



Allied-Signal Inc.  
Engineering Materials Sector  
Fluorine Products Division  
P.O. Box 4301  
Metropolis, IL 62960  
Telephone (618) 524-2111

February 18, 1991

40-3392  
Certified Mail:  
P-360-955-547

Mr. George H. Bidinger, Section Leader  
Uranium Fuel Section  
Fuel Cycle Safety Branch  
Division of Industrial and  
Medical Nuclear Safety, NMSS  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Re: Source Material License SUB-526  
Docket #40-3392

Dear Mr. Bidinger:

In response to your letter of December 20, 1990, we have revised our Decommissioning Financial Assurance Instrument to respond to your comments.

It should be noted that our original Standby Trust Agreement Section 7, Paragraph (c) contains the information specified in Regulatory Guide 3.65, Page 4-20 for Standby Trust Agreements. Your reference to Page 4-40 of the guide may be a typographical error.

It is our understanding that the Certificate of Events, and the Certificate of our Assistant Secretary should be signed at the time of commencement of Decommissioning (which could be many years in the future). If that is not the intention of these specific documents, please clarify.

We are sending you the originals of each document, and therefore have not prepared evidence that these documents are originally signed duplicates.

We also wish to withdraw our application for a license amendment (dated July 23, 1990) regarding this matter. Please destroy the amended pages included with the July 23, 1990 letter.

If you have any questions related to the Financial Assurance Instruments, please contact Mr. J. E. Honey or Mr. R. W. Yates of my staff.

Sincerely,

M. D. Kosmider  
Plant Manager

MDK/sm

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## STANDY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of July 2, 1980, by and between Allied-Signal Inc., a Delaware corporation, herein referred to as the "Grantor," and the Seafirst Bank of New York Trust Company, the "Trustee."

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

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

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

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

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

### Section 1. Definitions. As used in this Agreement:

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

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SUB526 issued pursuant to 10 CFR Part 40 as shown in Schedule A.

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

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

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

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

- a. A certificate duly executed by an Assistant Secretary of the Grantor attesting to the occurrence of the events, and the form set forth in the attached Specimen Certificate, and
- b. A certificate attesting to the following conditions:
  - 1) that decommissioning is proceeding pursuant to an NRC-approved plan.
  - 2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and
  - 3) funds withdrawn shall not exceed \$375,000.00 or 50% of the balance during the 1st year of activities; with the remaining balance being expended during the 2nd calendar year of the plan.
  - 4) that the NRC has been given thirty (30) days' prior notice of the Grantor's intent to withdraw funds from the escrow fund.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC, or State agency, from the Fund for expenditures for required

activities in such amounts as the NRC, or State agency, shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

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

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

- e) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the



provisions thereof, to be commingled with the assets of other trusts participating therein; and

- b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 9. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all

such securities are part of the Fund;

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

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

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

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

Section 12. Trustee Compensation. The Trustee shall be

entitled to reasonable compensation of its services as agreed upon in writing with the Grantor.

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

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

for herein.

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

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


Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made reasonably and in good faith, in the administration of this trust, or in carrying out any directions by the Grantor, the NRC, or State agency, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense except liability arising out of the willful misconduct or negligence of the Trustee and provided that the Trustee notifies the Grantor promptly of any claim for which indemnity will be sought and tenders the defense of such claim to Grantor.

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

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

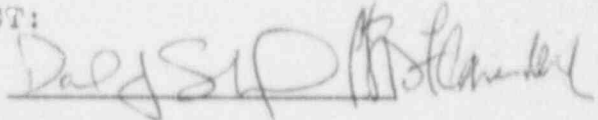


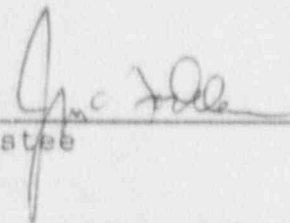
IN WITNESS WHEREOF the parties have caused the Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

  
\_\_\_\_\_  
Allied-Signal Inc.

Title: Assistant Treasurer  
Date: 2-11-91

ATTEST:

  
\_\_\_\_\_  
H. Barrett Flanders, Jr.  
Assistant Secretary  
CHIEF MANAGER  
2-11-91

  
\_\_\_\_\_  
Trustee

VICE PRESIDENT  
Title: AND TREASURER  
Date: \_\_\_\_\_

ATTEST:

  
\_\_\_\_\_

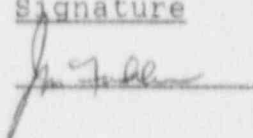
Title: ASSISTANT VICE PRESIDENT  
Date: \_\_\_\_\_

CERTIFICATE OF TRUSTEE

Sumitomo Bank of New York Trust Company, Trustee under a Standby Trust Agreement (the "Agreement") between it and Allied-Signal, Inc. (the "Company") dated as of July 2, 1990, hereby certifies as follows:

(a) Sumitomo Bank of New York Trust Company (the "Bank") is lawfully empowered to perform its duties as Trustee under the Agreement.

(b) John F. McFadden, its Vice President and Treasurer, is duly authorized to execute and deliver the Agreement and any supplements thereto. Appearing opposite his name and title below is a true and correct specimen of his signature:

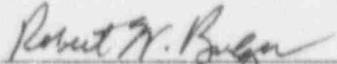
<u>Name</u>	<u>Title</u>	<u>Signature</u>
John F. McFadden	Vice President & Treasurer	

(c) Attached hereto is a true copy of the Charter issued by the State of New York Banking Department, empowering the Bank to act as a Trustee.

(d) The seal of the Bank is the same seal of which an impression appears below.

IN WITNESS WHEREOF, Sumitomo Bank of New York Trust Company has caused this certificate to be executed by a duly authorized officer this            day of            19    .

SUMITOMO BANK OF NEW YORK  
TRUST COMPANY

By:   
Robert W. Euler  
Assistant Secretary

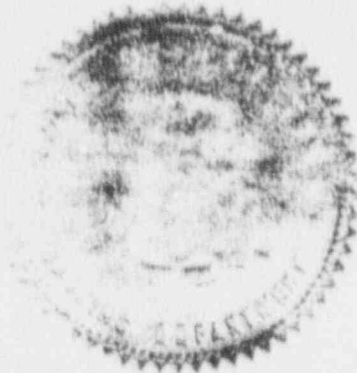


STATE OF NEW YORK  
Banking Department.

Know all Men by these Presents, Whereas, the organization certificate of SUMITOMO BANK OF NEW YORK TRUST COMPANY of New York, New York has heretofore been duly approved and said SUMITOMO BANK OF NEW YORK TRUST COMPANY, has complied with the provisions of Chapter 2 of the Consolidated Laws,

Now Therefore, I, JILL M. CONSIDINE, as Superintendent of Banks of the State of New York, do hereby authorize the said SUMITOMO BANK OF NEW YORK TRUST COMPANY to transact the business of a Trust Company at One World Trade Center, Borough of Manhattan, City of New York within this State.

In Witness Whereof, I have hereunto set my hand and affixed the official seal of the Banking Department, this 20th day of FEBRUARY in the year of our Lord one thousand nine hundred and eighty-six.



Jill M. Considine  
Superintendent

TRUST AGREEMENT SCHEDULE

SAMPLE SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

<u>U.S. NUCLEAR REGULATORY COMMISSION LICENSE NO.</u>	<u>NAME AND ADDRESS OF LICENSEE</u>	<u>ADDRESS OF LICFNSD ACTIVITY</u>	<u>COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT</u>
SUB-526	Allied- Signal	Rte. 45 No. P.O. Box 430 Metropolis, IN 62960	\$750,000.00

SCHEDULE B

Amount \$750,000.00

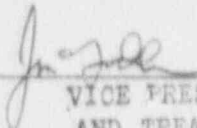
As Evidenced By standby Letter of Credit

Sumitomo Bank of New York Trust Company

Trustee

Title

Date

  
\_\_\_\_\_  
VICE PRESIDENT  
AND TREASURER  
\_\_\_\_\_

SCHEDULE C

Sumitomo Bank of New York Trust Company, trustee's fees shall be \$500.00 per year.



CERTIFICATE

Assistant


I, Dennis R. Marshall, Secretary of Allied-Signal Inc.  
(the "Corporation"), do hereby certify that R. F. Friel has  
been appointed to the office of Assistant Treasurer of the Corporation  
and now holds that office, and that the signature set forth below  
opposite his name is his true and genuine signature:

R. F. Friel



\_\_\_\_\_

WITNESS my hand and the seal of the Corporation this 11 day  
of FEBRUARY 1991.



\_\_\_\_\_

Dennis R. Marshall

RS/065

CERTIFICATE OF ASSISTANT SECRETARY

I, \_\_\_\_\_, do hereby certify that I am an Assistant Secretary of Allied-Signal Inc., a Delaware corporation, and that all corporate actions necessary to approve and authorize the decommissioning activities at the Allied-Signal facility in Metropolis, Illinois have been duly taken.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this \_\_\_\_\_ day of \_\_\_\_\_, 1991.

\_\_\_\_\_  
Allied-Signal Inc.  
Assistant Secretary

CERTIFICATE OF EVENTS

February 11, 1991

The Sumitomo Bank, Limited  
One World Trade Center, Suite 9651  
New York, NY 10048

Attn: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated July 2, 1990, I, \_\_\_\_\_, Assistant Secretary of Allied-Signal Inc., hereby certify that the following events have occurred:

- 1) Allied-Signal Inc. is required to commence the decommissioning of its facility located at Route 45 North, P.O. Box 430, Metropolis, Illinois 62960 (hereinafter called the "Decommissioning").
- 2) The plans and procedures for the commencement and conduct of the Decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on \_\_\_\_\_ (copy of approval attached).
- 3) All necessary corporate action to authorize the commencement of the Decommissioning has been taken.

\_\_\_\_\_  
Allied-Signal Inc.  
Assistant Secretary

\_\_\_\_\_  
Date