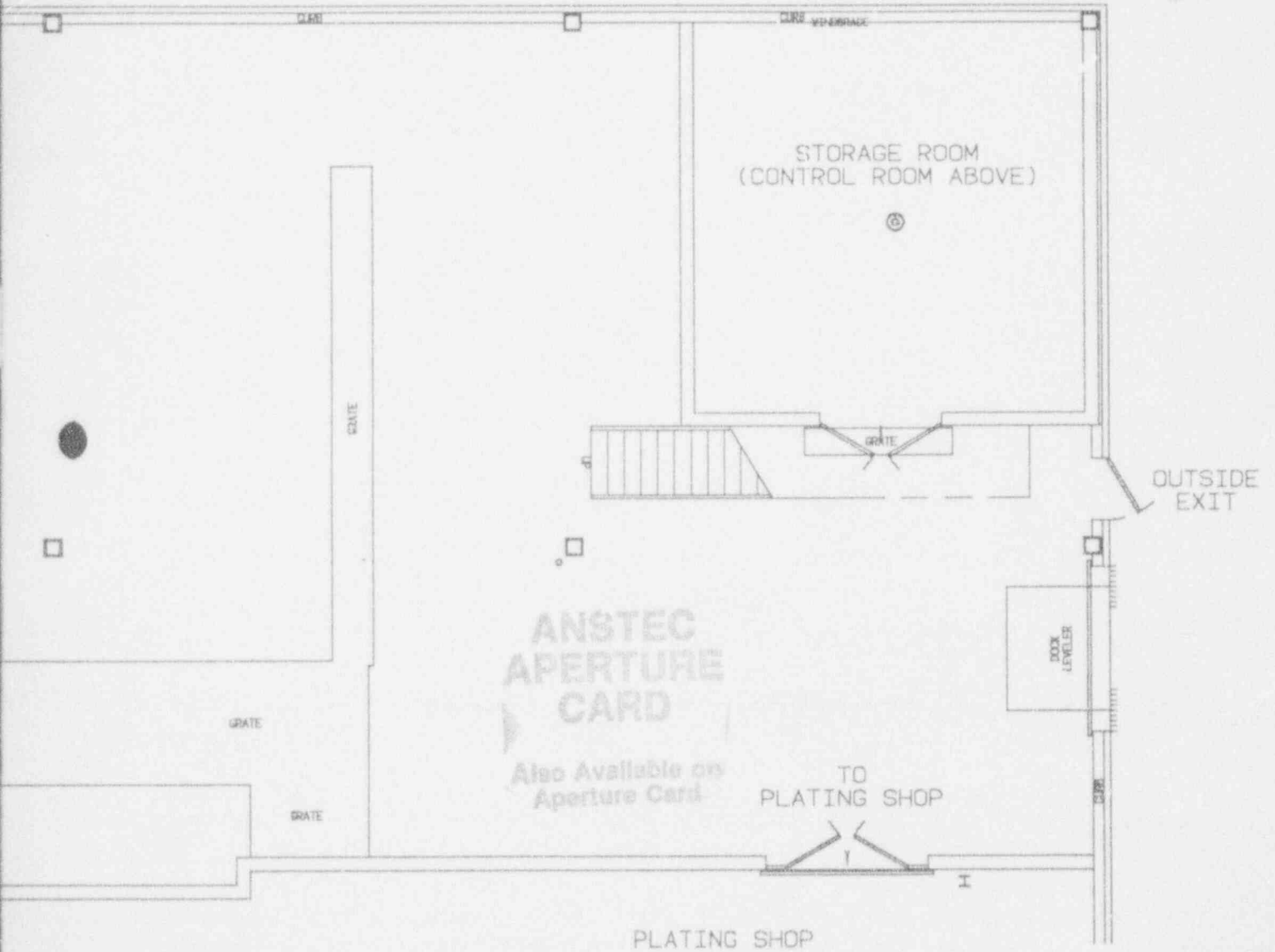
SUMP PIT DIAGRAM



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**ANSTEC  
APERTURE  
CARD**

Also Available on  
Aperture Card

TO  
PLATING SHOP

PLATING SHOP

NRC License Area SUB-1410

4 CHROMIUM CONCENTRATOR	7 ELECTROLESS NICKEL
	8 CATHODE

FIGURE IV

9403070012-04

MEMO TO: Louis M. Bykoski, NMSS  
FROM: OGC  
RE: REVIEW OF NONSTANDARD SUBMITTALS

Textron Defense Systems: No legal objection to ICF  
Recommendations (1)-(11).

"OFFICIAL RECORD COPY"





## ICF INCORPORATED

May 28, 1993

To: Dr. Lou Bykoski, NMSS/NRC

From: Larry Huffman, Martin Marchaterre, and John Collier,  
ICF Incorporated

Subject: Review of Parent Company Guarantee/Financial Test Submitted by  
Textron Defense Systems

Textron Defense Systems in Wilmington, Massachusetts, submitted a decommissioning funding plan and revised parent company guarantee/financial test from Textron, Inc., in the amount of \$1,575,000.<sup>1</sup> The submission assures estimated decommissioning costs of \$165,000 for licenses SUB-1410 and 20-02729-05 issued under 10 CFR Parts 30 and 40.<sup>2</sup> Upon review of the submission, ICF recommends that NRC Region I require the licensee to modify the submission in the following ways:

- (1) Clarify which licenses are addressed in the cost estimate;
- (2) Submit additional detail to support the cost estimate (*Regulatory Guide 3.66, Appendix F*);
- (3) Account for the costs of conducting final radiation survey(s) (*Regulatory Guide 3.66, pages 1-9 and F-5*);
- (4) Incorporate a contingency factor into the total decommissioning cost estimate (*NUREG/CR-1754, Addendum 1*);
- (5) Clarify the means to be used for adjusting the cost estimate and associated funding levels over the life of the facilities (10 CFR 30.35(e) and 40.36(d));
- (6) Clarify that no credit was taken for salvage value (*Regulatory Guide 3.66, page 1-10*);
- (7) Demonstrate that a parent-subsidiary relationship exists between the guarantor and the licensee, or submit a

<sup>1</sup> ICF reviewed the licensee's previous submission and reported several recommendations to NRC in a memorandum dated May 31, 1991.

<sup>2</sup> The financial test from Textron Inc. also includes costs for license STB-393 issued to Textron Lycoming. A letter to Textron Defense Systems from NRC Region I indicates that decommissioning for Textron Lycoming's license is assured under a separate submission using the same parent company guarantee.

different method of financial assurance (*Regulatory Guide 3.66*, page 3-23);

- (8) Submit a parent company guarantee agreement (*Regulatory Guide 3.66*, pages 4-41 through 4-44);
- (9) Submit guarantor's annual financial statements and auditor's opinion (*Regulatory Guide 3.66*, page 3-21);
- (10) Revise the financial test based on financial data for the guarantor's latest completed fiscal year (10 CFR Part 30, Appendix A); and
- (11) Submit a standby trust agreement and related documentation (*Regulatory Guide 3.66*, page 3-13).

These recommendations and other issues are discussed below.

(1) Clarify Which Licenses Are Addressed in the Cost Estimate

A letter to the licensee from NRC Region I indicates that the licensee was required to submit a cost estimate for both licenses SUB-1410 and 20-02729-05. The July 29, 1992, cover letter to the licensee's cost estimate states that "Enclosed are Decommissioning Funding Plans covering operations of License No. 20-02729-05 and License No. SUB-1410." The title of the cost estimate, however, references only license 20-02729-05. Thus, it is unclear whether the cost estimate addresses license SUB-1410. (The submission also includes a certification statement addressing both licenses.) ICF recommends that NRC require the licensee to clarify which licenses are covered by the cost estimate, and, if required, prepare a cost estimate addressing license SUB-1410.

(2) Submit Additional Detail to Support the Cost Estimate (*Regulatory Guide 3.66*, Appendix F)

The licensee submitted a one-page decommissioning cost estimate that claims to include "the essentials of Appendix F to *Regulatory Guide 3.66*." The one-page estimate identifies cost subtotals for planning and preparation, decontamination and dismantling, and packaging, shipping, and disposal. The cost estimate did not include sufficient detail, however, to allow an adequate evaluation of these subtotals or of the total cost estimate. In particular, the submission did not include the following information:<sup>3</sup>

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<sup>3</sup> ICF assumes that the licensee will not need to restore contaminated areas on facility grounds, stabilize the site, or perform long-term surveillance to properly decommission its facility because the licensee did not identify the need to conduct such activities in its decommissioning funding plan.

- Descriptions of the facilities, the activities that occur at the facilities, and the levels of contamination that may be present;
- The number and dimensions of the laboratory and facility components (e.g., fume hoods, glove boxes, laboratory benches, ductwork) that need to be decontaminated;
- A worker unit cost schedule and a table of worker hours for each task; and
- A detailed list of the types and amounts of radioactive waste that will need to be disposed, including any waste generated by decommissioning such as contaminated paper towels or personal protective equipment.

In order to allow an adequate evaluation of the estimated decommissioning costs, ICF recommends that NRC require the licensee to revise its cost estimate to include the information listed above and to increase the level of detail, especially for decontamination and dismantling activities, to be consistent with the cost estimating tables in Appendix F of NRC's *Regulatory Guide 3.66* "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72," June 1990. ICF also recommends that the licensee use the tables found in Appendices A and E of NUREG/CR-1754, Addendum 1, to help estimate its decommissioning costs.<sup>4</sup> The tables estimate the number of person-days required, the cost of equipment and supplies, and the quantity of waste generated in decontaminating individual facility components (e.g., individual time, cost, and waste generation estimates for decontaminating floors, ceilings, walls, fume hoods, glove boxes, and ductwork).

(3) Account for the Costs of Conducting Final Radiation Survey(s)  
(*Regulatory Guide 3.66*, pages 1-9 and F-5)

*Regulatory Guide 3.66* recommends that decommissioning cost estimates include estimated costs of conducting final radiation survey(s) (see page 1-9 and F-5). The licensee's cost estimate does not include costs for this activity. To ensure that the cost estimate is adequate to cover all required decommissioning activities, ICF recommends that NRC require the licensee to revise its cost estimate to include the costs of final radiation survey(s).

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<sup>4</sup> NUREG/CR-1754, Addendum 1, Technology, Safety and Costs of Decommissioning Reference Non-Fuel-Cycle Nuclear Facilities: Compendium of Current Information, Pacific Northwest Laboratory, October 1989.

- (4) Incorporate a Contingency Factor into the Total Decommissioning Cost Estimate (NUREG/CR-1754, Addendum 1)

*Regulatory Guide 3.66* recommends that a contingency factor be included in decommissioning cost estimates. Incorporating a contingency factor in cost estimates helps ensure coverage for unexpected circumstances that could raise decommissioning costs. NUREG/CR-1754 uses a contingency factor of 25 percent in its cost estimates for each of six reference laboratories.<sup>5</sup>

The licensee's total decommissioning cost estimate of \$165,000 exceeds the sum of the individual costs identified in the estimate by \$10,000. It is not clear whether this difference represents a mathematic or typographical error, or whether the difference is intended to provide a 6.5 percent contingency factor. To ensure that the licensee's cost estimate provides an adequate amount for unanticipated costs, ICF recommends that NRC require the licensee to revise its estimate to explicitly incorporate a contingency factor of at least 25 percent into its decommissioning cost estimate.

- (5) Clarify the Means to be Used for Adjusting the Cost Estimate and Associated Funding Levels Over the Life of the Facilities (10 CFR 30.35(e) and 40.36(d))

10 CFR 30.35(e) and 40.36(d) require licensees to describe the means they will use to adjust decommissioning cost estimates and associated funding levels over the life of their facilities. The licensee's decommissioning funding plan states only that

These costs could be adjusted upward depending on disposal changes in the future. We have no immediate plans to discontinue operations involving this license. An annual review will assure the plan is maintained.

It is not clear that this annual review will address any costs other than disposal costs. ICF recommends that NRC require the licensee to clarify how it will review and adjust its cost estimate annually. *Regulatory Guide 3.66* suggests that cost estimates be adjusted to account for inflation, for other changes in prices of goods and services, for changes in facility conditions, and for changes in expected decommissioning procedures.

- (6) Clarify that No Credit Was Taken for Salvage Value (*Regulatory Guide 3.66*, page 1-10)

The cost estimate does not state whether credit has been taken for any salvage value that may be realized with the sale of potential assets after decommissioning. If estimated credits are taken for salvage value but are not fully realized at the time of decommissioning, the cost estimate may be significantly low. To ensure the adequacy of the cost estimate, *Regulatory Guide 3.66*, page 1-10, states that cost estimates should not incorporate any

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<sup>5</sup> Ibid.

credit for salvage value. ICF recommends that NRC require the licensee to clarify that it has not included in its cost estimate credit for any salvage value that may be realized with the sale of potential assets after decommissioning.

- (7) Demonstrate that a Parent-Subsidiary Relationship Exists Between the Guarantor and the Licensee, or Submit a Different Method of Financial Assurance (*Regulatory Guide 3.66*, page 3-23)

A parent-subsubsidiary relationship must exist between a guarantor and a licensee in order for the parent guarantee to be a valid method of financial assurance under NRC regulations. *Regulatory Guide 3.66*, page 3-23, requires licensees using parent company guarantees to submit evidence that the corporate parent has majority control of the licensee' voting stock.

The information in the licensee's submission does not include evidence that the corporate parent has majority control of the licensee's voting stock. ICF recommends that NRC require the licensee to provide appropriate evidence, such as incorporation agreements (i.e., copies of submissions to the appropriate State Corporation Commission), the appropriate schedule from the guarantor's SEC Form 10K, or a certified corporate resolution certifying that the licensee and its parent guarantor are separate and distinct corporate entities and that the parent controls a majority of the voting stock of the subsidiary. If a parent-subsubsidiary relationship cannot be demonstrated, then a parent guarantee is not permitted by the regulations and the licensee must submit another type of financial assurance mechanism.<sup>6</sup>

- (8) Submit a Parent Company Guarantee Agreement (*Regulatory Guide 3.66*, pages 4-41 through 4-44)

Although the submission includes some of the financial test documentation in support of a parent company guarantee, the submission does not include a parent company guarantee agreement. Without the guarantee agreement, which establishes the terms and conditions of the guarantee, the financial assurance mechanism has not been established. ICF recommends that NRC require the licensee to submit an executed parent company guarantee agreement. The wording of the agreement should closely follow that found in Section 4.7.6 of *Regulatory Guide 3.66*, pages 4-41 through 4-44.

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<sup>6</sup> The letter from the licensee's chief executive officer describes the licensee as "Textron Defense Systems, a division of Avco Corporation, subsidiary of Textron Inc." The stationary on which this same letter is typed, however, includes the printed phrase "Textron Defense Systems/ Subsidiary of Textron Inc." Thus, it is unclear whether the licensee (Textron Defense Systems) is a division of Avco Corporation or a subsidiary of Textron Inc. Assuming that one or the other of these relationships is accurate, the licensee should be able to provide the evidence cited above.

(9) Submit Guarantor's Annual Financial Statements and Auditor's Opinion  
(Regulatory Guide 3.66, page 3-21)

Although the submission includes a special report from the independent auditor confirming that the financial data in the letter from the chief financial officer (CFO) agree with the amounts in the audited financial statements, the submission does not include the audited financial statements or an auditor's opinion of the financial statements. NRC's *Regulatory Guide 3.66*, page 3-21, requires the guarantor to submit its financial statements, audited by an independent certified accountant, to substantiate its financial position.

If the annual financial statements have not received a "clean" opinion from the independent auditor, then the data derived from those statements in the CFO's letter may not fairly represent the financial condition of the guarantor. ICF recommends that NRC require the submission of the guarantor's annual financial statements, along with the auditor's opinion on those statements, in order to determine whether the data used in the financial test fairly present the guarantor's financial condition.

(10) Revise the Financial Test Based on Financial Data for the Guarantor's Latest Completed Fiscal Year (10 CFR Part 30, Appendix A)

10 CFR Part 30, Appendix A, requires parent guarantors to pass the financial test based on data for the latest completed fiscal year; it also requires the parent company to retake the test within 90 days after the close of each succeeding fiscal year. The financial test included in the licensee's submission is based on financial data for the year 1991, which was the guarantor's latest completed fiscal year when the documentation was submitted to NRC in May of 1992. To ensure that the guarantor is able to pass the financial test at the present time, as required by 10 CFR Part 30, Appendix A, ICF recommends that NRC require the guarantor to update its financial test using 1992 financial data.

(11) Submit a Standby Trust Agreement and Related Documentation (Regulatory Guide 3.66, page 3-13)

If the licensee defaults on its decommissioning obligations, the guarantor, under the terms of the guarantee agreement (Recital 7), must either (1) carry out required decommissioning activities or (2) make funds available in a trust fund to allow NRC to pay for these activities. If the guarantor chooses the second option, it must establish a trust fund because funds paid directly to NRC must be deposited in the U.S. Treasury and would not be available for decommissioning costs. To avoid the possibility that a trust fund will not be readily available if and when needed, *Regulatory Guide 3.66*, page 3-13, states that a standby trust fund should be used with a parent company guarantee. Thus, ICF recommends that NRC request the licensee to submit a standby trust fund, acknowledgement, and other related documents as recommended in *Regulatory Guide 3.66* on pages 4-18 through 4-27.

### Other Issues

Apart from editorial and non-substantive changes to the standard wording provided in *Regulatory Guide 3.66*, the following modifications are noteworthy:

- (a) The wording of the independent auditor's special report and schedule differs from the wording recommended on page 4-39 of *Regulatory Guide 3.66*. However, the modified wording properly confirms the data in the chief financial officer's letter.
- (b) The letter from the licensee's chief executive officer states that the guarantor, rather than the licensee, is required to file a Form 10K with the U.S. Securities and Exchange Commission (SEC). SEC reporting would allow NRC to monitor the licensee's financial condition more easily. The licensee has, however, certified that it is currently a going concern with substantial positive tangible net worth. In addition, the licensee must update this certification annually. Therefore, the lack of SEC reporting by the licensee should not diminish the financial assurance provided to NRC.

Finally, the Region should ensure that documents submitted by the licensee are originally signed duplicates, as recommended in *Regulatory Guide 3.66*. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanism is enforceable. Because ICF does not possess the original submissions, we cannot verify compliance with these requirements.

attachments

REVIEW OF DECOMMISSIONING FUNDING PLAN (DFP)

Name of company or institution: Textron

Number of licenses and applicable regulations:

<u>1</u>	10 CFR Part 30
<u>1</u>	10 CFR Part 40
<u>    </u>	10 CFR Part 70
<u>    </u>	10 CFR Part 72

Isotopes handled and possession limits (specify units):

Any byproduct with Atomic numbers 3-93    1 Ci  
 " " " "    200 mCi with some single sources exceed 25 mCi

<u>Uranium</u>	<u>999 kg</u>
<u>Tantalum 182</u>	<u>75 mCi</u>
<u>Tantalum 182</u>	<u>300 mCi</u>
<u>Ytterbium 169</u>	<u>100 mCi</u>
<u>Cesium 137</u>	<u>Not to exceed 15 mCi / source</u>
<u>Cobalt 60</u>	<u>200 mCi</u>
<u>Americium 241</u>	<u>1 Ci</u>

Total cost estimate for licenses listed above: \$ 165,000

General comments on DFP:



CHECKLIST FOR REVIEWING DECOMMISSIONING FUNDING PLANS (DFP's)

QUESTIONS

COMMENTS

QUESTIONS	COMMENTS
(1) Does the licensee provide supporting documentation for its cost estimates? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(2) Does the licensee use the Appendix F "Cost Estimating Tables?" <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Does the cost estimate include the following major cost elements?	
(i) Planning and Preparation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	No worker unit Cost Schedule  Very little detail here.
(ii) Decontamination and/or Dismantling of Radioactive Facility Components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(iii) Packaging, Shipping, and Disposal of Radioactive Wastes? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
(iv) Restoration of Contaminated Areas on Facility Grounds? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	
(v) Final Radiation Survey? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(vi) Site Stabilization, Long-Term Surveillance? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA	
	No funds for this activity

CHECKLIST FOR REVIEWING DFF's (continued)

QUESTIONS

COMMENTS

<p>(4) Is the total cost estimate reasonable for the type(s) and size(s) of facility licensed?</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Not Sure</p>	<p>Not enough detail in this submission to evaluate the costs. More detail needed in all <del>four</del><sup>three</sup> areas mentioned but especially in Decontamination + Dismantling</p>
<p>(5) Are the cost estimates for individual facility activities and/or components reasonable?</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Not Sure</p>	

CHECKLIST FOR REVIEWING DPP's (continued)

QUESTIONS

COMMENTS

<p>(6) Do the computations seem correct?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Not sure</p>	<p>See Contingency Factor</p>
<p>(7) Does the licensee take credit for the potential salvage value of recovered materials or decontaminated equipment?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Licensee did not mention salvage value but did not appear to take credit for any in the cost estimate.</p>
<p>(8) Does the licensee include a contingency factor in the cost estimate?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Not sure</p>	<p>Have Funds allotted for activities that sum to \$155,000 but a final estimate of \$165,000. Not sure if this is a math error or a contingency factor.</p>
<p>(9) Does the licensee provide a description of the methods that will be used to adjust the decommissioning cost estimate periodically over the life of the facility?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Mention that they will update costs but no additional detail.</p>

APPENDIX A  
CHECKLIST FOR DECOMMISSIONING FINANCIAL ASSURANCE

NAME OF LICENSEE OR APPLICANT

MAILING ADDRESS Textron Defense Systems

201 Lowell St.

Wilmington, MA 01887

A. Licensee Part (check one of the following):

- Part 30 Licensee or Applicant      \_\_\_\_\_ Part 70 Licensee or Applicant  
 Part 40 Licensee or Applicant      \_\_\_\_\_ Part 72 Licensee or Applicant

B. Check appropriate item in each category (if applicable)

1. 8/6/92 Date of Financial Assurance Submission

2. \_\_\_\_\_ Public Entity

Private Entity

3.  Certification of Financial Assurance  $\$750,000$

\_\_\_\_\_ Decommissioning Funding Plan  $\$75,000$   
 $\$1,525,000$

*seems to be certificate  
but also included DPP  
in the amount of  
\$165,000 for  
license # 20-02129-*

4. (a) \_\_\_\_\_ Prepayment Option (See Appendix B)  
 \_\_\_\_\_ Trust Fund  
 \_\_\_\_\_ Escrow Account  
 \_\_\_\_\_ Certificate of Deposit  
 \_\_\_\_\_ Government Fund  
 \_\_\_\_\_ Deposit of Government Securities

- (b)  Surety/Insurance/Other Guarantee (See Appendix C)  
 \_\_\_\_\_ Surety bond  
 \_\_\_\_\_ Letter of Credit  
 \_\_\_\_\_ Line of Credit  
 Parent Company Guarantee/Financial Test\*

- (c) \_\_\_\_\_ External Sinking Fund, Sinking Account and Surety/  
 Insurance (See Appendix D)  
 \_\_\_\_\_ Trust Fund  
 \_\_\_\_\_ Escrow Account  
 \_\_\_\_\_ Certificate of Deposit  
 \_\_\_\_\_ Government Fund  
 \_\_\_\_\_ Deposit of Government Securities  
 \_\_\_\_\_ Surety Bond  
 \_\_\_\_\_ Letter of Credit  
 \_\_\_\_\_ Line of Credit

(d) \_\_\_\_\_ Statement of Intent (public entities only)

\*May not be used in combination with any other instrument.

APPENDIX C

CHECKLIST FOR SUBMISSION OF SURETY/INSURANCE/PARENT COMPANY GUARANTEE

A. Check Appropriate Form of Surety/Insurance/Guarantee

- Surety Bond
- Letter of Credit
- Line of Credit
- Parent Company Guarantee/Financial Test\*
- Insurance

B. Check Documents Submitted for Surety/Insurance/Guarantee

1. Surety Bond

- Surety Bond
- Standby Trust Agreement
- Acknowledgement

2. Letter of Credit

- Letter of Credit
- Standby Trust Agreement
- Acknowledgement

3. Line of Credit

- Verification
- Standby Trust Agreement
- Acknowledgement

4. Parent Company Guarantee

*No name, title*

- Letter from Chief Executive Officer of Applicant or Licensee
- Letter from Chief Financial Officer of Parent Company
- Financial Test: Alternative [I or I]
- Auditor's Special Report and Attached Schedule
- Corporate Guarantee
- Standby Trust Agreement
- Acknowledgement

*Not correct*

*NO*

*NO*

*NO*

5. Insurance

- Certificate of Insurance
- Standby Trust Agreement
- Acknowledgement

May not be used in combination with any other instrument.

## **TEXTRON** Lycoming

Stratford Division  
Textron Lycoming/  
Subsidiary of Textron Inc.

550 Main Street  
Stratford, CT 06497  
203/385-2000

September 11, 1992

Mr. Eric Reber  
U.S. Nuclear Regulatory Commission  
Region I  
475 Allendale Road  
King-of-Prussia, PA 19406

Re: Decommissioning Funding Plan required under 10 CFR Section  
40.36 for renewal of NRC License STB-393.

Dear Mr. Reber:

Per your request and using the Guidance Document 3.66 for Financial Assurance Mechanism required for decommissioning under 10 CFR Part 40, the previously submitted plan is being replaced with this more detailed Appendix F estimation.

As background, this facility manufactures turbine engines. During the manufacturing process, radioactive thorium is used in alloy and solution with magnesium and nickel respectively. The attached plan reflects costs for disposal of the alloy turnings and rejected parts produced at the facility. Normally, during thorium use, the turnings and rejected parts are returned to the vendors who supply the stock materials and castings for reuse. Thus, the costs for disposal indicated in Appendix F will probably not be required, as the scrap materials will not be present due to normal operating procedures. Any small residual material could, and probably would, be disposed, but at a much reduced cost than indicated in the estimate.

Clean-up in the area of thorium use consists primarily of ensuring thorium alloy is being collected from all machined metal equipment and surrounding floor areas, and from the handling, packaging, and storage areas. Many of the responses to the items in Appendix F have therefore been tailored with this understanding and other appendix items have been marked not applicable with "N.A." In this way, the distinction or comparison with a reactor site or chemical incorporation into a product is being made evident.

Page 2

On July 20, 1992, we submitted a cost estimate of \$349,000. The cost estimate for the funding plan attached is \$532,189.55. The former cost estimate has been revised to better reflect labor rates, costs for packaging, shipping and disposal, the fact that the use of the thorium alloy has dropped considerably since the July submission a trend which is expected to continue. I have also included a contingency factor of 15% on the total estimate.

If you have any questions, please do not hesitate to contact us. Thank you for your cooperation and understanding.

Sincerely  
*John Fleming*  
John Fleming, RSO  
(203) 385-3964

JF/fc  
attachment

APPENDIX F  
COST ESTIMATING TABLES

1. Planning and Preparation

Table 1

Task	Work Days				Total	Total Cost
	Supervisor	Foreman	H.P.	Clerical		
1. Preparation of Documentation for Regulatory Agencies	3 <u>(743.50)</u>	1 <u>(227.16)</u>	0	1 <u>(135.90)</u>	4	1106.64
2. Submittal of Decommissioning Plan to NRC when required by 10 CFR 30.36(c)(2), 40.42(c)(2), or 70.38(c)(2)*	3 <u>(743.50)</u>	0	0	1 <u>(135.90)</u>	4	879.48
3. Development of Work Plans	3 <u>(743.50)</u>	0	0	1 <u>(135.90)</u>	4	879.48
4. Procuring of Special Equipment	0	2	0	0	0	454
5. Staff Training	0	5	0	0	0	1135
6. Characterization of Radiological Condition of the Facility (Including soil and tailings analysis or ground-water analysis, if applicable)	N A	—	—	—	—	—
7. Other	N A	—	—	—	—	—
8. Total	9 <u>(743.50)</u>	5	0	3 <u>(135.90)</u>	12	4454

\* For assistance in preparation of cost estimate for 10 CFR Part 72, consult NRC Office of Nuclear Material Safety and Safeguards.



APPENDIX F (Continued)  
COST ESTIMATING TABLES

Table 2

Position	Unit Cost for Workers		Worker Cost/year
	Basic Salaries (\$/yr)	Overhead Rate (%)	
Supervisor	40 700	52.2	61 965 (247.86)
Foreman	37 350	52.2	56 789 227.16
Craftsman	40 680	52.2	61 814 247.26
Technician	35 900	52.2	54 658 218.63
Health Physicist*	59 500	52.2	90 440 361.76
Laborer	30 400	52.2	46 284 185.14
Clerical	25 600	52.2	38 976 135.90
Other			

2. Decontamination and/or Dismantling of Radioactive Facility Components\*

No.	Dimensions	No.	Dimensions
0	0 (m <sup>3</sup> )	—	5500 (m <sup>2</sup> )
3	1 (m <sup>3</sup> )	—	450 (m)
0	0 (m <sup>3</sup> )	—	150 (m <sup>2</sup> )
0	20 (m)	10	314 m
0	0 (m)		

Amount of Floor Space  
Ventilation Ductwork  
Amount of Wall Space  
Other (mills, presses, lathes, etc)

Table 3

Work Days

Task	Super- visor	Fore- man	Tech- nicians	H.P.	Crafts- men	La- borer	Total	Total Cost
1. Decon/Dis- mantle Major Components and/or Proc- essing and Storage Tanks	NA	—	—	—	—	—	—	—
2. Decon/Dis- mantle Laboratories, Fume Hoods, Glove Boxes, Benches, etc.	2 (495.72)	0	0	2 (723.52)	0	5 (925.70)	9	2144.94

Indicate whether component is to be decontaminated to unrestricted release levels or packaged and disposed of at a low-level waste site.

\* Industrial Hygienist

APPENDIX F (Continued)  
COST ESTIMATING TABLES

Table 3 (continued)

Task	Work Days							Total Cost
	Super- visor	Fore- man	Tech- nicians	H.P.	Crafts- men	La- borer	Total	
3. Decon/Dis- mantle Waste Areas <i>NA</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
- Radwaste Areas								
- Scrap Recovery Areas								
- Other								
4. Decon/Dis- mantle Service Facilities	<u>2</u>	<u>2</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>4</u>	<u>11</u>	<u>2775.88</u>
- Maintenance Shop	(495.72)	(454.32)		(1085.28)		(740.50)		
- Decontamination Areas								
- Ventilation Systems								
- Other								
5. Decon/Dis- mantle Waste Treatment- Facilities and Storage Areas on the Site (Including exhume and package contaminated soil and tail- ings, if any)	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>3</u>	<u>5</u>	<u>1165.04</u>
- Fluoride Lagoons	(247.86)			(361.76)		(555.42)		
- Nitrate Lagoons								
- CaF <sub>2</sub> Waste Recovery								
- Ground Water Restoration								
- Other								

APPENDIX F (Continued)  
COST ESTIMATING TABLES

Table 3 (continued)

Task	Work Days						Total	Total Cost
	Super-visor	Fore-man	Tech-nicians	H.P.*	Crafts-men	La-borer		
6. Monitor for compliance, reclean and remonitor, if necessary	1	0	2	0	0	0	3	685
7. Other (e.g., contractor fees)	(247.86)		(457.24)					
	1	0	0	0	0	3	4	803

Table 4

Equipment/Supply	Quantity	Cost
No. Additional	0	0

3. Packaging, Shipping, and Disposal of Radioactive Wastes

Table 5

Waste Type	Volume (m <sup>3</sup> )	No. of Containers	Type of Containers	Unit Cost of Container	Cost of Container
	0.3	100	DRUM	50	~5000
Total					

Table 6

Waste Type	No. of Shipments	Unit Cost for Shipping	Distance Shipped	Surcharge	Transportation Cost
	See below	See below	ca. 2200		~10000
Total					

\* Industrial Hygienist

APPENDIX F (Continued)  
COST ESTIMATING TABLES

Unit cost for packaging, shipping & disposal \*  
Table 7

Burial Charges on # 4500 / drum \* \_\_\_\_\_ (\$/m<sup>3</sup>)  
 Surcharges \_\_\_\_\_ (\$)  
 Per container \_\_\_\_\_ (\$/m<sup>3</sup>)  
 Disposal \_\_\_\_\_ (\$/m<sup>3</sup>)

Waste Type	Burial Volume	Unit Cost of Burial	Surcharge	Burial Cost
	700 *	*		450 000 *
<u>Total</u>				<u>450 000</u>

table 5,6,7

4. Restoration of Contaminated Areas on Facility Ground

Table 8

Task	Supervisor	Work Days			Total	Total Cost
		Foreman	H.P.	Clerical		
Backfill and Restore Site	0	0	0	0	—	
NA.						

5. Final Radiation Survey

Table 9

Task	Supervisor	Work Days			Total	Total Cost
		Foreman	H.P.	Clerical		
	1	0	1	1	3	746
	247.00		(361.76)	(135.40)		
<u>Total</u>						

\* Normal course of handling would not require this disposal action thus avoiding this cost.

APPENDIX F (Continued)  
 COST ESTIMATING TABLES

6. Site Stabilization, Long-Term Surveillance (if applicable)

Table 10

Task	Supervisor	Work Days		Clerical	Total	Total Cost
		•Foreman	H.P.			
<u>N.A.</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>
<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>	<u>    </u>

Total = \$462,774  
 25% Contingency = \$115,694.  
\$578,468

AVCO CORPORATION

Assistant Secretary's Certificate

I, ANN T. WILLAMAN, a duly elected Assistant Secretary of AVCO CORPORATION, a Delaware corporation (hereinafter, the "Corporation"), do hereby certify to the following:

1. Attached hereto and marked Exhibit A is a true and correct copy of that certain Certificate of Ownership and Merger by and among the Corporation and Avco Acquisition Corporation, as filed with the Secretary of State of the State of Delaware on February 28, 1985;
2. That all of the issued and outstanding shares of the Corporation's capital stock are currently registered in the name of Textron Inc.;
3. That Textron Lycoming Turbine Engine, with its principal office located at 550 Main Street, Stratford, Connecticut, is an unincorporated operating division of the Corporation; and
4. That Textron Defense Systems, with its principal office located at 201 Lowell Street, Wilmington, Massachusetts, is an unincorporated operating division of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and the affixed Corporate Seal of Avco Corporation this 14th day of October, 1993.

CORPORATE  
SEAL

  
Assistant Secretary



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP OF AVCO CORPORATION, A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, MERGING AVCO ACQUISITION CORPORATION A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, PURSUANT TO SECTION 253 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-EIGHTH DAY OF FEBRUARY, A.D. 1985, AT 10 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

|||||

*Michael Harkins*  
Michael Harkins, Secretary of State

AUTHENTICATION: 10448128

DATE: 02/28/1985

CERTIFICATE OF OWNERSHIP AND MERGER  
MERGING  
AVCO ACQUISITION CORPORATION  
WITH AND INTO  
AVCO CORPORATION

(pursuant to Sections 103 and 253 of the General  
Corporation Law of the State of Delaware)

---

AVCO Acquisition Corporation ("Acquisition"), a Delaware corporation, does hereby certify:

FIRST: That Acquisition was incorporated on the 30th day of November, 1984, pursuant to the General Corporation Law (the "GCL") of the State of Delaware.

SECOND: That Acquisition owns more than 90% of the outstanding shares of common stock, par value \$3 per share (the "Shares"), of Avco Corporation ("Avco"), a Delaware corporation. The Shares constitute the only outstanding class of capital stock of Avco.

THIRD: That Acquisition, by resolutions of its Board of Directors duly adopted by written consent in lieu of a meeting dated February 26, 1985, determined to merge and authorized the merger of itself with and into Avco on the conditions set forth in such resolutions. Such resolutions are set forth below and have not been modified or rescinded and remain in full force and effect on the date hereof:

RESOLVED, that Acquisition merge (the "Merger") itself with and into its subsidiary Avco Corporation ("Avco") and that Avco assume all of the debts, liabilities and obligations of Acquisition; and

FURTHER RESOLVED, that the terms and conditions of the Merger are as follows:

1. Each issued and outstanding share of common stock, par value \$3 per share (the "Shares"), of Avco, other than those Shares owned by Acquisition or any affiliate of Acquisition, shall be converted into the right to receive \$50 in cash payable to the holder thereof, without interest thereon, upon surrender of the certificate representing such Share. Each Share held by Acquisition or any affiliate of Acquisition or in



the treasury of Avco shall be cancelled and cease to exist. Each outstanding share of common stock, par value \$0.10 per share, of Acquisition shall be converted into one share of common stock, par value \$0.10 per share, of Avco as the surviving corporation (the "Surviving Corporation"); and

2. The Certificate of Incorporation of Avco is to be amended in its entirety to read as set forth in Exhibit A attached hereto. As amended, the Certificate of Incorporation of Avco shall be the Certificate of Incorporation of the Surviving Corporation.

FOURTH: That Textron Inc., a corporation organized and existing under the laws of Delaware and the sole stockholder of Acquisition, has approved the merger of Acquisition with and into Avco by written consent in lieu of a meeting dated February 26, 1985 pursuant to Section 228 of the GCL.

IN WITNESS WHEREOF, Acquisition has caused this certificate to be executed by Arnold M. Friedman, its Vice President, and attested to by Michael D. Cahn, its Secretary, this 28th day of February, 1985.

AVCO ACQUISITION CORPORATION

By Arnold M. Friedman  
Arnold M. Friedman  
Vice President

ATTEST:

By Michael D. Cahn  
Michael D. Cahn  
Secretary

CERTIFICATE OF INCORPORATION  
OF  
AVCO CORPORATION

FIRST: The name of the Corporation is Avco Corporation (hereinafter the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "CCL").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 1000 shares of Common Stock at ten cents (\$.10) par value.

FIFTH: The names and places of residence of each of the original subscribers to the capital stock of the Corporation, and the number of shares subscribed for by them respectively, are as follows:

<u>Name</u>	<u>Address</u>	<u>Number of Shares</u>
Dorman T. Connet	120 Broadway, New York City, N.Y.	100
Clarence E. Bahn	120 Broadway, New York City, N.Y.	100
Howard F. Mulholland	120 Broadway, New York City, N.Y.	100

SIXTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(2) The directors shall have concurrent power with the stockholders to make, alter, amend, change, add to or repeal the By-Laws of the Corporation.

(3) The number of directors of the Corporation shall be as from time to time fixed by, or in the manner provided in, the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(4) In addition to the powers and authority hereinbefore or by statute expressly conferred upon

them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

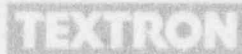
SEVENTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or

of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of the GCL or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of the GCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in

this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.



Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

October 21, 1993

**VIA OVERNIGHT COURIER**

John D. Kinneman  
Chief Research, Development  
and Decommissioning Section  
Division of Radiation Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, Pennsylvania 19406-1415

**Re: Financial Assurance for Decommissioning/Textron Inc.**

Dear Mr. Kinneman:

I am the chief financial officer of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Parts 30 and 40, the decommissioning of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility.

<b>Name of Facility</b>	<b>Location of Facility</b>	<b>Certified Amounts (or current cost estimates)</b>
Textron Defense Systems SUB-1410	201 Lowell Street Wilmington, MA 01887	\$750,000
Textron Defense Systems 20-02729-05	201 Lowell Street Wilmington, MA 01887	\$115,950
Textron Lycoming License Number STB-393	550 South Main Street Stratford, CT 06497	\$750,000

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of this firm ends on the Saturday nearest to the thirty-first day of December in each year, whether such Saturday falls in December or in January. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed year, ended January 2, 1993.

**Financial Test: Alternative II**

- |  |                  |
|--|------------------|
| 1. Decommissioning cost estimates or certified amounts for facility (total of all cost estimates shown in paragraphs above)  | \$1,615,950      |
| 2. Current bond rating of most recent issuance of this firm and name of rating service   | A3 - Moody's     |
| 3. Date of issuance of bond  | February 5, 1989 |
| 4. Date of maturity of bond  | February 5, 1995 |
| *5. Tangible net worth ** (if any portion of estimates for decommissioning is included in total liabilities on your financial statements, add the amount of that portion to this line) | \$1,069,100,000  |
| *6. Total assets in United States (required only if less than 90% of firm's assets are located in the United States)   | \$15,842,000,000 |
| 7. Is line 5 at least \$10 million?  | Yes              |
| 8. Is line 5 at least 6 times line 1?  | Yes              |
| *9. Are at least 90% of firm's assets located in the U.S.? If not, complete line 10  | No               |
| 10. Is Line 6 at least 6 times Line 1?   | Yes              |

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

TEXTRON INC.

By: \_\_\_\_\_

Name: Richard A. McWhirter

Title: Executive Vice President and Chief  
Financial Officer

Date: \_\_\_\_\_

\* Denotes figures derived from financial statements.

\*\* Tangible net worth is defined as net worth minus goodwill, patents trademarks, and copyrights.



## Report of Independent Auditors

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Textron Inc. as of January 2, 1993 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and have issued our report thereon dated February 4, 1993.

At your request, we have read the letter dated October 21, 1993 from Richard A. McWhirter, Executive Vice President and Chief Financial Officer of Textron Inc. in support of the use of the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning the facilities at the locations listed in the letter.

In connection with 10 CFR Parts 30 and 40, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended January 2, 1993, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the data indicated as being derived from the audited financial statements should be adjusted.

This report is intended solely to assist you in complying with the reporting requirements associated with the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning and should not be used for any other purpose.

October 28, 1993

*Ernst + Young*

## PARENT COMPANY GUARANTEE

Guarantee made this 25<sup>th</sup> day of October by Textron Inc., a corporation organized under the laws of the State of Delaware, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), or State agency found acceptable to the NRC, obligee, on behalf of our subsidiary Avco Corporation of 40 Westminster Street, Providence, RI 02903.

### Recitals

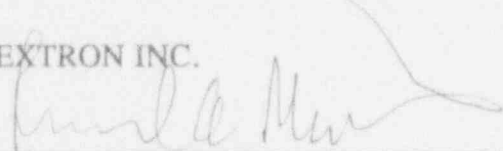
1. The guarantor has full authority and capacity to enter into this guarantee under its by-laws, articles of incorporation and the laws of the state of Delaware, its state of incorporation.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 30 and 40 which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 30 and 40 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for facilities listed on Attachment A as required by 10 CFR Part 30 and 40. The decommissioning costs for which appear in Attachment A.
4. The guarantor meets or exceeds the following financial test criteria and agrees to comply with all notification requirements as specified in 10 CFR Part 30 and 40.
  - (a) (i) A current rating of its most recent bond issuance of AAA, AA, A or BBB is issued by Standard and Poor's, or Aaa, A or Baa as rated by Moody's; and
  - (ii) Tangible net worth is at least \$10 million and at least six times the current decommissioning cost estimate (or prescribed amount if a certification is used); and
  - (iii) Assets located in the United States amounting to at least 90 percent of its total assets or at least six times the current decommission cost (or prescribed amount if certification is used).
5. The guarantor has majority control of the voting stock for the following licensee(s) covered by this guarantee. See Attachment A.
6. Decommissioning activities as used below refers to the activities required by 10 CFR Part 30 and 40 for decommissioning of facility(ies) identified above.
7. The guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. 20-02729-05, SUB-1410, and STB-393, the guarantor shall carry out the required activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 30 and 40. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if Avco Corporation has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.

11. The guarantor agrees that within 30 days after it determines that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor for the facility under License Nos. 20-02729-05, SUB-1410, and STB-393, it shall establish an alternative financial assurance, as specified in 10 CFR Part 30, 40, 70 or 72, as applicable, in the name of Avco Corporation unless Avco Corporation has done so.
12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 30 and 40.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the NRC in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as Avco Corporation must comply with the applicable financial assurance requirements of 10 CFR Part 30 and 40, for the previously listed facility(ies), except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Avco Corporation, such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Avco Corporation as evidenced by the return receipts.
15. The guarantor agrees that if Avco Corporation fails to provide alternative financial assurance as specified in 10 CFR Part 30 and 40, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and Avco Corporation from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Avco Corporation or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Avco Corporation. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modifications of the license.
17. The guarantor shall promptly submit to the NRC its Annual Report to Shareholders during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: 10/25/93

TEXTRON INC.



Richard A. McWhirter  
Executive Vice President and Chief Financial Officer

Signature of witness or notary: M. Laura Desjardins

10/25/93

NOTARY PUBLIC  
My Commission Expires 7/2/95

ATTACHMENT A

<u>Licensed Facilities</u>	<u>Facility Location</u>	<u>License Numbers</u>	<u>Decommissioning Cost Guaranteed</u>
Textron Defense Systems	201 Lowell Street Wilmington, MA 01887	SUB-1410	\$750,000
Textron Defense Systems	201 Lowell Street Wilmington, MA 01887	20-02729-05	\$115,950
Textron Lycoming Turbine Engine	550 Main Street Stratford, CT 06497	STB-393	\$750,000

SEP 15 1993

Textron Defense Systems

License Nos. 20-02729-05  
SUB-1410

Docket Nos. 030-04624  
040-08806

Control Nos. 113598  
113599

Textron Lycoming

License No. STB-393  
Docket No. 040-02917  
Control No. 116660

Textron, Inc.  
ATTN: Richard A. McWhirter  
Senior Vice President  
and Chief Financial Officer  
40 Westminster Street  
Providence, Rhode Island 02903

Dear Mr. McWhirter:

Subject: Financial Assurance for Decommissioning

This is in reference to your letters dated May 5, 1993, September 11, 1992, July 29, 1992 and July 31, 1992 to provide financial assurance for License Nos. 20-02729-05, SUB-1410 (Textron Defense Systems) and STB-393 (Textron Lycoming).

We have reviewed these submittals. Please modify your submissions to address the specific items listed below:

1. **Clarify which licenses are addressed in the cost estimate.**

The July 29, 1992 cover letter transmitting your cost estimate states that "Enclosed are Decommissioning Funding Plans covering operations of License Nos. 20-02729-05 and SUB-1410." The title of the cost estimate, however, references only License No. 20-02729-05. Thus, it is unclear whether the cost estimate includes the facilities and activities authorized by License Nos. SUB-1410 and STB-393. (The submission also includes a certification statement addressing both licenses.) Clarify which licenses are covered by the cost estimate, and, if required, prepare a cost estimate addressing License Nos. SUB-1410 and STB-393.

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ML 10

2. **Submit additional detail to support the cost estimate.**

You submitted a one-page decommissioning cost estimate that attempts to include "the essentials of Appendix F to Regulatory Guide 3.66." The one-page estimate provides cost subtotals for planning and preparation, decontamination and dismantling, packaging, shipping, and waste disposal. The cost estimate did not include sufficient detail, however, to allow an adequate evaluation of these subtotals or of the total cost estimate. In particular, the submission did not include the following information:

- a. Descriptions of the facilities, the activities that occur at the facilities, and the levels of contamination that may be present;
- b. The number and dimensions of the laboratory and facility components (e.g., fume hoods, glove boxes, laboratory benches, ductwork) that need to be decontaminated;
- c. A worker unit cost schedule and a table of worker hours for each task; and
- d. A detailed list of the types and amounts (volume estimates) of radioactive waste that will need to be disposed, including any waste generated by decommissioning such as contaminated paper towels or personal protective equipment.

In order to allow an adequate evaluation of the estimated decommissioning costs, please revise your cost estimate to include the information listed above and to increase the level of detail, especially for decontamination and dismantling activities, to be consistent with the cost estimating tables in Appendix F of NRC's Regulatory Guide 3.66, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Part 72," June 1990. The tables in Appendices A and E of NUREG/CR-1754, Addendum 1 (copy enclosed), may be helpful in estimating your decommissioning costs.

3. **Account for the costs of conducting final radiation survey(s).**

Regulatory Guide 3.66 recommends that decommissioning cost estimates include estimated costs of conducting final radiation survey(s) (see page 1-9 and F-5). Your cost estimate does not include costs for this activity. To ensure that the cost estimate is adequate to cover all required decommissioning activities, please revise your cost estimate to include the costs of final radiation survey(s).

4. **Incorporate a contingency factor into the total cost estimate.**

Regulatory Guide 3.66 recommends that a contingency factor be included in decommissioning cost estimates which helps ensure coverage for unexpected circumstances which could raise decommissioning costs. NUREG/CR-1754, Addendum 1, uses a contingency factor of 25 percent in the cost estimates for the referenced laboratories. Your letter dated September 11, 1992 (Textron Lycoming), incorporates a contingency factor of 15%. To ensure that your cost estimate provides an adequate amount for unanticipated costs, please revise your estimates to explicitly incorporate a contingency factor of 25 percent into your decommissioning cost estimate. You may choose to use a lower contingency factor if you can show why a lower factor is appropriate.

5. **Describe the means to be used for adjusting the cost estimate and associated funding levels over the life of the facility.**

10 CFR 30.35(e) and 40.36(d), require that licensees describe the means they will use to adjust decommissioning cost estimates and associated funding levels over the life of their facilities. The decommissioning funding plan for Textron Defense Systems dated July 29, 1992 states:

"These costs could be adjusted upward depending on disposal changes in the future. We have no immediate plans to discontinue operations involving this license. An annual review will assure the plan is maintained."

It is not clear that this annual review will address any costs other than disposal costs. Also, the letter from Textron Lycoming dated July 20, 1992 states that you will adjust the costs annually for inflation, current labor rates, etc... Regulatory Guide 3.66 suggests that adjustments be made for inflation and site-specific factors at the time of license renewal or when the amounts/types of material at the facility change. Adjustments should be made to account for inflation, for other changes in prices of goods and services, for changes in facility conditions, and for changes in expected decommissioning procedures. Please describe how you will review and adjust your cost estimate.

6. **Confirm that no credit was taken for salvage value.**

The cost estimate does not state whether credit has been taken for salvage value that may be realized from with the sale of potential assets after decommissioning. If estimated credits are taken for salvage value but are not fully realized at the time of decommissioning, the cost estimate may be significantly low. To ensure the adequacy of the cost estimate, Regulatory Guide 3.66, page 1-10, states that cost estimates should not incorporate any credit for salvage value. Confirm that you have not included in your cost estimate credit for any salvage value that may be realized from the sale of potential assets after decommissioning.

7. **Demonstrate that a Parent-Subsidiary relationship exist between the Guarantor and the Licensee, or submit a different method of financial assurance.**

A parent-sub subsidiary relationship must exist between a guarantor and a licensee in order for the parent company guarantee form of financial assurance to be a valid method of financial assurance under NRC regulations. As stated in 10 CFR 30.35(f)(2), a parent company guarantee, like the surety and insurance methods of financial assurance, must "guarantee that decommissioning costs will be paid should the licensee default." The preamble to the decommissioning rule explains that the parent guarantee mechanism is only allowed when the parent company provides "an independent commitment beyond that of the licensee to expend funds" (52 Federal Register 24036, June 27, 1988).

The information in your submission does not include evidence that the corporate parent has majority control of the voting stock of the licensees. Please provide appropriate evidence, such as incorporation agreements (i.e., copies of submissions to the appropriate State Corporation Commission), the appropriate schedule from the guarantor's SEC Form 10K, or a corporate resolution certifying that the licensees and their parent guarantor are separate and distinct corporate entities and that the parent controls a majority of the voting stock of the subsidiaries. If a parent-sub subsidiary relationship cannot be demonstrated, then a parent company guarantee is not permitted by the regulations and each licensee must submit another type of financial assurance mechanism.

8. **Submit a letter from each licensee's Chief Executive Officer.**

If a parent subsidiary relationship does exist between the guarantor and the licensee(s) and you wish to pursue a parent company guarantee, submit a new letter from each licensee's Chief Executive Officer. Section 4.7.1, of Regulatory Guide 3.66, recommends the licensees submit a letter from their Chief Executive Officer (CEO)



which certifies that the licensee is a going concern, identify the amount of its tangible net worth, specify whether the firm is required to file a Form 10K with the U.S. Securities and Exchange Commission, and list the date on which the firm's fiscal year ends.

9. **Consider requesting an exemption.**

If you cannot demonstrate that a parent-subsiidiary exists and you decide to submit documents in support of a self-guarantee, you need to include a request for a schedular exemption from the regulations that specify acceptable financial assurance mechanisms, until completion of the rulemaking to permit self-guarantees which, while ongoing, is not expected to be complete for some time. In order for you to qualify for this option you must submit:

- a. A specific request to use a self-guarantee and to be exempted from the requirements in 10 CFR 30.35(f) and 10 CFR 40.36(e).
- b. Documentation that the licensee passes a financial test which includes:
  - (1) Tangible net worth of at least 1 billion dollars;
  - (2) Tangible net worth at least 10 times the total decommissioning cost estimate for all decommissioning activities for which the company is responsible as self-guaranteeing licensee and as parent-guarantor, or 10 times the current amount specified in NRC regulations if certification is used;
  - (3) Assets located in the United States amounting to at least 90 percent of total assets or at least 10 times the total current decommissioning cost estimate for all decommissioning activities for which the company is responsible as self-guaranteeing licensee and as parent-guarantor, or 10 times the current amount specified in NRC regulations if certification is used;
  - (4) A current rating for its most recently issued bonds of AAA, AA, or A as issued by Standard and Poor's (S&P) or Aaa, Aa or A issued by Moody's; and
  - (5) At least one class of equity securities registered under the Securities Exchange Act of 1934.

- c. Copies of all reports filed with the Securities and Exchange Commission under Section 13 of the Securities Exchange Act of 1934.
  - d. Documentation that the licensee's auditor has compared the data used by the licensee in the financial test with the corporation's independently audited year end financial statements.
  - e. A commitment that the licensee will repeat and successfully pass the financial test within 90 days after the close of each succeeding fiscal year, and
  - f. An agreement by the licensee to notify the NRC within 90 days of any matters coming to the attention of the auditor that cause the auditor to believe that the data specified in the financial test should be adjusted and that the corporation no longer passes the test.
10. **Revise the financial test based on financial data for the Guarantor's latest completed fiscal year.**

10 CFR Part 30, Appendix A, requires parent guarantors to pass the financial test based on data for the latest completed fiscal year; it also requires the parent company to retake the test within 90 days after the close of each succeeding fiscal year. The financial test included in the submission is based on financial data for the year 1991, which was the guarantor's latest completed fiscal year when the documentation was submitted to NRC in May of 1992. To ensure that the guarantor is able to pass the financial test at the present time, as required by 10 CFR Part 30, Appendix A, please update your financial test using 1992 financial data.

11. **Submit a Standby Trust Agreement and related documentation.**

In the event the licensee defaults on its decommissioning obligations, the guarantor, Textron, Inc., under the terms of the parent company guarantee agreement (Recital 7), must either (1) carry out required decommissioning activities or (2) make funds available in a trust fund to allow the NRC to pay for these activities. If the guarantor chooses the second option, it must establish a standby trust fund to receive the funds because funds paid directly to NRC must be deposited in the U.S. Treasury and would not be available for decommissioning costs. To avoid the possibility that a Trust Agreement would not be readily available if and when needed, Regulatory Guide 3.66, page 3-13, states that a Standby Trust Agreement be used with a parent company guarantee. Please submit a Standby Trust Agreement, acknowledgment, and other related documents as recommended in Regulatory Guide 3.66 on pages 4-18 through 4-27. Please submit originally signed duplicates of appropriate documents.

Textron, Inc.

-7-

Satisfactory financial assurance is required for these licenses. Therefore, we request that you respond within 30 calendar days of the date of this letter. Please reply in duplicate to my attention at the Region I office and refer to Mail Control Nos. 113598, 113599 and 116660.

If you have any questions regarding this letter, please contact Anthony Dimitriadis of my staff at (215) 337-6953.

Sincerely,

Original Signed By:  
John D. Kinneman

John D. Kinneman, Chief  
Research, Development and  
Decommissioning Section  
Division of Radiation Safety  
and Safeguards

Enclosures:

1. Regulatory Guide 3.66
2. NUREG/CR-1754
3. NUREG/CR-1754, Addendum 1

cc: (w/o enclosures)

Textron Defense Systems  
ATTN: Mark D. Cronan, Jr.  
Radiation Safety Officer  
201 Lowell Street  
Wilmington, Massachusetts 01887

Textron Lycoming  
ATTN: James R. Stanley  
Vice President, Operations  
550 South Main Street  
Stratford, Connecticut 06497

Textron, Inc.

-8-

bcc:

J. Kinneman, RI

A. Dimitriadis, RI

DRSS:RI  
Dimitriadis/smh

09/14/93

*[Handwritten signature]*  
DRSS  
Bykoski  
09/15/93

*[Handwritten signature]*  
DRSS:RI  
Kinneman

09/15/93

U. S. Nuclear Regulatory Commission		Date: 8/7/92
Telephone or Verbal Conversation Record		Time: 11:00am
<input checked="" type="checkbox"/> Incoming Call	<input type="checkbox"/> Outgoing Call	<input type="checkbox"/> Visit
Person Calling: Eric H. Reber	Office: USNRC Region I	Phone #:(215) 337-5276
Person Called:John Fleming	Office:RSO, Textron Lycoming	Phone #:(203)385-3964
<b>Conversation</b>		
<b>Subject:</b> Textron Lycoming's letter dated July 20, 1992 which contains their DFP		
<b>Summary:</b> I informed John that his letter does not contain adequate detail. I informed him that it will be necessary for him to fill in all blanks in Regulatory Guide 3.66 before we can evaluate his DFP.		
Referred to:		
Action Requested: <i>File</i>		
Action Taken:		

**TEXTRON** Defense Systems

MS 16  
L3  
20-02729-05

Harold K. McCard  
President

201 Lowell Street  
Wilmington, MA 01887  
508/657-3781

Textron Defense Systems/  
Subsidiary of Textron Inc.

CERTIFIED MAIL

31 July 1992  
B220-MDC-92-051

U.S. Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406-1415

To Whom It May Concern:

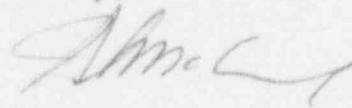
I am the Chief Executive Officer of Textron Defense Systems, a division of Avco Corporation, subsidiary of Textron Inc. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

I hereby certify that Textron Defense Systems is currently a going concern, and that it possesses positive tangible net worth in excess of \$145,000,000.

Textron Inc. is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on January 2, 1993.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



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L3

**TEXTRON** Defense Systems

030-04624

Textron Defense Systems/  
Subsidiary of Textron, Inc.

201 Lowell Street  
Wilmington, MA 01887

CERTIFIED MAIL

29 July 1992  
B220-MDC-92-050

Mr. John D. Kinneman, Chief  
U.S. Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406-1415

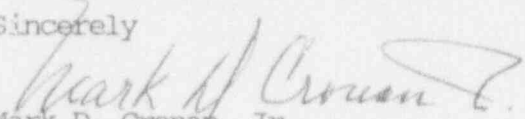
Re: Your letter dated 7-1-92 Concerning Regulatory Guide 3.66 &  
D.F.P.

Dear Mr. Kinneman

Enclosed are Decommissioning Funding Plans covering operations of License No. 20-02729-05 and License No. SUB 1410. Our operations under our By Products License has dealt with sealed sources only. We have never experienced a leak from a sealed isotope source. Our Materials License deals with the plating of depleted uranium.

I have also enclosed copies of letters of financial responsibility as requested in items 1, 2, and 3. These letters are dated May 27, 1992 and were mailed to the U.S. Nuclear Regulatory Commission to cover both the Textron Defense Systems and Textron Lycoming locations.

Sincerely

  
Mark D. Cronan, Jr.  
Radiation Safety Officer

MDC:amb

- Encl: 1) Decommissioning Funding Plans for:
  - License No. 20-02729-05
  - License No. SUB 1410
- 2) Letters (3) dated May 27, 1992 from R. A. McWhirter

- cc: R. Bibaud, TDS
- C. Buzawa, TDS
- P. Iezzi, Textron Inc.
- J. Tanin, TDS

113598

AUG 0 6 1992

Decommissioning Funding Plan Required Under 10 CFR Section 40.36  
with the Essentials of Appendix F to Regulatory Guide 3.66  
for Renewal of License No. 20-02729-05

1. Planning and Preparation:

- o Preparation of documentation for regulatory agencies.
- o Submittal of Decommissioning Plan to NRC when required.
- o Worker instruction and training.

Cost Estimate: 3 Workers/60 Hours, 1 Clerical/40 Hours  
2 Supervisors/80 Hours (approximate)  
Cost: \$15,000.00

2. Decontamination & Dismantling:

Decontamination work includes Hot Lab, operational hoods, tank removals and storage closet. Check out vehicle nose cone assembly area.

Cost Estimate: 6 Workers, 1 Clerical, 2 Supervisors  
Cost: \$105,000.00

3. Packaging, Shipping and Disposal of Isotopes:

Currently we have approximately 20 isotopes which are at a relatively low level. They could be packaged in one four cubic foot container or four one cubic containers.

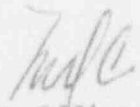
Packaging Estimate: 1 Supervisor/20 Hours, 2 Workers/20 Hours  
Shipping Estimate: 1 Supervisor/8 Hours, 1 Clerical/4 Hours  
Disposal Estimate: \*State of Washington or Massachusetts  
(transport cost, barrel cost)

- \* By year 1996, the State of Massachusetts has been directed to have their own L.L.W.S. or an agreement with adjacent N.E. state.

Cost: \$35,000.00

4. Total Cost Estimate \$165,000.00:

These costs could be adjusted upward depending on disposal changes in the future. We have no immediate plans to discontinue operations involving this license. An annual review will assure the plan is maintained.

Mark D. Cronan   
Radiation Safety Officer  
29 July 1992  
B220-MDC-92-048



Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

May 27, 1992

Via Overnight Courier  
Mr. Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, Pennsylvania 19406

Re: Financial Assurance for Decommissioning/Textron Inc.

Dear Mr. Reber:

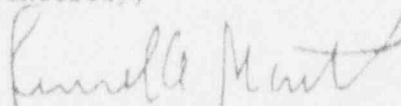
I am the Senior Vice President and Secretary of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

I hereby certify that Textron Inc. is currently a going concern, and that it possesses positive tangible net worth in the amount of \$1,869,700,000.

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on January 2, 1993.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



Richard A. McWhirter  
Senior Vice President and Secretary

Dated: April 25, 1992

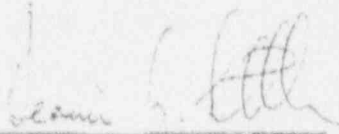
Eric Reber  
Nuclear Regulatory Commission  
Page Three  
May 27, 1992

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Textron Inc.



Richard A. McWhirter  
Senior Vice President and  
Secretary



Dennis G. Little  
Executive Vice President  
and Chief Financial Officer

04  
100  
4/27/92

for  
5/27/92

Textron Inc.

40 Westminster Street  
 Providence, R.I. 02903  
 401/421-2300

May 27, 1992

Via Overnight Courier  
 Eric Reber  
 Nuclear Regulatory Commission  
 Region 1  
 475 Allendale Road  
 King of Prussia, PA 19406

Re: Financial Assurance for Decommissioning

Dear Mr. Reber:

I am the Chief Financial Officer of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Parts 30 and 40, the decommissioning of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility.

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Certified Amounts</u>
Textron Defense Systems License Numbers SUB-1410 20-02729-05	201 Lowell Street Wilmington, MA 01887	\$750,000 75,000
	Vandenberg Air Force Base Building 1555 California 93437	
	Otis Air Force Base J-3 Range Falmouth, Massachusetts	
Textron Lycoming License Number STB-393	550 South Main Street Stratford, CT 06497	\$750,000

Eric Reber  
 Nuclear Regulatory Commission  
 Page Two  
 May 27, 1992

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of this firm ends on January 2, 1993. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed year, ended December 28, 1991.

Financial Test: Alternative II

- |     |   |                             |
|-----|---|-----------------------------|
| 1.  | Decommissioning cost estimates for facility (total of all cost estimates shown in paragraphs above)   | <u>\$1,575,000</u>          |
| 2.  | Current bond rating of most recent issuance of this firm and name of rating service   | <u>A3 - Moody's</u>         |
| 3.  | Date of issuance of bond  | <u>February 5, 1989</u>     |
| 4.  | Date of maturity of bond  | <u>February 5, 1995</u>     |
| *5. | Tangible net worth (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, add the amount of that portion to this line.) | <u>\$1,869,700,000</u>      |
| *6. | Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)   | <u>\$13,043,000,000</u>     |
| 7.  | Is line 5 at least \$10 million?  | Yes <u>X</u> No <u>    </u> |
| 8.  | Is line 5 at least 6 times line 1?  | <u>X</u> <u>    </u>        |
| *9. | Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.  | <u>    </u> <u>X</u>        |
| 10. | Is line 6 at least 6 times line 1?  | <u>X</u> <u>    </u>        |

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Defense Systems  
201 Lowell Street  
Wilmington, MA 01887

License numbers - SUB - 1410  
- 20-02729-05

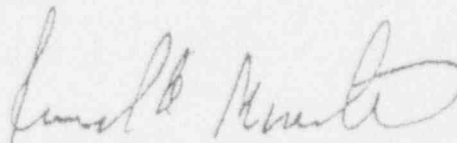
Issued to: U.S. Nuclear Regulatory Commission

This is to certify that Textron Defense Systems is licensed to possess source and by-product material in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Parts 30 and 40 (\$825,000) has been obtained for the purpose of decommissioning.

<u>Source Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Uranium	Not to exceed 999 kilograms

<u>By-product Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Any byproduct material with Atomic Nos. 3 through 83, inclusive	1 curie
Any byproduct material with Atomic Nos. 3 through 83, inclusive	200 millicuries total with no single source to exceed 25 millicuries
Tantalum 182	75 millicuries
Tantalum 182	300 millicuries
Ytterbium 169	100 millicuries
Cesium 137	Not to exceed 15 millicuries per source
Cobalt 60	200 millicuries
Americium 241	1 curie

[Corporate Seal]



Signature

Senior Vice President  
and Secretary  
Textron Inc.

Date: April 25, 1992

## CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Lycoming  
550 South Main Street  
Stratford, CT 06497

License number - STB - 393

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Textron Lycoming is licensed to possess source in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Part 40 (\$750,000) has been obtained for the purpose of decommissioning.

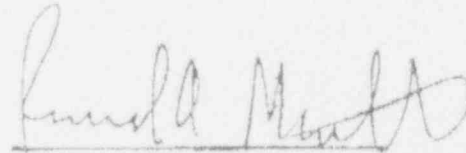
Source Material:

Thorium

[Corporate Seal]

Maximum Amount  
Licensee May Possess:

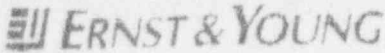
2300 kilograms



Signature

Senior Vice President  
and Secretary  
Textron Inc.

Date: April 25, 1992



277 Park Avenue  
New York, New York 10172

Phone 212 771 3000

REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Textron Inc. as of December 28, 1991 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and have issued our report thereon dated February 6, 1992.

At your request, we have read the letter dated May 27, 1992 from Dennis G. Little, Executive Vice President and Chief Financial Officer and Richard A. McWhirter, Senior Vice President and Secretary, of Textron Inc. in support of the use of the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning the facilities at the locations listed in the letter.

In connection with 10 CFR Parts 30 and 40, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended December 28, 1991, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the data indicated as being derived from the audited financial statements should be adjusted.

This report is intended solely to assist you in complying with the reporting requirements associated with the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning and should not be used for any other purpose.

*Ernst & Young*

May 27, 1992

OFFICIAL RECORD COPY ML 10

113598

JUL 01 1992

License Nos. 20-02729-05  
SUB-1410  
Docket Nos. 030-04624  
040-08806  
Control Nos. 113598  
113599

Textron Defense Systems  
ATTN: Mark D. Cronan, Jr.  
201 Lowell Street  
Wilmington, Massachusetts 01887

Dear Mr. Cronan:

This is in reference to your submittals dated October 23, 1990, November 5, 1990, November 8, 1990, and May 27, 1992 to provide financial assurance for License Nos. 20-02729-05 and SUB-1410. In order to continue our review, we need the following additional information:

1. Please provide an originally signed and executed copy of the letter on p. 4-35 of Regulatory Guide 3.66 (copy enclosed) from the chief executive officer of Textron Defense Systems.
2. Please provide an originally signed and executed copy of the Parent Company Guarantee which can be found on pages 4-41 through 4-45 of Regulatory Guide 3.66.
3. Please establish a Standby Trust Fund. The Standby Trust Fund would disburse funds provided by Textron, Inc., in the event that Textron Lycoming and/or Textron Defense Systems were unable to complete decommissioning activities. This is necessary because the federal government cannot hold funds for decommissioning a private facility. Please provide an originally signed and executed Standby Trust Agreement and associated documents. Suitable wording for these documents can be found on pages 4-18 through 4-27 in Regulatory Guide 3.66.

RECEIVED  
U.S. NUCLEAR REG  
COMMISSION  
92 JUL -6 AM 11:23

OFFICIAL RECORD COPY - G:\WPS\DLTR\D313 - 06/19/92

ML 10



4. Due to the possession limits contained in License Nos. 20-02729-05 and SUB-1410, 10 CFR 30.35(c)(2) and 10 CFR 40.36(c)(2), respectively, require you to include a decommissioning funding plan (DFP) in any application for license renewal. Both licenses are currently in timely renewal, therefore, this requirements applies to you. From the telephone conference between yourself and Eric H. Reber of our staff on June 11, 1992, we understand that you will provide a DFP for both licenses on or before July 31, 1992. Your DFP will include a decommissioning cost estimate and financial assurance for that amount. Your decommissioning cost estimate should include all information that is necessary to complete Appendix F to Regulatory Guide 3.66.

Textron Lycoming is also being sent a letter similar to this because they are covered by the same parent company guarantee from Textron, Inc.

We will continue our review upon receipt of this information. Please reply in duplicate to my attention at the Region I office and refer to Mail Control Nos. 113598 and 113599. The reviewer for this licensing action is Eric H. Reber. If you have any technical questions regarding this deficiency letter please call the reviewer at (215) 337-5276.

Satisfactory financial assurance is required for your license. Therefore, we request that you respond within 30 calendar days of the date of this letter.

Sincerely,

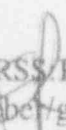
Original Signed By:  
John D. Kinneman

John D. Kinneman, Chief  
Site Decommissioning Management  
Program Task Force  
Division of Radiation Safety  
and Safeguards


Textron Defense Systems

3

Enclosure: Regulatory Guide 3.66

  
DRSS/RI  
Rabe/gcb

6/1992

  
DRSS/RI  
Kinneman

7/1/92

NRC FORM 218  
(4-78)  
NRCM 8248

U.S. NUCLEAR REGULATORY COMMISSION

DATE

6/11/92

TIME

A.M.  
 P.M.

TELEPHONE OR VERBAL CONVERSATION RECORD

INCOMING CALL

OUTGOING CALL

VISIT

PERSON CALLING

Eric H. Reber

OFFICE/ADDRESS

Region I

PHONE NUMBER | EXTENSION

(215) 337-5276

PERSON CALLED

Mark Cronan

OFFICE/ADDRESS

Nation Defense Syst

PHONE NUMBER | EXTENSION

(508) 657-3755

CONVERSATION

SUBJECT

DFP for License Nos. 20-07729-05 and  
SUB-1410(040-08806)

SUMMARY

6/11 - left message

DFP was not provided in either renewal app.  
Need one for both

Mr. Cronan stated that he will send a DFP  
by 7/31/92 for both licenses.

REFERRED TO:

ACTION REQUESTED

Send letter with confirmation

ADVISE ME OF ACTION TAKEN.

INITIALS

DATE

INITIALS

DATE

ACTION TAKEN

DATE 6/10/92  
TIME 5:00 PM  A.M.  P.M.

TELEPHONE OR VERBAL CONVERSATION RECORD

INCOMING CALL

OUTGOING CALL

VISIT

PERSON CALLING

OFFICE/ADDRESS

PHONE NUMBER | EXTENSION

Eric H. Reber

Region I

(215) 337-5276

PERSON CALLED

OFFICE/ADDRESS

PHONE NUMBER | EXTENSION

John Fleming

R50/Texting Division

(203) 385-3964

CONVERSATION

SUBJECT

Texting by coming ECR - STB-393

SUMMARY

I inform him of the need for a DFP bk his license is in renewal.  
Get commitment for such a submittal.  
~~He stated that he will~~ He stated that he will provide a DFP by July 31, 1992

REFERRED TO:

ADVISE ME OF ACTION TAKEN.

ACTION REQUESTED

Send confirmation in def. letter

INITIALS

DATE

ACTION TAKEN

INITIALS

DATE

EXHIBIT 3-8

CHECKLIST OF CRITERIA FOR REVIEW OF PARENT COMPANY GUARANTEES

*Def. par 2*

- Copy of letter from the chief executive officer of the licensee, verifying that it is a going concern\* with positive tangible net worth (submitted annually at same time as parent company financial test in Sections 4.7.3 and 4.7.4 of this guide).

*not here*

- Copy of corporate by-laws or other evidence indicating that parties signing the financial instrument (for the applicant) are authorized to represent the organization in the transaction.

*not here*

- Evidence that the financial instrument is an originally signed duplicate (e.g., an executed copy of the instrument).

*they haven't done this*

- Evidence that the corporate parent has majority control of the applicant's voting stock.

- Name and address of guarantor.

- Name and address of the licensee.

- Name and address of the regulatory agency.

*not here*

- Recitation of the guarantor's authority to provide the guarantee, such as ownership of the licensee.

- Identification of the facilities for which the guarantee provides financial assurance and amounts guaranteed for decommissioning activities.

- Description of the primary obligation (decommissioning requirements).

- Unequivocal statement of guarantee.

- a. Recitation of the consideration for the guarantee.

- b. Liability of the guarantor.

- a. Limitation of liability

- b. Condition(s) of liability

- c. Effect on liability of a change in the status of the licensee

- Statement that guarantor remains bound despite amendment or modification of license or decommissioning funding plan, reduction or extension of time of performance of required activities, or any other modification or alteration of an obligation of licensee.

\*A "going concern" is a firm that is expected to continue operating at least long enough for current expectations and plans to be carried out and for the reasonably foreseeable future period after that.

030-04624

1134110

Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

May 27, 1992

Via Overnight Courier  
Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406

Re: Financial Assurance for Decommissioning

Dear Mr. Reber:

I am the Chief Financial Officer of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Parts 30 and 40, the decommissioning of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility.

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Certified Amounts</u>
Textron Defense Systems License Numbers SUB-1410 20-02729-05	201 Lowell Street Wilmington, MA 01887	\$750,000 75,000
	Vandenberg Air Force Base Building 1555 California 93437	
	Otis Air Force Base J-3 Range Falmouth, Massachusetts	
Textron Lycoming License Number STB-393	550 South Main Street Stratford, CT 06497	\$750,000

OFFICIAL RECORD COPY ML 10

113598  
JUN 01 1992

Eric Reber  
Nuclear Regulatory Commission  
Page Two  
May 27, 1992

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of this firm ends on January 2, 1993. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed year, ended December 28, 1991.

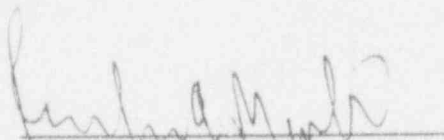
Financial Test: Alternative II

- |     |   |  |
|-----|---|--|
| 1.  | Decommissioning cost estimates for facility (total of all cost estimates shown in paragraphs above)   | <u>\$1,575,000</u>                           |
| 2.  | Current bond rating of most recent issuance of this firm and name of rating service   | <u>A3 - Moody's</u>                          |
| 3.  | Date of issuance of bond  | <u>February 5, 1989</u>                      |
| 4.  | Date of maturity of bond  | <u>February 5, 1995</u>                      |
| *5. | Tangible net worth (If any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, add the amount of that portion to this line.) | <u>\$1,869,700,000</u>                       |
| *6. | Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States)   | <u>\$13,043,000,000</u>                      |
| 7.  | Is line 5 at least \$10 million?  | <u>Yes</u> <u>No</u><br><u>X</u> <u>    </u> |
| 8.  | Is line 5 at least 6 times line 1?  | <u>X</u> <u>    </u>                         |
| *9. | Are at least 90 percent of firm's assets located in the United States? If not, complete line 10.  | <u>    </u> <u>X</u>                         |
| 10. | Is line 6 at least 6 times line 1?  | <u>X</u> <u>    </u>                         |

Eric Reber  
Nuclear Regulatory Commission  
Page Three  
May 27, 1992

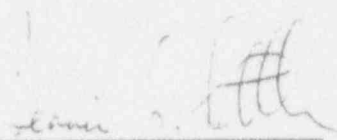
I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Textron Inc.



Richard A. McWhirter  
Senior Vice President and  
Secretary

EW  
JW  
-1/2/92



Dennis G. Little  
Executive Vice President  
and Chief Financial Officer

EW  
JW  
-1/2/92



Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

May 27, 1992

**Via Overnight Courier**  
Mr. Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, Pennsylvania 19406

**Re: Financial Assurance for Decommissioning/Textron Inc.**

Dear Mr. Reber:

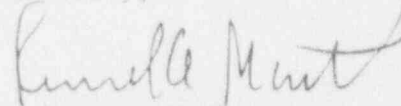
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I hereby certify that Textron Inc. is currently a going concern, and that it possesses positive tangible net worth in the amount of \$1,869,700,000.

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on January 2, 1993.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



Richard A. McWhirter  
Senior Vice President and Secretary

Dated: April 25, 1992

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Defense Systems  
201 Lowell Street  
Wilmington, MA 01887

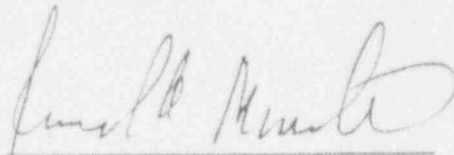
License numbers - SUB - 1410  
- 20-02729-05

Issued to: U.S. Nuclear Regulatory Commission

This is to certify that Textron Defense Systems is licensed to possess source and by-product material in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Parts 30 and 40 (\$825,000) has been obtained for the purpose of decommissioning.

<u>Source Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Uranium	Not to exceed 999 kilograms
<u>By-product Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Any byproduct material with Atomic Nos. 3 through 83, inclusive	1 curie
Any byproduct material with Atomic Nos. 3 through 83, inclusive	200 millicuries total with no single source to exceed 25 millicuries
Tantalum 182	75 millicuries
Tantalum 182	300 millicuries
Ytterbium 169	100 millicuries
Cesium 137	Not to exceed 15 millicuries per source
Cobalt 60	200 millicuries
Americium 241	1 curie

[Corporate Seal]

  
\_\_\_\_\_  
Signature

Senior Vice President  
and Secretary  
Textron Inc.

Date: April 25, 1992

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Lycoming  
550 South Main Street  
Stratford, CT 06497

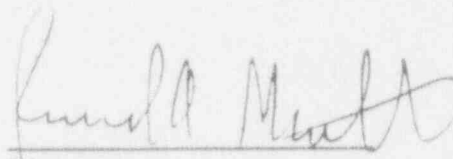
License number - STB - 393

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Textron Lycoming is licensed to possess source in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Part 40 (\$750,000) has been obtained for the purpose of decommissioning.

<u>Source Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Thorium	2300 kilograms

[Corporate Seal]

  
Signature

Senior Vice President  
and Secretary  
Textron Inc.

Date: April 25, 1992

REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Textron Inc. as of December 28, 1991 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and have issued our report thereon dated February 6, 1992.

At your request, we have read the letter dated May 27, 1992 from Dennis G. Little, Executive Vice President and Chief Financial Officer and Richard A. McWhirter, Senior Vice President and Secretary, of Textron Inc. in support of the use of the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning the facilities at the locations listed in the letter.

In connection with 10 CFR Parts 30 and 40, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended December 28, 1991, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the data indicated as being derived from the audited financial statements should be adjusted.

This report is intended solely to assist you in complying with the reporting requirements associated with the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning and should not be used for any other purpose.

*Ernst + Young*

May 27, 1992



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

AUG 6 1991

MEMORANDUM FOR: John Kinneman, Chief  
Nuclear Material Safety  
Section Branch  
Division of Radiation Safety  
and Safeguards, Region I

FROM: Louis Bykoski  
Division of Low-Level Waste Management  
and Decommissioning, NMSS

SUBJECT: THE OFFICE OF GENERAL COUNSEL (OGC) AND CONTRACTOR COMMENTS  
ON NONSTANDARD FINANCIAL ASSURANCE SUBMITTALS

Our contractor, ICF Incorporated, and OGC have received and provided comments on thirteen Region I nonstandard financial assurance submittals sent to us for review. The following licensees are included in the mailing.

REGION I

1. U. S. Army Medical Research Institute of Chemical Defense (DFP - statement of intent);
2. Merck Sharp & Dohme Research Laboratories (DFP-parent company guarantee);
3. GTE Products Corporation (DFP-parent company guarantee);
4. Applied Health Physics, Inc. (DFP - line of credit);
5. EG&G, Inc. (DFP - letter of credit);
6. AT&T Network Systems (DFP - letter of credit);
7. Worcester Foundation for Experimental Biology (DFP - trust agreement);
8. Union Carbide Chemicals and Plastics Company (parent company guarantee);
9. Textron Defense Systems (parent company guarantee);
10. New England Deaconess Hospital Corporation (parent company guarantee);
11. General Hospital Corporation (parent company guarantee);
12. The Budd Company (parent company guarantee; and
13. Boehringer Ingelheim Pharmaceuticals, Inc. (parent company guarantee)

The ICF comments are presented in two parts. The first part deals with specific recommendations to correct deficiencies. The second part (Other Issues) provides a discussion of changes to the standard wording that are acceptable and are not considered to be deficiencies. The OGC comments include additional deficiencies that need to be corrected by the licensee and comments for our internal use.

You should carefully review the comments before preparing the deficiency letter. We have enclosed more specific information to help you sort and consolidate the ICF and OGC comments.

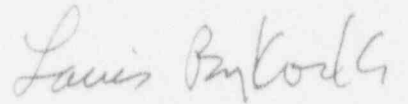
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113598  
AUG 08 1991

John Kinneman

- 2 -

Should you have any further questions with regard to the comments, please call me on (301) 492-0572 or Michael Finkelstein of OGC on (301) 492-1623.



Louis Bykoski  
Division of Low-Level Waste Management  
and Decommissioning, NMSS

Enclosure: As stated.

ms20  
L3  
20-02729-05

LIST OF INSTRUCTIONS

Textron Defense Systems

In reviewing the comments the reviewer will note that there will be some overlap between ICF and OGC comments. The following comments should be included in the basis for the deficiency letter:

1. ICF comments 1 through 5 last paragraph.
2. All OGC comments.

All other comments and discussions are for reviewer information.

Memo to: Louis Bykoski, NMSS

July 30, 1991

From: Michael Finkelstein, OGC

Re: Review of Package #8 (ICF Reviews dated May 31, 1991)

Textron Defense Systems-Parent Company Guarantee

All ICF recommendations should be implemented. This submittal is unacceptable. Even if a Parent Company Guarantee is an acceptable mechanism, no supporting documentation except for the test itself was submitted. This unacceptable submittal was made on Nov. 1990 and does not show a good faith effort on the part of the licensee. Since no further documentation is evident from the package, I recommend enforcement proceedings be implemented after the deficiency letter reply is received.





## ICF INCORPORATED

May 31, 1991

To: Dr. Lou Bykoski, NMSS/NRC

From: Bryan Kelleher and John Collier, ICF Incorporated

Subject: Review of Parent Company Guarantee/Financial Test Submitted by  
Textron Defense Systems

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Textron Defense Systems, in Wilmington, Massachusetts, submitted a certification of financial assurance, using a parent company guarantee and financial test demonstration from Textron, Inc., in the amount of \$1,575,000. The submission assures decommissioning costs for license numbers 20-02729-05, SUB-1410, and STB-393 issued under 10 CFR Parts 30 and 40.<sup>1</sup> Upon review of the submission, ICF recommends that NRC require the licensee to modify the submission in the following ways:

- (1) Submit either a statement of certification or a decommissioning cost estimate; and
- (2) Demonstrate that a parent-subsidiary relationship exists between the guarantor and the licensee, or submit a different method of financial assurance.

If the licensee can demonstrate that it is eligible to use the parent guarantee, then it should also modify its submission in the following ways:

- (3) Submit the required documents in support of the parent guarantee and financial test;
- (4) Submit a signed copy of the chief financial officer's letter; and
- (5) Submit guarantor's annual financial statements and auditor's opinion.

These recommendations and other issues are discussed below.

---

<sup>1</sup> The CFO's letter includes the following names of facilities and associated license numbers: Textron Defense Systems, licenses SUB-1410 and 20-02729-05; and Textron Lycoming, license STB-393. The letter identifies three locations for the Textron Defense Systems facilities (two in Massachusetts and one in California) and two certification amounts (\$750,000 and \$75,000). The Lycoming facility has one address (in Connecticut) and one certification amount (\$750,000). ICF assumes that NRC has verified that the certification amounts are acceptable under 10 CFR 30.35 and 10 CFR 40.36.

(1) **Submit Either a Statement of Certification or a Decommissioning Cost Estimate**

Under 10 CFR 30.35 and 40.36, a licensee is required to submit either a decommissioning cost estimate or a certification statement as part of a demonstration that adequate funds will be available for decommissioning. The licensee's submission does not include either a decommissioning cost estimate or a certification statement. Based upon the amounts of assurance specified in the chief financial officer's letter (i.e., \$750,000, \$750,000, and \$75,000), it appears that a certification statement should have been included. ICF recommends that NRC require the licensee to submit a certification statement certifying compliance with the decommissioning rules, as recommended in NRC's *Regulatory Guide 3.66 "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72"* (June 1990), page 1-5. The certification statement should identify the certification amount applicable to each facility assured by the financial test and guarantee.

(2) **Demonstrate that a Parent-Subsidiary Relationship Exists Between the Guarantor and the Licensee, or Submit a Different Method of Financial Assurance**

A parent-subsidiary relationship must exist between a guarantor and a licensee in order for the parent guarantee to be a valid method of financial assurance under NRC regulations. As stated in 10 CFR 30.35(f)(2), a parent company guarantee, like the surety and insurance methods of financial assurance, must "guarantee that decommissioning costs will be paid should the licensee default." The preamble to the decommissioning rule explains that the parent guarantee mechanism is allowed only when the parent company provides "an independent commitment beyond that of the licensee to expend funds" (53 Federal Register 24036, June 27, 1988).

The information included in the licensee's submission does not clearly demonstrate that a parent-subsidiary relationship exists. ICF recommends that NRC require the licensee to demonstrate that there is a parent-subsidiary relationship. Appropriate evidence includes incorporation agreements (i.e., copies of submissions to the appropriate State Corporation Commission) or a certified corporate resolution certifying that the licensee and its parent guarantor are separate and distinct corporate entities. If a parent-subsidiary relationship cannot be demonstrated, then a parent guarantee is not permitted by the regulations and the licensee must submit another type of financial assurance mechanism.

If the licensee is able to demonstrate a parent-subsidiary relationship, then ICF also recommends that NRC require the licensee to modify its submission as described below.

(3) **Submit the Required Documents in Support of the Parent Guarantee and Financial Test**

The licensee submitted a letter from the guarantor's chief financial officer demonstrating the ability to pass the financial test, and an

independent auditor's special report. This information alone is insufficient to substantiate a parent guarantee and financial test. *Regulatory Guide 3.66* requires a number of other documents to be submitted for a parent guarantee and financial test. In addition to evidence of the parent-subsidiary relationship recommended earlier, ICF also recommends that NRC require the licensee to submit the following documentation to demonstrate the existence of a valid parent guarantee and financial test:

- Letter from chief executive officer of the licensee;
- Parent company guarantee agreement;
- Evidence that parties signing the parent guarantee agreement for the guarantor are authorized to represent the company in the transaction; and
- Standby trust agreement and related documents.

These documents should be worded as recommended in *Regulatory Guide 3.66* in Sections 4.3 and 4.7.

(4) Submit a Signed Copy of the Chief Financial Officer's Letter

The submitted chief financial officer's (CFO) letter was not signed. Without the signature, the CFO has not certified the accuracy of the contents of the letter, including the fact that the guarantor has met the conditions of the financial test. The guarantor may also wish to add the address of the parent company to the first paragraph of the letter, as recommended in *Regulatory Guide 3.66*.

(5) Submit Guarantor's Annual Financial Statements and Auditor's Opinion

Although the submission includes a special report<sup>2</sup> from the independent auditor confirming that the financial data in the letter from the CFO agree with the amounts in the audited financial statements, the submission does not include the audited financial statements or an auditor's opinion of the financial statements. *Regulatory Guide 3.66*, on page 3-21, requires the guarantor to submit its financial statements, audited by an independent certified accountant, to substantiate its financial position.

If the annual financial statements have not received a "clean" opinion from the independent auditor, then the data derived from those statements in the CFO's letter may not fairly represent the financial condition of the guarantor. In order to determine whether the data used in the financial test fairly present the guarantor's financial condition, ICF recommends that NRC

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<sup>2</sup> The special report references the CFO letter from Textron's Dennis Little dated November 5, 1990. The actual date on the CFO letter, however, appears to read November 8, 1990 (although the submission reviewed by ICF was faxed and of poor quality).

require the submission of the guarantor's annual financial statements, along with the auditor's opinion on those statements.

#### Other Issues

Apart from editorial and non-substantive changes to the standard wording provided in *Regulatory Guide 3.66*, the following modifications are noteworthy:

- (1) Line 1 of the financial test demonstration in the CFO letter does not include the license numbers as recommended on page 4-38 of *Regulatory Guide 3.66*. This does not detract from the effectiveness of the financial test, however, because the licensee provided the license numbers in paragraph 2 of the letter.
- (2) The guarantor submitted a bond rating from Standard & Poors of BBB. Although this satisfies the requirements of 10 CFR 30.35 Appendix A.II.A.2.(1), the BBB rating is the lowest rating allowed under the regulations. Because the guarantor would no longer meet the requirements of the financial test if Standard & Poors were to revise the bond rating downward, NRC may wish to monitor the guarantor's bond rating.

Finally, NRC should ensure that documents submitted by the licensee are originally signed duplicates, as recommended in *Regulatory Guide 3.66*. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanism is enforceable. Because ICF does not possess the original submissions, we cannot verify compliance with these requirements.

attachments

APPENDIX A  
CHECKLIST FOR DECOMMISSIONING FINANCIAL ASSURANCE

License #15

20-02729-0

SUB-1410

STB-393

NAME OF LICENSEE OR APPLICANT

MAILING ADDRESS

TEXTRON DEFENSE SYSTEMS

201 Lowell St.

WILMINGTON MA 01887

A. Licensee Part (check one of the following):

- Part 30 Licensee or Applicant       Part 70 Licensee or Applicant  
 Part 40 Licensee or Applicant       Part 72 Licensee or Applicant

B. Check appropriate item in each category (if applicable)

1. 11/13/90 Date of Financial Assurance Submission

2.  Public Entity

Private Entity

3.  Certification of Financial Assurance      \$ 750,000      \$ 750,000      \$ 75,000  
 Decommissioning Funding Plan      *No Certification Statement*

4. (a)  Prepayment Option (See Appendix B)

- Trust Fund  
 Escrow Account  
 Certificate of Deposit  
 Government Fund  
 Deposit of Government Securities

(b)  Surety/Insurance/Other Guarantee (See Appendix C)

- Surety bond  
 Letter of Credit  
 Line of Credit  
 Parent Company Guarantee/Financial Test\*

(c)  External Sinking Fund, Sinking Account and Surety/Insurance (See Appendix D)

- Trust Fund  
 Escrow Account  
 Certificate of Deposit  
 Government Fund  
 Deposit of Government Securities  
 Surety Bond  
 Letter of Credit  
 Line of Credit

(d)  Statement of Intent (public entities only)

\*May not be used in combination with any other instrument.

APPENDIX C

SUB - 1410  
STB - 393

CHECKLIST FOR SUBMISSION OF SURETY/INSURANCE/PARENT COMPANY GUARANTEE

A. Check Appropriate Form of Surety/Insurance/Guarantee

- Surety Bond
- Letter of Credit
- Line of Credit
- Parent Company Guarantee/Financial Test\*
- Insurance

B. Check Documents Submitted for Surety/Insurance/Guarantee

1. Surety Bond
  - Surety Bond
  - Standby Trust Agreement
  - Acknowledgement
2. Letter of Credit
  - Letter of Credit
  - Standby Trust Agreement
  - Acknowledgement
3. Line of Credit
  - Verification
  - Standby Trust Agreement
  - Acknowledgement
4. Parent Company Guarantee
  - NO Letter from Chief Executive Officer of Applicant or Licensee
  - Letter from Chief Financial Officer of Parent Company
  - Financial Test: Alternative [I or II]
  - Auditor's Special Report and Attached Schedule
  - NO Corporate Guarantee
  - NO Standby Trust Agreement
  - NO Acknowledgement
5. Insurance
  - Certificate of Insurance
  - Standby Trust Agreement
  - Acknowledgement

May not be used in combination with any other instrument.

EXHIBIT 3-8

CHECKLIST OF CRITERIA FOR REVIEW OF PARENT COMPANY GUARANTEES

No

- Copy of letter from the chief executive officer of the licensee, verifying that it is a going concern\* with positive tangible net worth (submitted annually at same time as parent company financial test in Sections 4.7.3 and 4.7.4 of this guide).

No

- Copy of corporate by-laws or other evidence indicating that parties signing the financial instrument (for the applicant) are authorized to represent the organization in the transaction.

No

- Evidence that the financial instrument is an originally signed duplicate (e.g., an executed copy of the instrument).

No

- Evidence that the corporate parent has majority control of the applicant's voting stock.

not in CFO's  
with

- Name and address of guarantor.

No

- Name and address of the licensee.

yes

- Name and address of the regulatory agency.

~~no~~ yes

- Recitation of the guarantor's authority to provide the guarantee, such as ownership of the licensee.

yes

- Identification of the facilities for which the guarantee provides financial assurance and amounts guaranteed for decommissioning activities.

\*A "going concern" is a firm that is expected to continue operating at least long enough for current expectations and plans to be carried out and for the reasonably foreseeable future period after that.

EXHIBIT 3-8 (Continued)

No

- Description of the primary obligation (decommissioning requirements).
- Unequivocal statement of guarantee.
  - a. Recitation of the consideration for the guarantee.
  - b. Liability of the guarantor.
    - a. Limitation of liability
    - b. Condition(s) of liability
    - c. Effect on liability of a change in the status of the licensee
- Statement that guarantor remains bound despite amendment or modification of license or decommissioning funding plan, reduction or extension of time of performance of required activities, or any other modification or alteration of an obligation of licensee.
- Notice requirements.
- Discharge of the guarantor.
- Termination and revocation.
  - 1. Termination on occurrence of contingency
  - 2. Voluntary revocation by guarantor
  - 3. Effective date of termination or revocation
- Date
- Signatures.



MAR 0 4 1991

MEMORANDUM FOR: Louis M. Bykoski, NRC Project Officer  
Low Level Waste Management, Low Level Regulatory Branch

FROM: John D. Kinneman, Chief  
Nuclear Materials Safety Section B  
Division of Radiation Safety  
and Safeguards

SUBJECT: NONSTANDARD FINANCIAL ASSURANCE SUBMITTALS RELATED TO THE  
DECOMMISSIONING RULE

John Austin's August 6, 1990 memorandum set forth a procedure for submitting nonstandard financial assurance submittals to you for review by the NRC contractor. We have also included parent company guarantee's and decommissioning funding plans.

Licensee	License No.	Control No.
Union Carbide Corporation	37-19533-01	113570
Textron Defense Systems	20-02729-05	113598
Immunobiology Research Institute	29-28265-02	113779
AT&T Network Systems	20-03527-01	113367
Department of the Army		113939
Budd Company	37-05680-04	112995
Applied Health Physics, Inc.	37-09135-01	113046
Applied Health Physics, Inc.	37-14600-01	113045
Applied Health Physics, Inc.	SNM-811	113044
Cambridge Neuroscience Research, Inc.	20-27892-01	113931
Massachusetts General Hospital	20-03814-80	112977
New England Deaconess Hospital Corp.	20-00289-07	112651
University of Lowell	20-07446-01	112964

Louis M. Bykoski

2

If any of you or the contractors believe any of these cases should more properly be reviewed by the Region, please return them. Some of these cases have obvious, minor deficiencies which we have not attempted to resolve so that we could provide the cases to you promptly.

**Original Signed By:**  
**John D. Kinneman**

John D. Kinneman, Chief  
Nuclear Materials Safety Section B  
Division of Radiation Safety  
and Safeguards

cc:  
J. Glenn, NMSS  
R. Bellamy, RI

RI:DRSS  
Villar/bj  
*CKB PL SJ*  
02/27/91

*[Signature]*  
RI:DRSS  
Kinneman

02/27/91  
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FINANCIAL ASSURANCE MEMO/4 - 0002.0.0  
02/26/91

030-04624  
20-02729-05

**TEXTRON**

Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

November 8, 1990

Mr. Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406

Re: **Financial Assurance for Decommissioning/  
Textron Inc.**

Dear Mr. Reber:

I am the Senior Vice President/Insurance and Environmental Affairs of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

I hereby certify that Textron Inc. is currently a going concern, and that it possesses positive tangible net worth in the amount of \$1,460,900,000.

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on December 29, 1990.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,

Richard A. McWhirter  
Senior Vice President  
Insurance and Environmental Affairs

Dated: 

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113598  
NOV 20 1990

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Defense Systems  
201 Lowell Street  
Wilmington, MA 01887

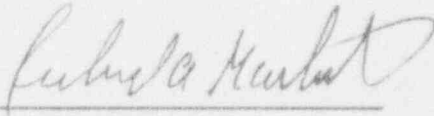
License numbers - SUB - 1410  
- 20-02729-05

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Textron Defense Systems is licensed to possess source and by-product material in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Parts 30 and 40 (\$825,000) has been obtained for the purpose of decommissioning.

<u>Source Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Uranium	Not to exceed 999 kilograms
<u>By-product Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Any byproduct material with Atomic Nos. 3 through 83, inclusive	1 curie
Any byproduct material with Atomic Nos. 3 through 83, inclusive	200 millicuries total with no single source to exceed 25 millicuries
Tantalum 182	75 millicuries
Tantalum 182	300 millicuries
Ytterbium 169	100 millicuries
Cesium 137	Not to exceed 15 millicuries per source
Cobalt 60	200 millicuries
Americium 241	1 curie

[Corporate Seal]

  
Signature

Senior Vice President  
Insurance and Environmental Affairs  
Textron Inc.

Date: November 8, 1990

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Textron Lycoming  
550 South Mair Street  
Stratford, CT 06497

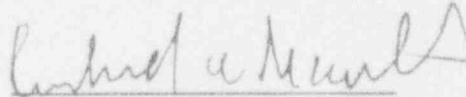
License number - STB-393

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Textron Lycoming is licensed to possess source in the amounts described below, and that financial assurance in the amount prescribed by 10 CFR Part 40 (\$750,000) has been obtained for the purpose of decommissioning.

<u>Source Material:</u>	<u>Maximum Amount Licensee May Possess:</u>
Thorium	2300 kilograms

[Corporate Seal]



Signature

Senior Vice President  
Insurance and Environmental Affairs  
Textron Inc.

Date: November 8, 1990

# TEXTRON

Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

November 5, 1990

Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19406

Re: **Financial Assurance for Decommissioning**

Dear Mr. Reber:

I am the chief financial officer of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Parts 30 and 40, the decommissioning of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for each facility:

<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Certified Amounts</u>
Textron Defense Systems License numbers SUB-1410 20-02729-05	201 Lowell Street Wilmington, MA 01887	\$750,000 75,000
	Vandenberg Air Force Base Building 1555 California 93437	
	Otis Air Force Base J-3 Range Massachusetts	
Textron Lycoming License number STB-393	550 South Main Street Stratford, CT 06497	\$750,000

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

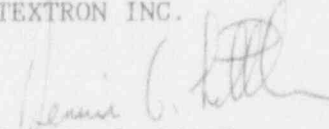
The fiscal year of this firm ends on December 29, 1990. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 30, 1989.

Financial Test: Alternative II

- |     |   |             |                         |
|-----|---|-------------|-------------------------|
| 1.  | Decommissioning cost estimates for facility<br>(total of <u>all</u> cost estimates<br>shown in paragraphs above)  |             | <u>\$1,575,000</u>      |
| 2.  | Current bond rating of most recent issuance<br>of this firm and name of rating service<br><u>Standard and Poors</u>   |             | <u>BBB</u>              |
| 3.  | Date of issuance of bond  |             | <u>February 5, 1989</u> |
| 4.  | Date of maturity of bond  |             | <u>February 5, 1993</u> |
| *5. | Tangible net worth (If any portion of estimates<br>for decommissioning is included in total liabilities<br>on your firm's financial statements, add the<br>amount of that portion to this line) |             | <u>\$1,460,900,000</u>  |
| *6. | Total assets in United States (required only<br>if less than 90 percent of firm's assets are<br>located in the United States)   |             | <u>\$11,621,700,000</u> |
|     |   | Yes         | No                      |
| 7.  | Is line 5 at least \$10 million?  | <u>X</u>    | <u>    </u>             |
| 8.  | Is line 5 at least 6 times line 1?  | <u>X</u>    | <u>    </u>             |
| *9. | Are at least 90 percent of firm's assets located<br>in the United States? If not, complete line 10.   | <u>    </u> | <u>X</u>                |
| 10. | Is line 6 at least 6 times line 1?  | <u>X</u>    | <u>    </u>             |

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

TEXTRON INC.



Dennis G. Little  
Executive Vice President and  
Chief Financial Officer

*OK  
per 11/19/90*

Dated: 11/19/90

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Textron Inc. for the year ended December 30, 1989 and have issued our report thereon dated February 8, 1990.

At your request, we have read the letter dated November 5, 1990 from Dennis G. Little, Executive Vice President and Chief Financial Officer, of Textron Inc. in support of the use of the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning the facilities at the locations listed in the letter.

In connection with 10 CFR Parts 30 and 40, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended December 30, 1989, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the specified data should be adjusted.

This report is solely to assist you in complying with the reporting requirements associated with the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning and should not be referred to or used for any other purpose.

*Ernst + Young*

November 9, 1990



030-04624

**TEXTRON**

Textron Inc.

40 Westminster Street  
Providence, RI 02903  
401/421-2800

November 8, 1990

Eric Reber  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, PA 19606

Re: Financial Assurance for Decommissioning

Dear Mr. Reber:

I am the chief financial officer of Textron Inc., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Parts 30 and 40.

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<u>Name of Facility</u>	<u>Location of Facility</u>	<u>Certified Amount</u>
Textron Defense Systems License numbers SUB-1410 20-02/29-05	201 Lowell Street Wilmington, MA 01887	\$750,000 75,000
	Vandenberg Air Force Base Building 1555 California 93437	
	Otis Air Force Base J-3 Range Massachusetts	
Textron Lycoming License number STB-393	550 South Main Street Stratford, CT 06497	\$750,000

This firm is required to file a Form 10K with the U.S. Securities and Exchange Commission for the latest fiscal year.

"OFFICIAL RECORD COPY" ML18

113598  
11/13/90

**TEXTRON**

The fiscal year of this firm ends on December 29, 1990. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 30, 1989.

Financial Test: Alternative II

- |     |   |             |                         |  |
|-----|---|-------------|-------------------------|--|
| 1.  | Decommissioning cost estimates for facility<br>(total of <u>all</u> cost estimates<br>shown in paragraphs above)  |             | <u>\$1,575,000</u>      |  |
| 2.  | Current bond rating of most recent issuance<br>of this firm and name of rating service<br><u>Standard and Poors</u>   |             | <u>BBB</u>              |  |
| 3.  | Date of issuance of bond  |             | <u>February 5, 1989</u> |  |
| 4.  | Date of maturity of bond  |             | <u>February 5, 1993</u> |  |
| *5. | Tangible net worth (If any portion of estimates<br>for decommissioning is included in total liabilities<br>on your firm's financial statements, add the<br>amount of that portion to this line) |             | <u>\$1,460,900,000</u>  |  |
| *6. | Total assets in United States (required only<br>if less than 90 percent of firm's assets are<br>located in the United States)   |             | <u>\$11,621,700,000</u> |  |
|     |   | Yes         | No                      |  |
| 7.  | Is line 5 at least \$10 million?  | <u>X</u>    | <u>    </u>             |  |
| 8.  | Is line 5 at least 6 times line 1?  | <u>X</u>    | <u>    </u>             |  |
| *9. | Are at least 90 percent of firm's assets located<br>in the United States? If not, complete line 10.   | <u>    </u> | <u>X</u>                |  |
| 10. | Is line 6 at least 6 times line 1?  | <u>X</u>    | <u>    </u>             |  |

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

TEXTRON INC.

Dennis G. Little  
Executive Vice President and  
Chief Financial Officer

Dated: \_\_\_\_\_

## Ernst & Young

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277 Park Avenue  
New York, New York 10172  
Telephone: (212) 407-1500  
Fax: (212) 407-1996 / 1997  
Telex: 177704

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Textron Inc. for the year ended December 30, 1989 and have issued our report thereon dated February 8, 1990.

At your request, we have read the letter dated November 5, 1990 from Dennis G. Little, Executive Vice President and Chief Financial Officer, of Textron Inc. in support of the use of the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning the facilities at the locations listed in the letter.

In connection with 10 CFR Parts 30 and 40, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended December 30, 1989, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the specified data should be adjusted.

This report is solely to assist you in complying with the reporting requirements associated with the financial test, as specified in 10 CFR Parts 30 and 40, to demonstrate financial assurance for decommissioning and should not be referred to or used for any other purpose.

*Ernst & Young*

November 9, 1990

030-04624  
20-02729-05

**TEXTRON** Defense Systems

Carl G. Buzawa  
Vice President - Division Counsel

Textron Defense Systems/  
Subsidiary of Textron Inc.

201 Lowell Street  
Wilmington, MA 01887  
508/657-1376  
FAX: 508/657-2060

October 23, 1990

Mr. Eric Reber  
Nuclear Regulatory Commission, Reg. 1  
475 Allendale Rd.  
King of Prussia, PA 19406

Reference: TDS Application for Site Decommissioning

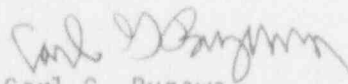
Dear Mr. Reber:

It is my understanding that yesterday, October 22, you spoke with Andrew Spacone, Litigation Counsel, Textron Defense Systems, concerning financial assurance documents for the above referenced decommissioning. As he suggested, we intend to provide proof of TDS's financial assurance through Textron Inc. guarantee. The format of this financial assurance would conform to that set forth in the NRC's January 1990 interim regulation of Section 4.7. The forms would closely approximate that previously given to the Georgia Department of Natural Resources, Environmental Protection Division, in connection with a T.S.D.S, with an accompanying letter from Ernst & Young, our CPAs (copy attached).

Unfortunately, the person that would prepare these documents is on travel this week conducting environmental seminars. She is expected in next week and upon her return will prepare these for execution by an appropriate officer of the company.

If you should have any questions, please feel free to contact the undersigned.

Sincerely,

  
Carl G. Buzawa  
Vice President  
Division Counsel

mac

cc: J. Colachico  
J. Pinciario  
A. Spacone

0289K

**"OFFICIAL RECORD COPY" M110**

113598  
OCT 29 1990

April 1, 1990

The Board of Directors  
Textron Inc.

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Textron Inc. for the year ended December 30, 1989 and have issued our report thereon dated February 8, 1990.

At your request, we have read the letter dated April 1, 1990 from Dennis G. Little, Executive Vice President and Chief Financial Officer and Richard A. McWhirter, Senior Vice President Insurance and Environmental Affairs, of Textron Inc. in support of the use of the financial test, as specified in Subpart H of 40 CFR Parts 264 and 265, to demonstrate financial assurance for closure and/or post-closure care of the Corporation's hazardous waste facilities at the locations listed in the letter.

In connection with Subpart H of 40 CFR Parts 264 and 265, we have compared amounts included in the audited consolidated financial statements of Textron Inc. for the year ended December 30, 1989, the latest fiscal year, to the data in the letter indicated as being derived from such audited financial statements. In connection with this comparison, no matters came to our attention that caused us to believe that the specified data should be adjusted.

This report is solely to assist you in complying with the reporting requirements associated with the financial test, as specified in Subpart H of 40 CFR Parts 264 and 265, to demonstrate financial assurance for the closure and post-closure care and should not be referred to or used for any other purpose.

*Ernst & Young*

OCT 29 1990

TOTAL P.06

PAGE 006

Textron Inc.

40 Westminster Street  
Providence, R.I. 02903  
401/421-2800

April 1, 1990

J. Leonard Ledbetter, Commissioner  
Environmental Protection Division  
Georgia Department of Natural Resources  
205 Butler Street, S.E.  
Floyd Towers East  
Atlanta, GA 30334

Re: Updated Financial Assurance Requirements  
Demonstrating Financial Responsibility for Liability  
Coverage and Closure and/or Post-closure Care

Dear Mr. Ledbetter:

I am the chief financial officer of Textron Inc., 40 Westminster Street, Providence, Rhode Island 02903. This letter is in support of this firm's use of the financial test to demonstrate financial responsibility for liability coverage and closure and/or post-closure care as specified in Paragraph 391-3-11-.05 of the Rules of the Department of Natural Resources, Environmental Protection Division.

The firm identified above is the owner or operator of the following facilities for which liability coverage for both sudden and non-sudden accidental occurrences is being demonstrated through the financial test specified in Paragraph 391-3-11-.05 and/or Subpart H of 40 CFR, Parts 264 and 265: E-Z-Go, Marvin Griffin Road, Augusta, Georgia 30913; GAD003302064.

The firm identified above guarantees, through the guarantee specified in Paragraph 391-3-11-.05 and/or Subpart H of 40 CFR, Parts 264 and 265, liability coverage for both sudden and non-sudden accidental occurrences at the following facilities owned or operated by the following: None

1. The firm identified above owns or operates the following facilities for which financial assurance for closure and/or post-closure care or liability coverage is demonstrated through the financial test specified in Paragraph 391-3-11-.05 and/or Subpart H of 40 CFR, Parts 264 and 265. The current closure and/or post-closure cost estimates covered by the test are shown for each facility: E-Z-Go, Marvin Griffin Road, Augusta, Georgia 30913, Closure Cost \$116,616.00.

2. The firm identified above guarantees, through the corporate guarantees specified in Paragraph 391-3-11-.05, the closure and/or post-closure care or liability coverage of the following facilities which are located in the State of Georgia and which are owned or operated by the guaranteed party. The current cost estimates for the closure and/or post-closure care so guaranteed are shown for each facility: None
3. In states where EPA is not administering financial requirements of Subpart H of 40 CFR, Parts 264 and 265, this firm is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in Subpart H of 40 CFR Parts 264 and 265. The current closure or post-closure cost estimates covered by such a test or guarantee are shown for each facility: See Exhibit A.
4. The firm identified above owns or operates the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Subpart H of 40 CFR Parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility: None
5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under 40 CFR Part 144. The current closure cost estimates as required by 40 CFR 144.62 are shown for each facility: None

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on the Saturday nearest to the 31st day of December in each year, whether such Saturday falls in December or January. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 30, 1989.

ALTERNATIVE II

1. Sum of current closure and post-closure estimates (total of all cost estimates shown in the five numbered paragraphs above) \$ 32,510,604.00
2. Amounts of annual aggregate liability coverage to be demonstrated \$8,000,000
3. Sum of Lines 1 and 2 \$ 40,510,604.00
4. Current bond rating of most recent issuance and name of rating service BBB Standard and Poor
5. Date of issuance of bond February 5, 1989
6. Date of maturity of bond February 5, 1993
- \*7. Tangible net worth (if any portion of the closure or post-closure cost estimates is included in "total liabilities" on your financial statements you may add that portion to this line) \$1,460,900,000
- \*8. Total assets in the U.S. (required only if less than 90% of assets are located in the U.S.) \$11,621,700,000
9. Is Line 7 at least \$10 million? Yes
10. Is Line 7 at least 6 times Line 3? Yes
- \*11. Are at least 90% of assets located in the U.S.? If not, complete line 12 No
12. Is Line 8 at least 6 times Line 3? Yes

I hereby certify that the wording of this letter is substantially the same as the wording specified in Paragraph 391-3-11-.05 of the Rules of the Georgia Department of Natural Resources, Environmental Protection Division.

TEXTRON INC.

By: Dennis G. Little

Dennis G. Little  
Executive Vice President and  
Chief Financial Officer

TEXTRON INC.

By: Richard A. McWhirter

Richard A. McWhirter  
Senior Vice President  
Insurance and Environmental  
Affairs

Dated: March 29, 1990

Dated: March 29, 1990



Exhibit A

	<u>Location</u>	<u>EPA #</u>	<u>Closure Costs</u>	<u>Post Closure Costs</u>
Homalite	Little Mountain Rd. Gastonia NC 28052	NCD091249417	\$ 281,900	\$ 2,025,000
Bell Aerospace	2221 Niagara Falls Blvd. Wheatfield NY 14304	NYD002106276	\$12,550,000	\$17,500,000
Camcar	LDR Products Division 412 - 18th Avenue Rockford, IL 61108	IL0056635568	\$ 37,088	\$ -0-

UPDATES3/FKEC.ENV

030-04624

# TEXTRON Defense Systems

Textron Defense Systems/  
Subsidiary of Textron, Inc.

201 Lowell Street  
Wilmington, MA 01887

5 October 1990  
B220-MDC-90-028

License Nos.  
20-02729-05 -  
SUB1410

Nuclear Regulatory Commission  
Attention: Mr. Eric Reber  
Region 1  
King of Prussia, PA 14406

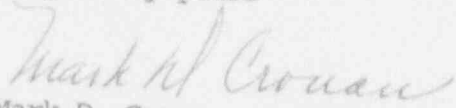
**Subject: Decommissioning Financial  
Assurance Requirements**

Dear Mr. Reber

As I explained to you in our telephone conversation on  
Thursday, 4 October 1990 there were extenuating circumstances  
that have delayed our complying with the financial assurance  
requirements.

You will, within the next thirty days, receive a financial  
assurance for decommissioning costs.

Very truly yours



Mark D. Cronan  
Environmental/Safety  
Department

MDC/amb

cc: J. Colachico, TDS

U.S. MAIL  
FIRST CLASS PERMIT NO. 1000 WILMINGTON, MA

NOV -5 1990

RECEIVED

Fee	Nov 5
Remitter	
Check No.	
Amount	
Fee Category	32
Type of Fee	AMO
State Check Rec'd	
Date Completed	11/6/90
By	AK

**FEE NOT REQUIRED**

*11/8/90 MDC*

OFFICIAL RECORD COPY ML 10

113598

OCT 15 1990

