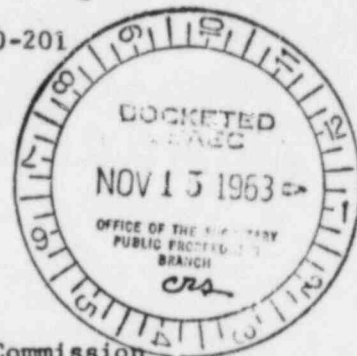


UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of)
)
NUCLEAR FUEL SERVICES, INC.)
 and)
NEW YORK STATE ATOMIC RESEARCH)
AND DEVELOPMENT AUTHORITY)

Docket No. 50-201

LAR 5110 5071
(suppl)



STAFF'S REPLY TO APPLICANTS'
MOTION FOR AMENDMENT OF
CONSTRUCTION PERMIT

In its "Memorandum and Order" dated May 16, 1963, the Commission ordered that provisional Construction Permit No. CPCSF-2, issued to Nuclear Fuel Services, Inc. (NFS) and the New York State Atomic Research and Development Authority (ARDA), be amended by adding the following condition:

"5. This construction permit is conditioned upon the submission, within six months after its issuance, of evidence of the final consummation of loan arrangements covered by the letter of intent dated February 20, 1963, from Manufacturers and Traders Trust Company to Nuclear Fuel Services, Inc., completing the proof of the adequacy of the financial resources of Nuclear Fuel Services, Inc. The time for the submission of such evidence may be extended for good cause."

The Director of the Division of Licensing and Regulation issued the amendment to the construction permit on May 22, 1963. The Commission also directed that the proceedings be reopened for the receipt of additional evidence concerning the financial qualifications by the Atomic Safety and Licensing Board designated for this matter.

By motion dated October 23, 1963, as amended by its letter of October 31, 1963, NFS moved that the Board take the following actions:

"(A) Receive as NFS Exhibit E in the license proceeding Docket 50-201 the attached Term Loan Agreement which evidences the final consummation of NFS Loan arrangements with the indicated banks;

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"(B) Delete the condition contained in Paragraph 5 of the NFS Construction Permit (CPCSF-2) which required the submission of evidence concerning such consummation;

"(C) Modify the reporting requirement in Paragraph 2E of the said Construction Permit so that NFS may file the required bi-annual reports within a twenty-day period following the cited dates of March 31 and September 30 of each year with the reports being effective as of such dates."

By a "Statement in Support of NFS Motion dated October 29, 1963"

ARDA joined in the NFS motion.

The staff has examined the submittal by NFS and has determined that execution of the Term Loan Agreement dated July 1, 1963, by the Manufacturers and Traders Trust Company of Buffalo and the Morgan Guaranty Trust Company of New York City assures that the applicants will be financially qualified to design and construct the facility. Before reaching this conclusion the staff requested NFS to furnish a statement that Section 2 of the Term Loan Agreement containing "Conditions Precedent" had been satisfied. By a letter dated October 31, 1963, NFS furnished a statement of counsel that

"... As to Section 2 (i.e., 'Conditions Precedent') thereof, this will advise that all of the cited conditions precedent have been satisfied and the Agreement is now in full force and effect."

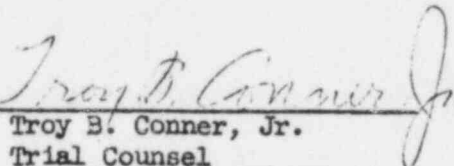
Accordingly the staff believes that the information provided by the applicants in proposed "NFS Exhibit E" and in the statement of counsel dated October 31, 1963, fully satisfies the requirement of the Commission's "Memorandum and Order".

NFS also requested that the license condition contained in Paragraph 2.E. of the Construction Permit be amended to specify that the bi-annual

reports on the status of construction and other information be filed within twenty days following March 31 and September 30 of each year. The staff has examined this request and has no objection to the change.

Accordingly the staff recommends that the Board issue an order substantially in the form annexed for the final disposition of the matters relating to the provisional construction permit in this case.

Respectfully submitted,



Troy B. Conner, Jr.
Trial Counsel
AEC Regulatory Staff

Dated at Bethesda, Maryland,
this 14th day of November, 1963

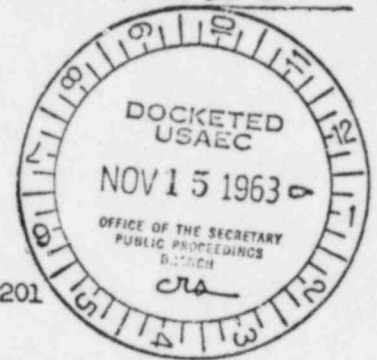
DOCKET NUMBER
PROD. & UTIL. FAC. 50-201

"ATTACHMENT A"

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of
NUCLEAR FUEL SERVICES, INC.
and
NEW YORK STATE ATOMIC RESEARCH
AND DEVELOPMENT AUTHORITY

Docket No. 50-201



ORDER

In its "Memorandum and Order" dated May 16, 1963, the Commission ordered that provisional Construction Permit No. CPCSF-2, issued to Nuclear Fuel Services, Inc. (NFS) and Atomic Research and Development Authority (ARDA), be amended by adding the following condition:

"5. This construction permit is conditioned upon the submission, within six months after its issuance, of evidence of the final consummation of loan arrangements covered by the letter of intent dated February 20, 1963, from Manufacturers and Traders Trust Company to Nuclear Fuel Services, Inc., completing the proof of the adequacy of the financial resources of Nuclear Fuel Services, Inc. The time for the submission of such evidence may be extended for good cause."

The Director of the Division of Licensing and Regulation issued the amendment to the construction permit on May 22, 1963. The Commission also directed that the proceedings be reopened for the receipt of additional evidence concerning the financial qualifications by the Atomic Safety and Licensing Board designated for this matter.

By motion dated October 23, 1963, as amended by its letter of October 31, 1963, NFS moved that the Board take the following actions:

(A) Receive as NFS Exhibit E in the license proceeding Docket 50-201 the attached Term Loan Agreement which evidences the final consummation of NFS Loan arrangements with the indicated banks;

"(B) Delete the condition contained in Paragraph 5 of the NFS Construction Permit (CPCSP-2) which required the submission of evidence concerning such consummation;

"(C) Modify the reporting requirement in Paragraph 2E of the said Construction Permit so that NFS may file the required bi-annual reports within a twenty-day period following the cited dates of March 31 and September 30 of each year with the reports being effective as of such dates."

ARDA and the Regulatory Staff of the Commission filed consents to the NFS motion on October 31 and November 14, 1963, respectively. The Board has reviewed the information submitted and has concluded that the additional information submitted by NFS demonstrates that the financial agreements contemplated by the applicants at the time of the hearings in this matter have been consummated. We believe that no useful purpose would be served in convening a hearing for the formal receipt of "NFS Exhibit E" and that this proceeding may be terminated upon the issuance of this order, subject to review by the Commission.

Accordingly we find that the information furnished by NFS in Exhibit E and in the statement of counsel dated October 31, 1963, together with the other evidence already contained in the record, demonstrates that the applicants are financially qualified to design and construct the facility.

WHEREFORE, IT IS ORDERED, subject to review procedures provided for in this proceeding by the Commission, and in accordance with the Atomic Energy Act of 1954, as amended, and the Rules and Regulations of the Commission:

1. Construction Permit No. CPCSP-2 is amended by deleting Paragraph 5.

2. Condition 2E of Construction Permit No. CPCSF-2 is hereby amended to read as follows:

"E. NFS shall file a report covering the six-month report ending on March 31 and September 30 of each year with the Director of the Division of Licensing and Regulation, U. S. Atomic Energy Commission, Washington 25, D. C., setting forth the status of construction of the facility and of the research and development program designed to establish the segment of the fuel process. The report for each six-month period shall be filed within the twenty-day period following March 31 and September 30 of each year."

3. In accordance with the Commission's Memorandum and Order in this matter dated April 17, 1963, this order, in furtherance of the Commission's Memorandum and Order dated May 16, 1963, shall become effective 10 days after issuance subject to:

(a) The filing of a petition for review, if any, pursuant to Section 2.762 of the Commission's Rules and Regulations; and

(b) Such further order as the Commission may render on its own motion within thirty days after the issuance of this initial decision and order; provided, however, that in the absence of any further Commission order pursuant to the foregoing, this initial decision and order shall become the final order of the Commission with respect to the proceedings relating to the issuance of the

provisions for the design and construction of the facility in this matter at the end of such thirty-day period.

ATOMIC SAFETY AND LICENSING BOARD

E. Riggs McConnell, Chairman

Abel Wolman

Dixon Callihan