



B&W FUEL COMPANY

An American Company with Worldwide Resources

70-1201
BW

November 8, 1994

3315 Old Forest Road
P.O. Box 10935
Lynchburg, VA 24506-0935
Telephone: 804-385-2000
Telecopy: 804-385-3663

Mr. Robert Pierson
Chief, Licensing Branch
Division of Fuel Cycle Safety & Safeguards
Office of Nuclear Material Safety & Safeguards
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Re: License No. SNM-1168, B&W Fuel Company
Commercial Nuclear Fuel Plant, Lynchburg, Virginia

Dear Mr. Pierson:

B&W Fuel Company ("BWFC"), a general partnership formed under the laws of the State of Delaware, is the holder of Materials License No. SNM-1168 for its Commercial Nuclear Fuel plant in Lynchburg, Virginia.

The purposes of this letter are: (i) to notify the Nuclear Regulatory Commission ("NRC") that the BWFC partners and their parent companies intend to implement a limited restructuring of their ownership in the partnership and (ii) to seek confirmation from the NRC that further NRC approval is not needed for the transfer of those partnership interests as described in this letter.¹ The restructuring transactions described herein are expected to occur no later than December 15, 1994. We would, therefore, appreciate prompt treatment of this request for confirmation.

BACKGROUND

BWFC owns the Commercial Nuclear Fuel Plant near Lynchburg, Virginia and operates that plant pursuant to Materials License No. SNM-1168 (the "License").

The License, which is held by BWFC,² authorizes BWFC to receive, acquire, possess, and transfer the byproduct, source and special nuclear material designated. The License was renewed in September 1990 for a ten-year period expiring September 30, 2000.

On November 7, 1991, BWFC and its partners requested NRC consent to: (i) the addition of two new partners to BWFC (Lynchburg Fuels, Inc. ("LFI") and Euro-

¹ After hearing a description of the proposed transaction in a telephone conversation with our outside legal advisors July 8, 1994, Robert Fonner of the NRC's Office of General Counsel expressed the preliminary view that a formal request for transfer and NRC approval of the restructuring were probably unnecessary. He suggested, however, that we seek from your office written confirmation that NRC approval was not required.

² The License was originally issued to The Babcock & Wilcox Company. The License was transferred to BWFC, with the NRC's consent, upon the creation of BWFC on December 4, 1987.

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American Fuels, Inc. ("EFI"), both Delaware corporations wholly-owned, indirectly, by French sociétés anonymes) and (ii) the transfer of control of the BWFC partnership to LFI, EFI and a pre-existing partner, Virginia Fuels, Inc. ("VFI") which had, since the creation of BWFC, owned a 49 percent partnership interest in the licensee. The 1991 request for consent explained that VFI, LFI and EFI had common ultimate French parents and that they would, together, hold 75% of the interests in the partnership. NRC granted its consent by letter dated November 25, 1991.

On August 17, 1992, BWFC requested confirmation that the sale by Uranium Pechiney, Inc. of its shares in three of the partners in BWFC - namely LFI, EFI and VFI - to the two other French-owned shareholders (BWNT and CFI), need not be subject to a formal request to NRC for transfer of the License. NRC confirmation of that position was given by letter of September 9, 1992.

On February 22, 1993, BWFC requested confirmation that the sale by B&W Fuel, Inc. (one of the BWFC partners up to that time) to EFI and LFI of all of its interest in BWFC pursuant to a Put/Call Agreement entered into among them on December 4, 1991 also need not be subject to a formal request to NRC for transfer of the License. NRC confirmation of that position was given by letter of March 22, 1993.³

CURRENT SITUATION

Currently, and as a result of the preceding transactions described above, BWFC is a general partnership with three corporate partners:

- Virginia Fuels, Inc. ("VFI"), a Delaware corporation which owns a 49% interest in the partnership; and
- Euro-American Fuels, Inc. ("EFI") and Lynchburg Fuels, Inc. ("LFI"), each of which is a Delaware corporation and owns a 25.5% interest in the partnership.

The capital stock of VFI, EFI and LFI is owned by two corporations:

- Capital stock in VFI is held 51.5% by B&W Nuclear Technologies Holding Company, Inc. ("BWNTHC", formerly "BWNT") and 48.5% by Cogema Fuels, Inc. ("CFI"), both Delaware corporations.
- Capital stock in EFI is held 80% by CFI and 20% by BWNTHC.
- Capital stock in LFI is held 20% by CFI and 80% by BWNTHC.

³ Copies of the 1991, 1992 and 1993 BWFC requests to NRC, and of the NRC's favorable responses thereto, are attached as Exhibit 1.

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Thus, BWNTHC, an indirect wholly-owned subsidiary of Framatome, S.A., currently holds, through its subsidiaries, a 50.735 percent interest in the BWFC partnership. CFI, an indirect wholly-owned subsidiary of Cogema, S.A., holds indirect control over the remaining BWFC partnership interests. The ownership of Framatome and Cogema remains as described in BWFC's letter of February 22, 1993 (see Exhibit 1).

PROPOSED CHANGES IN OWNERSHIP OF PARTNERSHIP INTERESTS

As shown in the tables and charts attached as Exhibit 2, in the proposed restructuring, LFI would first sell to VFI a 2 percent controlling interest in the BWFC partnership, increasing VFI's partnership interest to 51 percent. Then, as a second step, CFI would sell to BWNTHC its minority interest in VFI, and BWNTHC would simultaneously sell to CFI its interests in EFI and LFI. Finally, it is expected that EFI and LFI, which would then be the wholly-owned direct subsidiaries of CFI, will be merged into CFI. As a result of the foregoing, the partnership will be held by two partners -- VFI (51%) and CFI (49%). The Framatome indirect (through BWNTHC) controlling interest in the BWFC partnership will rise from 50.735 percent to 51 percent. Cogema's indirect (through CFI) control of the BWFC partnership will correspondingly fall from 49.265 percent to 49 percent.

The planned restructuring is solely for the purpose of simplification of corporate and financial matters among the partners and their parent companies. No change in control will occur. Moreover, as in the 1992 and 1993 transactions previously notified to the NRC, the resulting change in ownership of partnership interests is not expected to lead to any changes in the personnel (including radiation safety and health personnel), operation or management of BWFC. Furthermore, the transactions will have no effect on the financial assurance of decommissioning. Currently in place, in accordance with the applicable NRC regulations, is a letter of credit for \$2,800,000 from the Banque Francaise du Commerce Exterieur. The proposed restructuring would have no effect on that letter of credit. To the best of BWFC's knowledge, the sole material assets of LFI and EFI (which would cease to be partners in BWFC) are their respective interests in the BWFC partnership.

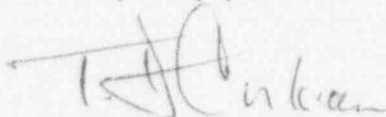
Section 184 of the Atomic Energy Act of 1954, as amended, and the NRC's implementing regulations (in this instance 10 CFR § 70.36), prohibit the transfer of a license, or of the rights thereunder, through any direct or indirect transfer of control of the license, except with written consent of the Commission. In the present instance, there is no such transfer of control - VFI and CFI (and, indirectly, Framatome and Cogema) have exercised control within the Partnership Board of BWFC since December 1991, and will continue to do so after implementation of the restructuring.

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CONCLUSION

The effect of the anticipated transaction is merely to simplify the existing structure of BWFC and consolidate its partnership interests in the hands of two partners (CFI and VFI) whose parents already own, indirectly, 100 percent of the partnership interests. Accordingly, there will be no transfer of control of the license when the restructuring is implemented. Would you please confirm that this notice is sufficient to meet the NRC's requirements and that no further consent to proceed with the anticipated transaction is required from the NRC? If you have any questions, please contact the undersigned in BWFC's legal department at (804)832-2749. As indicated above, we respectfully request prompt treatment of this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "T. D. Corkrar". The signature is stylized with a large initial "T" and "C".

Thomas D. Corkrar.
B&W FUEL COMPANY

EXHIBIT 1

NRC PREVIOUS ANSWERS

TO

BWFC'S REQUESTS FOR TRANSFER

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

1001 PENNSYLVANIA AVENUE, N.W., SUITE 800
WASHINGTON, DC 20004 - 2505
202 - 639 - 7000
FAX - 202 - 639 - 7008

WRITER'S DIRECT LINE
202/639-7060

November 7, 1991

Via Telecopy

Mr. Robert M. Bernero
Director of Office of Nuclear
Material Safety and Safeguards
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Re: License No. SNM-1168

Dear Mr. Bernero:

Attached is a request for consent to transfer of control over Materials License No. SNM-1168. Because we hope to complete the transfer described on or before November 22, 1991, we request expedited treatment of this application. If you have any questions, please contact me (202/639-7060) or my colleague, Kurt Baca (202/639-7361).

Sincerely,


Jay R. Kraemer

JRK:lk:2004b

Attachment

cc: Charles J. Haughney
Robert Fonner

~~9112020305~~

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)
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B&W Fuel Company)
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(3315 Old Forest Road)
Lynchburg, Virginia 24506)
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Docket No. 70-1201
License No. SNM-1168

November 7, 1991

NOTICE OF PLANNED CHANGE OF OWNERSHIP OF B&W
FUEL COMPANY AND REQUEST FOR CONSENT TO THE
TRANSFER OF CONTROL OVER LICENSE NO. SNM-1168

I. INTRODUCTION

B&W Fuel Company ("BWFC"), a Delaware general partnership, owns the Commercial Nuclear Fuel Plant ("CNFP") near Lynchburg, Virginia which is operated under Materials License No. SNM-1168, issued by the Nuclear Regulatory Commission ("NRC") pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, and Title 10, Code of Federal Regulations, Chapter I, Parts 30-35, 40 and 70. The license is held by BWFC^{1/} and authorizes BWFC to receive, acquire, possess, and transfer the byproduct, source, and special nuclear material designated. Materials License No. SNM-1168 was renewed in September 1990 for a ten-year period expiring September 30, 2000. Pursuant to Section 184 of the Atomic Energy Act of 1954 (42 U.S.C. § 2234) and 10 C.F.R. §§ 30.34, 40.46, and 70.36, BWFC hereby provides notice of a planned change in the ownership of the BWFC partnership, the licensee, and respectfully requests the consent of the NRC to the potential transfer of control over Materials License SNM-1168, as described herein, which will result from that change.

B&W Fuel, Inc. ("BFI"), a Delaware corporation, currently possesses a fifty-one per cent partnership interest in BWFC, and Virginia Fuels, Inc. ("VFI"), a Delaware corporation, possesses a forty-nine per cent partnership interest in BWFC. The

^{1/} License No. SNM-1168 was originally issued to The Babcock & Wilcox Company ("B&W"), the parent company of one of the general partners (B&W Fuel, Inc.) in BWFC. The license was transferred to BWFC, with the NRC's consent, effective upon the creation of BWFC on December 4, 1987.

proposed change of ownership would involve the admission of two new general partners, Lynchburg Fuels, Inc. ("LFI") and Euro-american Fuels, Inc. ("EFI"). After the change, VFI would still own forty-nine percent of BWFC, while BFI (or B&W Energy Investment, Inc. ("BWEI"), a wholly owned subsidiary of B&W's parent company) would own only twenty-five per cent of BWFC, and LFI and EFI would each own thirteen percent. Although BFI (or BWEI) would remain a partner, control of the BWFC partnership would effectively pass to VFI, LFI and EFI jointly, since they have common ultimate corporate parents and, together, they would hold seventy-five per cent of the interest in the partnership. Furthermore, the proposed transaction includes provisions which could result in the sale (in 1993 or 1994) of BFI's remaining partnership interest to LFI and EFI, or, alternatively, the redemption of BFI's partnership interest by BWFC.

Section II describes the proposed change of ownership and control and any associated effects of that action on the operations of the CNFP and the obligations undertaken by BWFC pursuant to the license.

II. INFORMATION SUBMITTED IN SUPPORT OF REQUEST FOR CONSENT TO TRANSFER CONTROL OVER MATERIALS LICENSE NO. SNM 1168

The licensee, BWFC, together with the current partners in BWFC, BFI and VFI, in compliance with the Act and 10 C.F.R. §§ 30.34, 40.36, and 70.36, provide the following information to notify the NRC of the proposed change in ownership and in support of their request for NRC consent to transfer of control of Materials License No. SNM-1168. The information provided is organized to respond to the requirements of the regulations as specified in NRC Information Notice No. 39-25.

A. Name of the Organization Holding License

The name of the licensee is, and will remain, B&W Fuel Company. BWFC is a general partnership organized under the laws of the State of Delaware.

B. Changes in Personnel Named in the License and Required Information on Personnel Qualifications

No changes in the required information on personnel qualifications in the license or in the named personnel are anticipated to result from the proposed admission of new partners into BWFC. Chapter 2 of Part I of the license lists the qualifications of certain personnel, including production managers, operational area supervisors, and health safety section members. These qualifications will be unaffected by the pending transfer of the license. Chapter 11 of Part I names the

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management of the CNFP, including the management of the Quality and Safety Group, and provides a resume for each person named. Named persons may be replaced without approval under the license provided that the replacement meets the qualifications stated in the license in Chapter 2; however, no such changes in named personnel are currently planned.

C. Seller/Transferor's Intent to Remain in Business Without the License

This section is not applicable to the contemplated transaction. The license is not being transferred; the BWFC partnership will remain the holder of the license and will continue to operate the business. Majority control of the license will pass to the partners LFI, EFI and VFI from partner BFI; however, BFI (or BWET) is expected to remain a partner until at least March 31, 1993.2/

D. Description of Transaction Effectuating Change in Control

Part 1 of this subsection describes the transaction creating the change in ownership of the partnership and the transfer of control over the licensee. Part 2 describes the corporate parentage of the existing and future BWFC partners.

1. Description of the Transaction

VFI and BFI, both Delaware corporations, currently own 51 percent and 49 percent partnership interests in BWFC, respectively. They have entered into a preliminary, nonbinding agreement pursuant to which VFI and BFI intend to admit two new partners into the BWFC partnership. The proposed transaction would result in the transfer of a total of 26 percent of the BFI partnership interest to two new Delaware corporations, LFI and EFI, to be formed during the transaction. It is anticipated

in subsection 2 of
partners will be
October 15, 1993

management of the CNFP, including the management of the Quality and Safety Group, and provides a resume for each person named. Named persons may be replaced without approval under the license provided that the replacement meets the qualifications stated in the license in Chapter 2; however, no such changes in named personnel are currently planned.

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D. Description of Transaction Effectuating Change in Control

Part 1 of this subsection describes the transaction creating the change in ownership of the partnership and the transfer of control over the licensee. Part 2 describes the corporate parentage of the existing and future BWFC partners.

1. Description of the Transaction

VFI and BFI, both Delaware corporations, currently own 51 percent and 49 percent partnership interests in BWFC, respectively. They have entered into a preliminary, nonbinding agreement pursuant to which VFI and BFI intend to admit two new partners into the BWFC partnership. The proposed transaction would result in the transfer of a total of 26 percent of the BFI partnership interest to two new Delaware corporations, LFI and EFI, to be formed before the transaction.^{3/} It is anticipated

^{2/} See description of transaction in subsection D of section II.

^{3/} The parties anticipate that the new partners will be incorporated under Delaware law on or before November 15, 1991.

that LFI and EFI will purchase a combined 50.98 percent of BFI's interest (25.49 percent each) in BWFC.^{4/}

Upon completion of the impending transaction,^{5/} VFI will continue to own a 49 percent partnership interest in BWFC; LFI will own a 13 percent partnership interest in BWFC; EFI will own a 13 percent partnership interest in BWFC; and BFI (or BWEI) will own a 25 percent partnership interest in BWFC. The parties anticipate that BWFC will then have six Partnership Board members, three to be appointed by VFI, and one each by LFI, EFI and BFI (or BWEI). Board members will exercise voting authority in the same ratio as the profit/loss interest held by their appointing partner.

Simultaneous with the LFI and EFI purchase of 50.98 percent of BFI's interest in BWFC, they (or affiliates thereof) will lend BFI (or BWEI) several million dollars pursuant to notes that will bear interest quarterly, with principal repayable on March 31, 1993. The loans will be secured by pledges of BFI's (or BWEI's) remaining partnership interest in BWFC. Additionally, BFI and LFI and EFI (or affiliates thereof) will enter into put/call agreements granting (i) BFI (or BWEI) the right to put its remaining BWFC partnership interest to LFI and EFI on or about March 31, 1993 and (ii) LFI and EFI the right to acquire BFI's (or BWEI's) remaining BWFC partnership interest between April 1, 1993 and March 31, 1994. LFI and EFI will have the right, upon exercise of the put or call, to have BFI's (or BWEI's) partnership interest in BWFC redeemed by BWFC, rather than purchased by LFI and EFI.

2. Ownership of the Corporate Partners in B&W Fuel Company

BFI is presently wholly-owned by The Babcock & Wilcox Company, a Delaware corporation, which is wholly-owned by

^{4/} Immediately prior to the sale of a portion of the BFI interest in BWFC to LFI and EFI, BFI's corporate ownership will be modified. BFI, currently a subsidiary of B&W, will become a wholly owned subsidiary of a to-be-formed parent company, B&W Energy Investments, Inc. ("BWEI"). BWEI is to be wholly owned by Babcock & Wilcox Investment Company, the parent of BFI's current 100 percent parent, B&W. See section D.2., *infra*. BWEI's participation does not affect the ultimate percentage of the partners' respective ownership or the operations of the licensee.

^{5/} Closing is scheduled for November 22, 1991.

Babcock & Wilcox Investment Company, a Delaware corporation, which is wholly-owned by McDermott, Inc., a Delaware corporation, of which McDermott International, Inc., a Panamanian corporation, owns 92 percent of the stock. BWEI, when formed, will be wholly-owned by Babcock & Wilcox Investment Company. Ownership of BFI will be transferred from B&W to its sister corporation, BWEI.

VFI is indirectly owned by three French societies anonymes. VFI's shareholders are Cogema Fuels, Inc. ("CFI"), Framatome U.S.A., Inc. ("FUSA"), and Uranium Pechiney, Inc. ("UPI"), all Delaware corporations. CFI is a wholly-owned subsidiary of Cogema, Inc. ("Cogema"), a Delaware corporation, which is a wholly-owned subsidiary of Compagnie Generale des Matieres Nucleaires, SA ("CGM"). CGM is, itself, a wholly-owned subsidiary of CEA Industries, (the industrial holding company of the Commissariat a l'Energie Atomique of the Government of France). FUSA is a wholly-owned subsidiary of Framatome, SA. Framatome's shareholders holding interests of five percent or more, all of which are French entities, are Alcatel Alsthom (44 percent), CEA Industries (36 percent), Electricite de France (10 percent), and Consortium Lyonnais d'Etudes (5 percent).^{6/} UPI is a wholly-owned subsidiary of Uranium Pechiney, SA, which is, in turn, a wholly-owned subsidiary of Pechiney, SA.

LFI's stock will be held by Framatome Services Company, Inc. ("FSI"), a Delaware corporation wholly owned by FUSA, and UPI. FSI and UPI will own 80 percent and 20 percent, respectively, of the LFI stock. EFI's stock will be held by CFI (or an affiliate thereof) and UPI, also owning 80 percent and 20 percent, respectively. LFI and EFI, therefore, will each have ultimate parent companies in common with VFI. Essentially, the transaction represents a redistribution of ownership interests among the current indirect owners of the licensee, with little or no change anticipated in the operation of the licensee itself.

E. Description of Any Changes in Organization, Location, Facilities, Equipment, Procedures, and Personnel

The primary motivation for transferring a portion of BFI's interest in BWFC to LFI and EFI is to accommodate the interest of the French parent companies, see D.2., supra, in increasing their involvement in the U.S. nuclear fuel business, which they

^{6/} Consortium Lyonnais d'Etudes acquired this interest from its sister company, Societe Rhodanienne Mobiliere et Immobiliere, on September 20, 1991. Both companies are subsidiaries of Credit Lyonnais, a French bank.

expect to expand over the long term. VFI, LFI and EFI and their affiliates do not contemplate taking any action to relocate any facilities of BWFC, or to change the organization, equipment or procedures of BWFC in any manner relevant to radiation health or safety.

No changes in the radiation health and safety personnel of BWFC are anticipated to result from the proposed admission of new partners into BWFC. Furthermore, there are no changes anticipated in the organization for control of radiological contingencies described in the Radiological Contingency Plan (the "Plan") in the Materials License, SNM-1168. However, while no change is anticipated in the actual support provided in the event of a radiological emergency, the contractual basis for the support from the Naval Nuclear Fuel Division of The Babcock & Wilcox Company ("NNFD") may change. The NNFD would provide certain technical support to the extent necessary under the Plan. The capabilities provided by NNFD include: health physics, monitoring, and personnel decontamination support; nuclear safety engineering; industrial engineering site services; first aid and ambulance service; emergency rescue team support; hazardous chemicals control; crowd and traffic control; and, meteorological data. NNFD is a part of B&W, which is the owner of BFI, currently the majority partner in BWFC. Following the impending transaction, B&W's ownership interest in BWFC will decrease and the contractual relationship between NNFD and BWFC may need to be adjusted accordingly (i.e., to a more "arms-length" basis). However, because of NNFD's familiarity with the CNFP facility and operations and the established working relationship, BWFC and the current partners anticipate a continuation of the support relationship described in the Radiological Contingency Plan.

F. Description of Any Changes in Use, Possession, and Storage of Licensed Materials

No changes in the use, possession and storage of licensed materials are anticipated to result from the transfer of control over the licensee arising from the admission of LFI and EFI into the BWFC partnership.

G. Description of Status of Surveillance Items and Records Including Radioactive Material Inventory and Accountability Requirements

Materials License No. SNM-1168 provides for annual inventory of radioactive materials. Page 4-1, Fundamental Nuclear Materials Control Plan (Attachment 1). The last inventory was completed in July, 1991. The transfer of control is not anticipated to affect the procedures, organization, or personnel of BWFC associated with the surveillance of, and accountability

for, radioactive materials described in the license. No discontinuity in surveillance items or records will occur as a result of the transfer. All surveillance items and records, including personnel dosimetry data, air sample data, area and equipment surveys, transportation records, disposal records, and calibration records are now, and will be at the time of the transfer, current as required.

H. Description of Status of Facility with regard to Contamination and Status of Decontamination Plans and Liability

Until December 1987, uranium contaminated liquid effluents generated in the manufacturing operations of the CNFP were controlled by collection in retention tanks.^{7/} When a tank in the system became full, the effluents were processed and treated as necessary before release into a wet weather stream. A contamination characterization plan was developed (see Attachment 2) and approved by the NRC in 1991 as a condition of the license renewed in 1990.^{8/} BWFC intends to begin implementing the characterization plan in the Spring of 1992.

The change in ownership of the partnership is not expected to affect this activity. Upon the reorganization of the BWFC partnership, BWFC will retain full responsibility, as specified in the license,^{9/} for the ultimate decontamination of the wet weather stream under an approved plan.

I. Description of Decommissioning Plans and Financial Assurance Arrangements of the Transferee

BWFC, the licensee before and after the proposed transaction, has a decommissioning plan requirement under the terms of its license. See Part I, Chapter 7 (Decommissioning Plan). Furthermore the license requires that the licensee, BWFC, submit a decommissioning funding plan in compliance with

^{7/} In December, 1987, a new evaporator/gaseous filtration system was installed which greatly reduced discharges.

^{8/} According to the renewed license, an action plan for the cleanup of the wet weather stream was to be developed and submitted for review by the NRC within nine months of the license renewal in September 1990.

^{9/} As stated in section K, *infra*, BWFC is committed to abide by the requirements of the license following the proposed transaction.

the financial assurance provisions of 10 C.F.R. §§ 30.35(e) and (f), 40.36(d) and (e), and 70.35(e). BWFC intends to submit the funding plan, as it is required to do by the renewed license, on or before September 30, 1995.^{10/}

Currently in place as financial assurance for decommissioning in accordance with the applicable NRC Regulations is a letter of credit for 750,000 dollars from the Banque Française du Commerce Extérieur. Since the licensee remains the same, the letter of credit will remain in place after the transaction until the submission and acceptance of a decommissioning funding plan, at which time the licensee, BWFC, expects to obtain a replacement letter of credit in accordance with that funding plan.

J. Agreement by Transferor and Transferee to Change in Control of Licensed Material and Activity

To the extent that the holder of the license before and after the proposed transaction remains BWFC, there is no change in the control of the license and, therefore, there is neither a transferor nor a transferee. Notwithstanding the lack of actual transfer of the license, BFI and VFI will agree, as part of the proposed transaction, to the admission of LFI and EFI into the BWFC partnership and the associated redistribution of control over BWFC from BFI (which was a 51 percent owner before the transaction) to VFI, LFI and EFI to the extent that they may act in concert. VFI and BFI (or BWEI or BFI's successor), which between them will hold a total of seventy-four percent of the partnership interest in BWFC after the impending transaction, must both agree to the change in control for it to occur and both have executed this document, along with the licensee.

K. Transferee Commitment to Abide by all Constraints, Conditions, Requirements, Representations, and Commitments in the Existing License or Description of Transferee's Program to Assure Compliance with the License and Regulations

As stated in section J, *supra*, there is no actual transfer of the license and, therefore, there is no transferee. BWFC as the holder of the license before and after the transaction hereby agrees to abide by all constraints, conditions, requirements, representation, and commitments in the license. BFI and VFI, as partners in BWFC, agree to cause BWFC to do so.

^{10/} As stated in section K, *infra*, BWFC is committed to abide by the provisions of the license following the proposed transaction.

III. CONCLUSION

In view of the foregoing, BWFC asserts that it has provided sufficient information upon which the NRC can base a decision to consent to the transfer of control over Materials License No. SNM-1168. BWFC respectfully requests expedited treatment of this Request so that the NRC's consent to the transfer of control may be secured before November 22, 1991, the expected date for closing the proposed transaction.

Respectfully Submitted,

B&W Fuel Company, Inc.
(A Delaware Corporation)

By: Robert H. Ihde
Robert Ihde
President

B&W Fuel, Inc.
(A Delaware Corporation)

By: John Lewis
John Lewis
Attorney-in-Fact

Virginia Fuels, Inc.
(A Delaware Corporation)

By: Michael J. Murphy
Michael Murphy
President

Date: November 7, 1991

ATTACHMENT 1

Page 4-1, Fundamental Nuclear Materials Control Plan

4.0 Inventory Control

4.1 Affirmations

- Unless otherwise required by Facility Attachments that satisfy 10 CFR Part 75, a physical inventory will be performed at least every 12 months \pm 1 month and will be used as the basis for reconciling and adjusting the book inventory which will be done within 60 days after the start of the physical inventory.
- The inventory procedures are clearly written and are reviewed and approved by the individual responsible for the conduct of the inventory.
- The individual responsible for the conduct of the inventory either is free from potential conflicts of interest or will be overchecked sufficiently to prevent compromising the validity of the physical inventory.
- The inventory listing includes all SNM possessed (on the inventory date), with the possible exception of waste materials assigned to holding accounts (in accordance with DOE/NRC Form-741 instructions) and residual holdup that can be regarded as zero by definition, and that all such listed SNM quantities shall be based on measured values except those items less than 10 g U-235 that utilize nominal values (as described in Section 3.2).
- Within 60 days after the start of an inventory, the inventory difference will be resolved or the inability to resolve an inventory difference, which is rejected by a statistical test that has a 90% power of detecting a discrepancy of a quantity of U-235 greater than the Detection Threshold will be reported to the NRC.
- Discrepancies in the identity, quantity or location of items, objects or containers of SNM that are detected during the physical inventory are corrected.
- Inventory difference values are corrected for (1) accounting adjustments resulting from prior period activity, and (2) significant biases that have not been previously taken into

CURRENT REVISION:

SUPERSEDES:

USENRC APPROVAL REFERENCE:

PAGE:

DATE:

REV.:

ATTACHMENT 2

Characterization Plan, Wet Weather Stream

CHARACTERIZATION PLAN -WET WEATHER STREAM-

B&W FUEL COMPANY
COMMERCIAL NUCLEAR FUEL PLANT

INTRODUCTION

The scope of this report will be to describe the operational history of our liquid effluent system leading to the contamination of the discharge stream and the proposed characterization plan for the discharge stream.

BACKGROUND

Babcock and Wilcox, now known as B&W Fuel Company, was licensed in 1970 to fabricate nuclear fuel assemblies for use in commercial nuclear reactors. The facility is denoted as the Commercial Nuclear Fuel Plant (CNFP) and is located about 3.2 miles east of Lynchburg, Virginia. The B&W site comprises approximately 525 acres. Two other B&W facilities, the Naval Nuclear Fuel Division (NNFD) and the Research Lab (NNFD-RL), operating under separate SNM licenses, are also located on site. The CNFP affects about 25 acres; the other B&W facilities on the site affect about 75 acres. The physical layout of the CNFP is shown in figure 1.

The discharge area, denoted as the wet weather stream throughout this report, covers about 0.6 acres. The entire area is located on B&W Fuel Company property at least 450 feet from the nearest public access road. The wetland has a marsh-like appearance with various grasses, cattails and willows. The drainage area to the river is densely vegetated with trees and thick underbrush.

The discharge area has been roped off and posted to provide further assurance against inadvertent unauthorized entrance. Other factors that protect the public from exposure are 1) during the cooler months, the area is frequently inaccessible since it is swampy or flooded, 2) the B&W site is located in a rural, wooded area, well away from any meaningful present or planned population center, 3) the uranium form is uranium oxide particulate (insoluble) which is an extremely stable compound and not prone to migrate within the soil,

4) the contamination is not being absorbed by vegetation such that would constitute a food pathway to animals or man, 5) the external gamma radiation levels are extremely low and do not constitute a hazard, and 6) there is no meaningful potential for resuspension of the uranium since it is intermixed in the upper layer of soil, which is frequently saturated with water and covered with vegetation.

HISTORY

Until December 1, 1987, uranium contaminated liquid effluents generated from manufacturing operations were controlled by means of a dedicated drain line and were collected in one of the two 1000 gallon retention tanks. Figure 2 provides a flow chart of the contaminated waste-water process. In December of 1987, all radiologically contaminated water was rerouted to an evaporator with the off gas discharged through the plant high efficiency gaseous filtration system.

The average liquid waste flow to the retention tank is about 2000 gallons per week. Each tank has a high-level alarm which sounds when the tank is nearly full. When the alarm sounds, the flow is manually switched to the second tank. The full tank is air-agitated, sampled, analyzed for gross alpha and pH; then treated as necessary (for pH) prior to release.

The gross alpha count is converted to the maximum permissible concentration (MPC). Prior to the installation of the evaporator system, the licensed release limit was less than 75% MPC for release without special management authorization.

Since the CNFP began operations in late 1969, there have been approximately 3000 retention tank releases. Table 1 illustrates the waste water discharge history. From 1975 into 1983, CNFP operations included fuel pellet fabrication. The uranium concentration in the liquid effluent during this time frame was significantly elevated. Previous to and since that period, the concentration of uranium released is barely detectable. Even with the installation of the evaporator system in 1987, uranium is still detected in the effluent due to the particulates contained within the collection system.

The effect of these releases were first recognized in late 1981. At this time, CNFP identified a trend toward elevated uranium concentrations in sediment samples which were taken as a part of our routine environmental sampling program. The samples were taken at the outfall from the retention tanks where the liquid effluent enters the wet weather stream. Upon recognition, CNFP initiated an investigation of the elevated numbers. The routine environmental samples over the next few quarters confirmed that the higher concentrations were real and not due to analytical variations.

On April 14, 1982, an environmental assessment team from LASL and ORNL and accompanied by an NRC representative, reviewed the CNFP's environmental monitoring program. CNFP continued the environmental monitoring program but found it increasingly difficult to obtain additional soil samples in the water shed area due to very dense foliage in warm weather and extremely wet or flooding conditions in the cooler months.

In February of 1983, a micro "R" meter was used to survey the area to assess the extent of the contamination. The results of the instrument survey were inconsistent and inconclusive since the readings were heavily dependent on the degree to which water and other interfering materials were present in the area surveyed. As a result, it was recognized that the only effective means for determining the extent of the contamination spread was through the time-consuming process of sampling and offsite analysis.

In March of 1983, CNFP's health physicist performed a preliminary assessment of the contamination of the wet weather stream. Seven samples were taken along the discharge stream in addition to the routine samples. The results (figure 3) indicated that contamination above the Branch Technical Position level of 30 picocuries per gram was found 700 feet down stream of the discharge point. Beyond this point, the discharge stream continues into a 4 to 8 foot deep gully until it reaches a dirt road. At this point, the stream goes under ground for about 30 feet to a ravine on the other side of the road which is about 20 or 30 feet deep. The ravine ends at the James River. As figure 3 illustrates, most of the pathway is free from contamination.

Throughout 1983 and most of 1984, sediment samples were taken. The grid layout and sampling results are documented in drawing PE-1288. The most concentrated sampling was done where the stream branched off into a "Y". This area is shown in detail in the referenced drawing above.

From the preliminary characterization surveys, it was decided to incorporate as a part of our quarterly routine environmental monitoring program, nine soil sample locations. They were designated as sampling point G and initiated in the fourth quarter of 1984. The results of these samples are graphed in figures 4 and 5. As illustrated by the graphs, we have witnessed a decline in the uranium concentration in the samples.

From 1984 - 1987, of the nine locations, four of the sampling points (G-4, G-5, G-8, and G-9) consistently reported results that exceeded the 30 picocurie per gram limit established in the Branch Technical Position. From 1987 to the present, however, all results have been below the limit with the following exceptions 1) in the third quarter of 1990, the four locations noted above were above the limits and 2) G-4's sample result was 62 picocuries per gram the third quarter of 1988. Only 2 sample results out of 125 from the other five locations exceeded the limit for the entire sampling history. Table 2 exemplifies the low frequency of the sampling results that exceeds the 30 picocurie per gram limit. The

sampling results from locations further downstream have not increased therefore migration of the contamination towards the James River is not apparent.

With this descending trend, there has not been much emphasis placed on cleaning up the discharge stream. However, there is a need to further characterize the extent of contamination and to confirm that the uranium concentrations have not migrated. Other environmental monitoring locations do not indicate that the uranium is migrating. The remainder of this report will be dedicated to addressing the proposed monitoring plan.

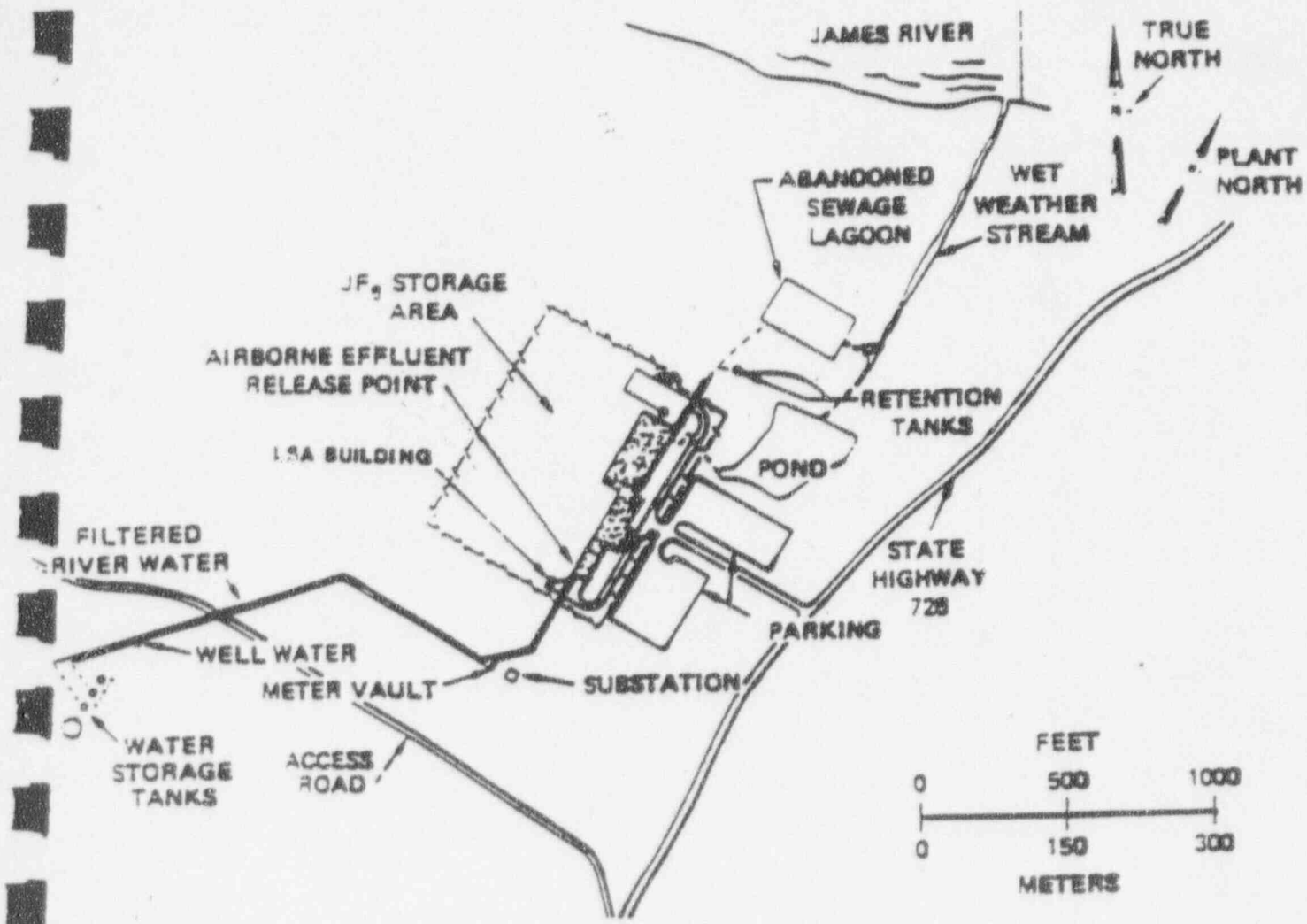
CHARACTERIZATION PLAN

The five foot grid layout and sampling results established in 1983 and depicted in PE-1288 will be the basis for the proposed plan. The five foot grid layout will be expanded to a 30 foot grid block. The 30 foot layout will allow for a better overall assessment of the entire area affected in place of spot checking areas where history indicated higher levels of contamination. The proposed sampling locations are depicted in figure 6.

Using a gamma scintillation detector, gamma readings shall be taken at the corners and the center of each grid block. Surface (0-15 cm) soil samples from the same grid locations shall also be taken. Subsurface soil samples will also be taken at the same grid locations however, they will be composite, i.e., split-spoon samples at each corner and middle.

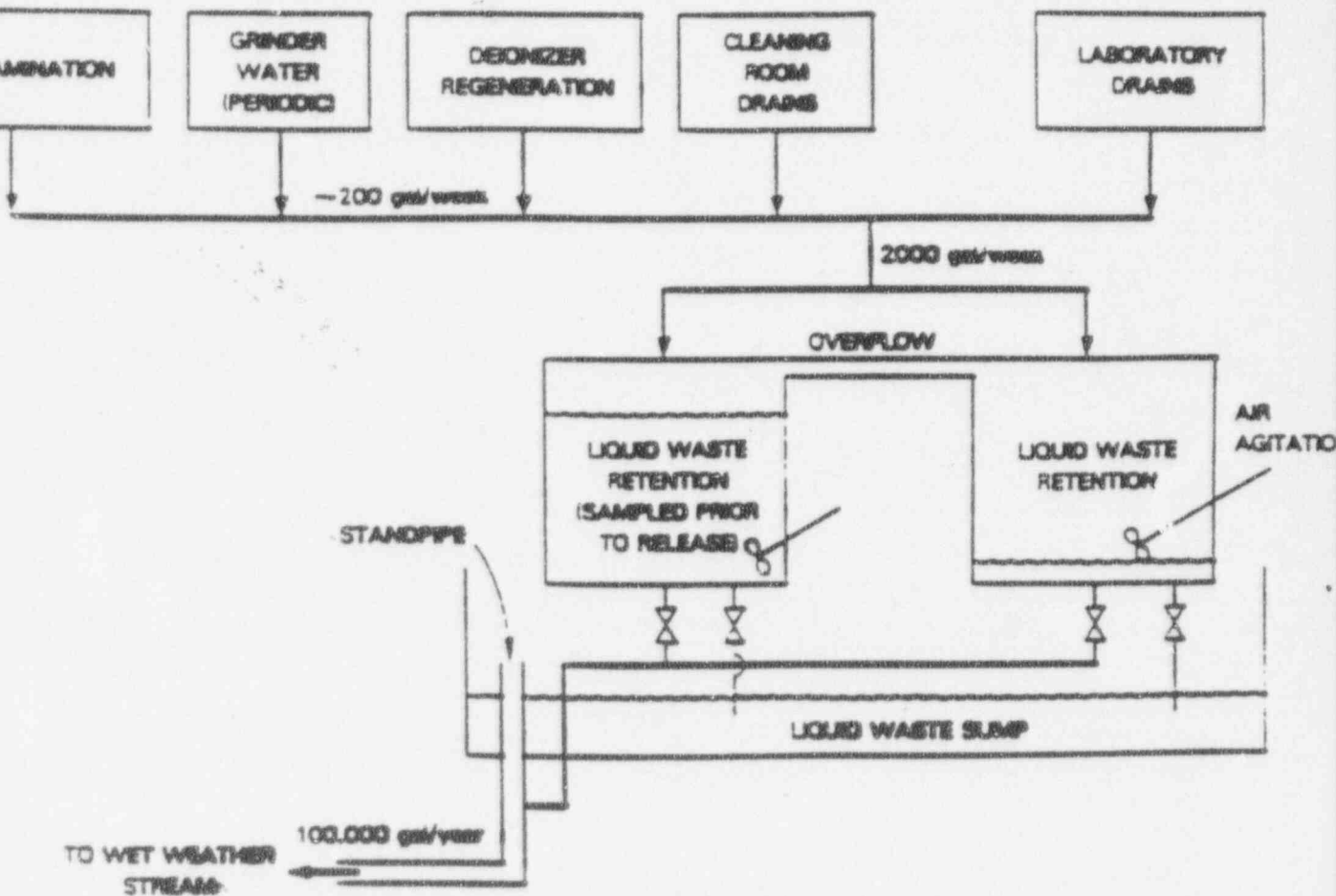
An off site laboratory will be used for soil analysis unless it is determined to purchase or lease equipment for on site capabilities. The vendor selected will have a quality assurance program that meets the guidelines of Regulatory Guide 4.15. Our present vendor utilizes fluorometric uranium for total uranium analysis which meets the ASTM D2907 standard.

Due to the heavy growth of vegetation associated with the wet weather stream, the work shall be conducted in the spring of 1992 which better accommodates access. In the interim, B&W believes strongly that the area does not constitute any meaningful threat to the public or the environment.



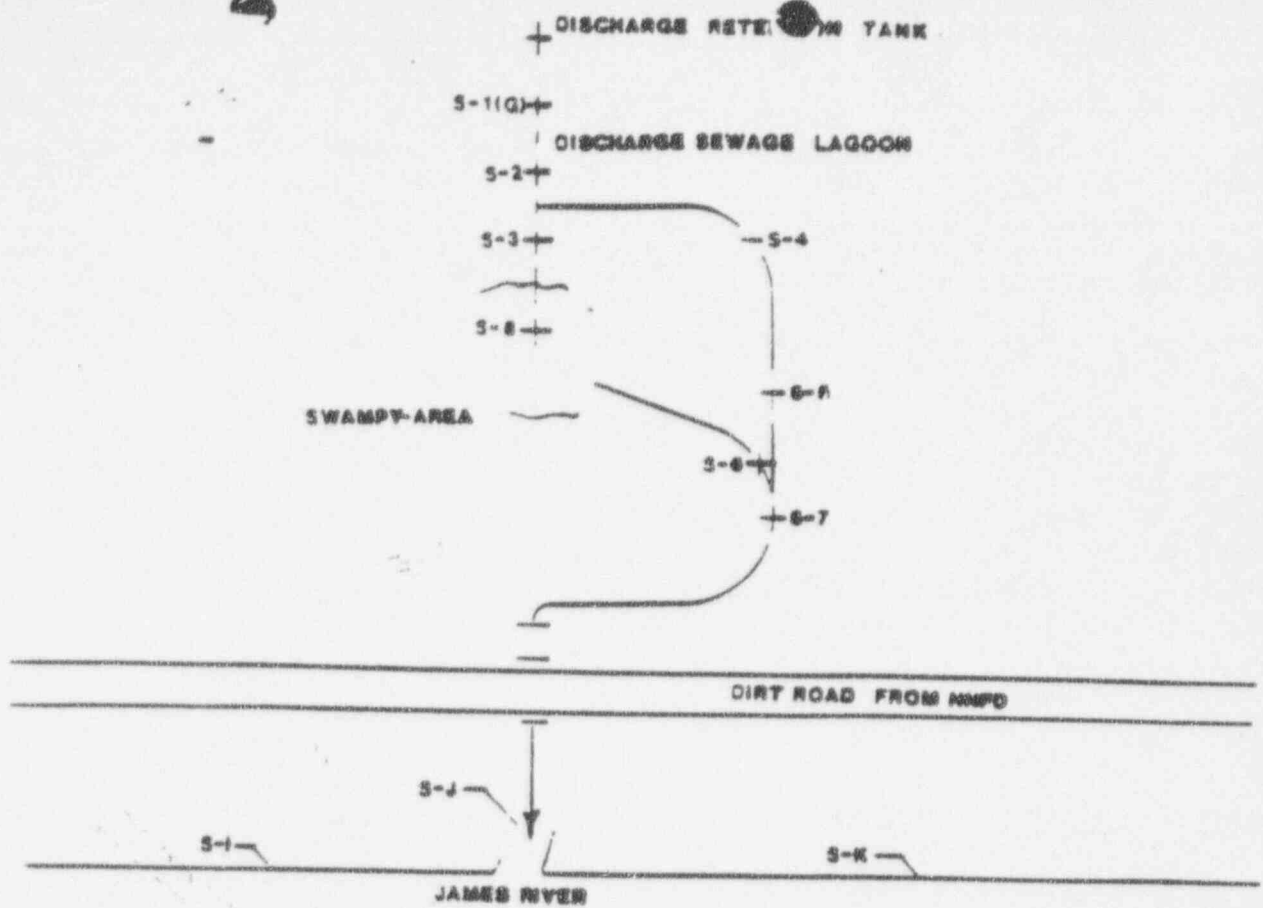
Layout of the S&W CIPP.

FIGURE 1



Flow chart of contaminated waste-water disposal system.

FIGURE 2



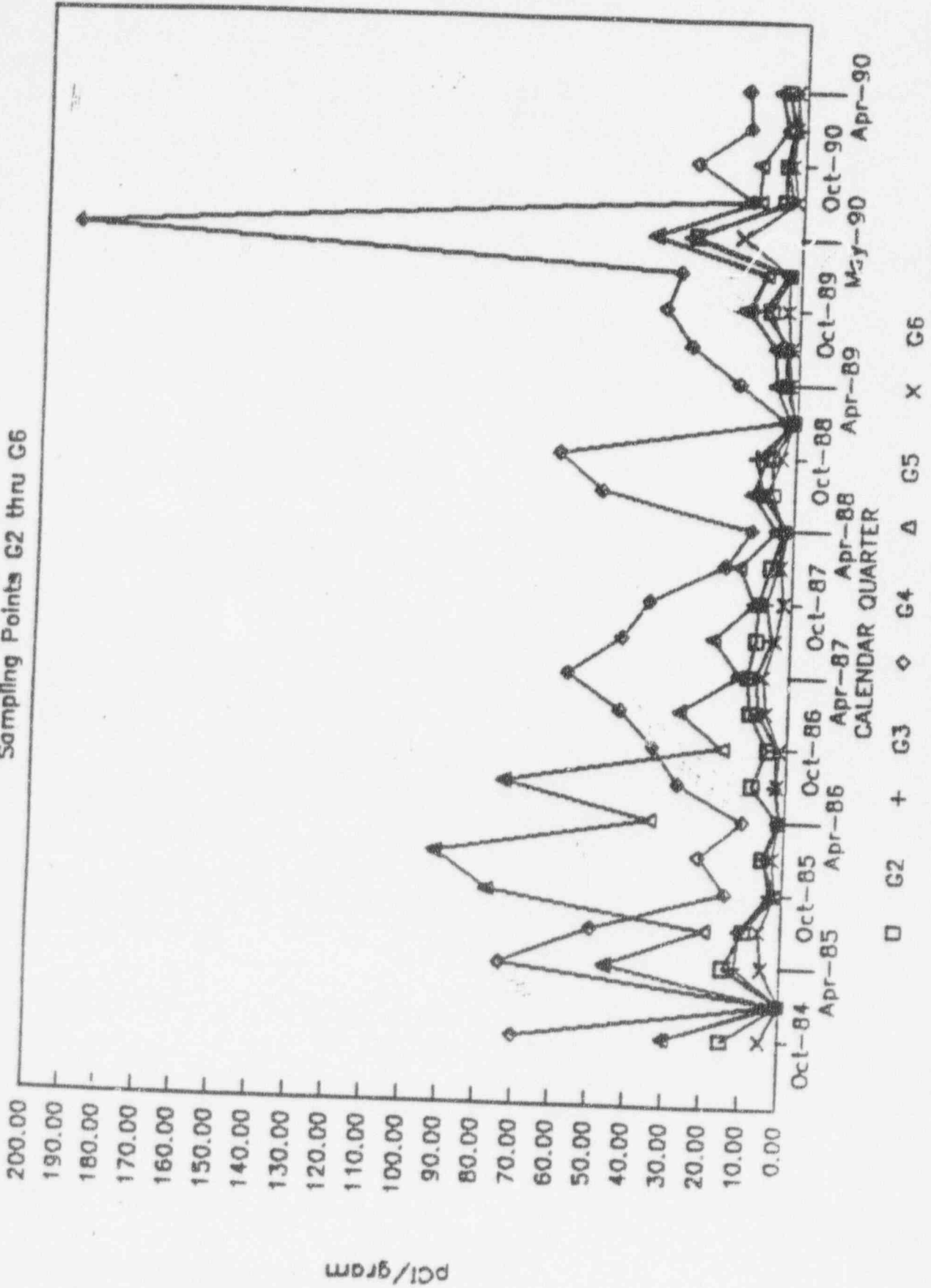
IDENTIFICATION NUMBER	RESULT DCA/GB	REMARKS
S-1(G)	81.2	
S-2	199.1	
S-3	142.3	
S-4	87.2	
S-5	22.7	
S-6	1.0	
S-7	8.8	
S-8	186.3	
S-I	0.4	Downstream of discharge point at James River
S-J	13.5	Discharge point at James River
S-K	0.4	Upstream of discharge point at James River

A-54862.0622

FIGURE 3

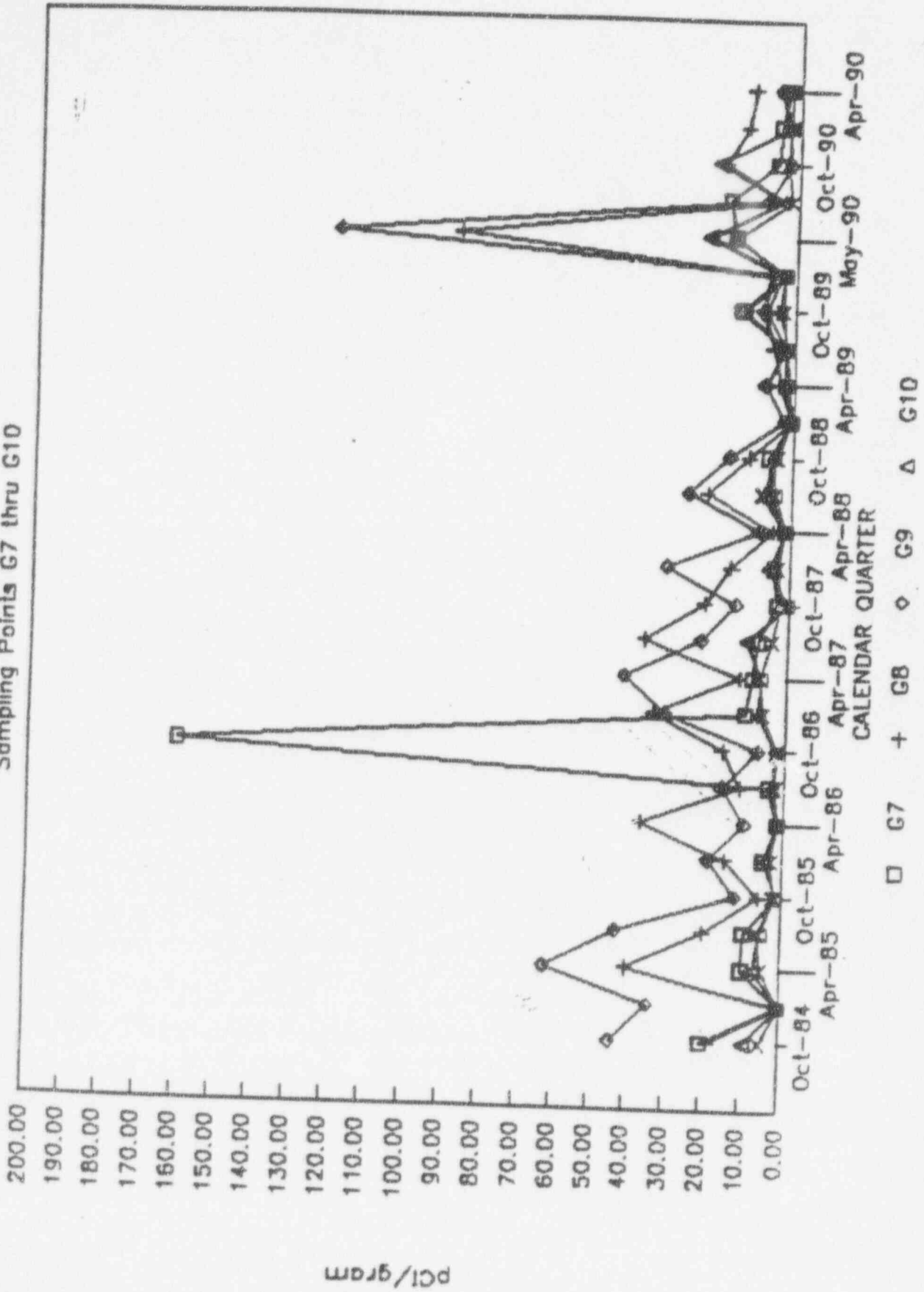
SOIL SAMPLES

Sampling Points G2 thru G6



SOIL SAMPLES

Sampling Points G7 thru G10



WASTE WATER DISCHARGE HISTORY

<u>Year</u>	<u>Total # of Releases</u>	<u>MPC Distribution</u>		
		<u>0 - 10%</u>	<u>10 - 20%</u>	<u>20 - 75%</u>
1969	11	11	0	0
1970	72	72	0	0
1971	88	88	0	0
1972	61	61	0	0
1973	72	70	1	1
1974	81	79	0	2
1975	142	136	3	3
1976	165	149	9	7
1977	152	71	41	40
1978	152	89	42	21
1979	200	175	16	9
1980	184	180	3	1
1981	189	185	2	2
1982	180	177	1	2
1983	142	136	3	3
1984	186	186	0	0
1985	194	194	0	0
1986	147	132	14	1
1987	164	164	0	0
1988	190	188	1*	1*
1989	204	120	0	0
1990	120	120	0	0

* Both results were above 10% MPC due to the flushing of the lines.

FREQUENCY OF SAMPLING RESULTS FOR G SAMPLE LOCATION

<u>Sample Location</u>	<u><30</u>	<u><50</u>	<u><150</u>	<u><200</u>
G-2	25	0	0	0
G-3	25	0	0	0
G-4	13	8	4	1
G-5	20	3	3	0
G-6	25	0	0	0
G-7	24	0	0	1
G-8	20	4	1	0
G-9	18	6	2	0
G-10	25	0	0	0

All results are in picocuries per gram and were taken on a quarterly basis from 4th quarter of 1984 through the fourth quarter of 1990.



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

NOV 25 1991

Docket No. 70-1201
License No. SNM-1168

Mr. Robert Ihde, President
B&W Fuel Company
3315 Old Forest Road
Lynchburg, Virginia 24506

Dear Mr. Ihde:

We have reviewed your proposed change of ownership and request for U.S. Nuclear Regulatory Commission (NRC) consent to the transfer of control of Materials License No. SNM-1168, described in the attachment to the letter from Mr. Jay Kraemer to NRC, Office of the Secretary, dated November 8, 1991.

We understand that the proposed change is an ownership transfer only and upon completion of pertinent actions, the B&W Fuel Company, the holder of Materials License No. SNM-1168, will have four general partners. They are B&W Fuel, Inc., Virginia Fuels, Inc., Lynchburg Fuels, Inc., and Euro-american Fuels, Inc.

In your submittal, you have stated that the foregoing change in ownership will not result in any change in facilities, organization, personnel qualifications, equipment, or procedures of the license affecting health and safety.

Based upon the information submitted, we have determined that the transfer of control is in accordance with the provisions of Title 10, Code of Federal Regulations, Section 70.36. As a result of the transfer of the ownership of B&W Fuel Company, we find that there will be no adverse impact to the public health and safety or the common defense and security. Accordingly, pursuant to 10 CFR 70.36, the Commission hereby consents to the transfer of control of Materials License No. SNM-1168 subject to the following conditions:

Within 10 days of completion of the transfer of control, B&W Fuel Company shall submit an application to amend License Condition No. 15 to read as follows: On or before March 31, 1992, the licensee shall submit a decommissioning funding plan in compliance with the financial assurance for decommissioning provisions of 10 CFR 70.25(e) and (f), 10 CFR 40.36(d) and (e), and 10 CFR 30.35(e) and (f), as appropriate.

Within 10 days of completion of the transfer of control, B&W Fuel Company shall submit a license amendment application to reflect the partnership change in Section 1.1 of the license application.

The above conditions were discussed and agreed to by your Ms. Kathryn Lester and Dr. Sean Soong of my staff on November 21, 1991.

9112020272

Mr. Robert Ihde, President

2

For your information, a copy of the staff assessment concerning this decision is enclosed. If you have any questions regarding this matter, please contact Dr. Sean Soong of my staff on (301) 492-0604.

Sincerely,

John F. Grewes for
Richard E. Cunningham, Director
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards

Enclosure:
Staff Assessment

cc w/encl: Mr. Jay R. Kraemer



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

DOCKET NO: 70-1201
LICENSEE: B&W Fuel Company (BWFC)
Commercial Nuclear Fuel Plant
Lynchburg, Virginia
SUBJECT: STAFF ASSESSMENT OF PARTNERSHIP TRANSFER

Background

BWFC is an NRC licensee engaged in uranium fuel fabrication activities. BWFC is a partnership of B&W Fuel, Inc. (BFI) and Virginia Fuels, Inc. (VFI). By letter dated November 8, 1991, from the licensee's legal council to NRC, the BWFC requested NRC consent to transfer the control of Materials License No. SNM-1168 as a result of partnership changes at BWFC.

The staff's review of the request was conducted pursuant to the requirements of 10 CFR 70.36 to ensure there would be no adverse impact on the public health and safety or common defense and security as a result of the transfer of control.

Discussion

Currently, BFI possesses 51 percent of the partnership interest, and VFI possesses 49 percent. Subject to NRC consent, both BFI and VFI have agreed to admit two new general partners, namely, Lynchburg Fuels, Inc. (LFI) and Euro-American Fuels, Inc. (EFI). Upon completion of the impending transaction, VFI will continue to own 49 percent, BFI 25 percent, and LFI and EFI would each own 13 percent. Furthermore, the proposed transaction includes provisions which could result in the sale in 1993 or 1994 of BFI's interest to LFI and EFI or alternatively, the redemption of BFI's partnership interest by BWFC.

The transfer of the control of the license is a result of a partnership change. There will be no changes to the current license conditions affecting health and safety requirements or plant organization, personnel qualifications, equipment, or procedures.

When Materials License No. SNM-1168 was renewed in September 1990, License Condition 15 was added to require that by September 30, 1995, BWFC submit a decommissioning funding plan in compliance with the financial assurance for decommissioning provisions of 10 CFR 70.25(e) and (f), 10 CFR 40.36(d) and (e), and 10 CFR 30.35(e) and (f), as appropriate. The staff has reassessed this condition in conjunction with BWFC's request for a partnership change. The staff has determined that a decommissioning funding plan should be submitted to NRC under the new partnership of BWFC. Accordingly, the staff recommends that NRC consent to the transfer of control, subject to the following conditions:

Within 10 days of completion of the transfer of control, B&W Fuel Company shall submit an application to amend License Condition No. 15 to read as follows: On or before March 31, 1992, the licensee shall submit a decommissioning funding plan in compliance with the financial assurance for decommissioning provisions of 10 CFR 70.25(e) and (f), 10 CFR 40.36(d) and (e), and 10 CFR 30.35(e) and (f), as appropriate.

Upon completion of the partnership transfer, the licensee should submit an amendment to the license to reflect a change of partnership in BWFC. Accordingly, the staff recommends that NRC consent to the transfer of control, subject to the following condition:

Within 10 days of completion of the transfer of control, B&W Fuel Company shall submit a license amendment application to reflect the partnership change in Section 1.1 of the license application.

Conclusion/Recommendation

Based on the above, the staff concludes that the proposed transfer of control of Materials License SNM-1168:

- (a) Is in accordance with requirements in 10 CFR 70.36;
- (b) Will not have an adverse effect on the public health and safety;
- (c) Will not change the health and safety requirements in the license;
- (d) Is not likely to adversely affect the common defense and security based on statements and representations of the BWFC submittal and the requirements of the license.

Based on these conclusions, the staff recommends approval of the transfer of control of Materials License No. SNM-1168, as a result of the change in partnership, subject to the above license conditions.

W. Scott Pennington for Sean Soong

Sean Soong
Uranium Fuel Section
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety, NMSS

Approved by:

W. Scott Pennington for George H. Bidinger
George H. Bidinger, Section Leader

B&W Fuel Company
3315 Old Forest Road
Lynchburg, Virginia 24506

CONFIDENTIAL

August 17, 1992

VIA MESSENGER

Mr. John W. Hickey
Chief, Fuel Cycle Safety Branch
United States Nuclear Regulatory
Commission
One White Flint North Bldg
Room 6D23
11555 Rockville Pike
Rockville, Maryland 20852

Re: License No. SNM-1168, B&W Fuel Company
Commercial Nuclear Fuel Plant, Lynchburg, Virginia

Dear Mr. Hickey:

B&W Fuel Company ("BWFC"), a general partnership formed under the laws of the State of Delaware, is the holder of Materials License No. SNM-1168 for its Commercial Nuclear Fuel Plant in Lynchburg, Virginia. The purposes of this letter are: (i) to notify the Nuclear Regulatory Commission ("NRC") that Uranium Pechiney, Inc. ("UPI"), a minority shareholder in three of the four corporate general partners in BWFC, intends to sell all of its shares in those three corporate partners to the other, current, shareholders; and, (ii) to seek confirmation from the NRC that NRC approval is not needed for the share transfers described in this letter. UPI desires to divest itself of its interests in the corporate partners in BWFC by the middle of September, 1992; we would, therefore, appreciate prompt treatment of this request for such confirmation. ✓

✓ After hearing a description of the proposed transactions in a telephone conversation, Robert Fonner of the Office of the General Counsel expressed the view that a request for transfer was unnecessary and that NRC approval of the sale was not needed. He suggested that we seek from your office confirmation that NRC approval was not necessary.

9210020014

Background

BWFC owns the Commercial Nuclear Fuel Plant near Lynchburg, Virginia and operates that plant pursuant to Materials License No. SNM-1168 (the "License"). The License, which is held by BWFC,^{2/} authorizes BWFC to receive, acquire, possess, and transfer the byproduct, source, and special nuclear material designated. The License was renewed in September 1990 for a ten-year period expiring September 30, 2000. In November 1991, the NRC consented to the transfer of control associated with the change to the current ownership of BWFC (Docket No. 70-1201).

The BWFC partnership is currently owned by four corporate partners. B&W Fuel, Inc. ("BFI") owns a 25 percent interest in the partnership; Lynchburg Fuels, Inc. ("LFI"), a Delaware corporation and Euro-American Fuels, Inc. ("EFI"), a Delaware corporation, each own a 13 percent interest in the partnership; and Virginia Fuels, Inc. ("VFI"), a Delaware corporation, owns the remaining 49 percent interest in the partnership. The proposed transactions would not affect the ownership of BFI or of any corporation in its family tree.^{3/}

UPI currently owns 20 percent of the outstanding capital stock in each of three of the four corporate partners in BWFC -- namely, VFI, LFI, and EFI. Capital stock in VFI is also

^{2/} The License was originally issued to The Babcock & Wilcox Company, currently an affiliate of one of the four general partners (B&W Fuel, Inc.) in BWFC. The License was transferred to BWFC, with the NRC's consent, upon the creation of BWFC on December 4, 1987.

^{3/} See Attachment A, Tables 1 and 2 for a summary of ownership interests before and after the proposed transactions. BFI, a Delaware corporation, is a wholly owned subsidiary of B&W Energy Investments, Inc., a Delaware corporation, which is wholly-owned by The Babcock & Wilcox Investment Company, a Delaware corporation, which is wholly-owned by McDermott, Inc., a Delaware corporation, of which McDermott International, Inc., a Panamanian corporation, owns some 92 percent of the stock.

held by Cogema Fuels, Inc. ("CFI")^{4/} and Framatome U.S.A., Inc. ("FUSA"),^{5/} each of which is a Delaware corporation and each of which owns 40 percent of the outstanding capital stock. The remaining 80 percent of the outstanding capital stock of LFI is owned by B&W Nuclear Technologies, Inc. ("BWNT"), a Delaware corporation which is wholly-owned by FUSA,^{6/} and the remaining 80 percent of the outstanding capital stock of EFI is owned by CFI.^{7/}

Proposed Changes in Shareholders

The proposed changes primarily involve the sale of all of UPI's shares in VFI, LFI and EFI to the other shareholders thereof, BWNT and CFI. Following the proposed transactions, BWNT would own 51.5 percent of VFI, 80 percent of LFI and 20 percent of EFI, and CFI would own 48.5 percent of VFI, 20 percent of LFI and 80 percent of EFI. Immediately before the sales by UPI, FUSA would transfer all of its shares (40%) in VFI to FUSA's wholly-owned subsidiary, BWNT.

^{4/} CFI is a wholly-owned subsidiary of Cogema, Inc. ("Cogema"), a Delaware corporation, which is a wholly-owned subsidiary of Compagnie Generale des Matieres Nucleaires SA ("CGM"), a French societe anonyme. CGM is, itself, a wholly-owned subsidiary of CEA Industries (the industrial holding company of the Commissariat a l'Energie Atomique of the Government of France).

^{5/} FUSA is a wholly-owned subsidiary of Framatome, a French societe anonyme. Framatome's shareholders holding interests of five percent or more, all of which are French entities, are Alcatel Alsthom (44 percent), CEA Industries (36 percent), Electricite de France (10 percent), and Consortium Lyonnais d'Etudes (5 percent).

^{6/} BWNT was formerly known as Framatome Services Company, Inc. ("FSI"). The name was changed subsequent to the license transfer request of November 13, 1991 (Docket No. 70-1201).

^{7/} See Attachment, Table 1, for a summary of the current ownership interests in the corporate partners in BWFC.

Mr. John Hickey
August 17, 1992
Page 4

The proposed transactions will have no effect on the ownership of interests in the BWFC partnership. VFI, LFI, EFI and BFI will continue to hold 49 percent, 13 percent, 13 percent and 25 percent, respectively, of the interests in the BWFC partnership. Furthermore, it is not anticipated that there will be any changes in the operation or management of BWFC as a result of the proposed transactions.

The proposed transactions would also not have any effect upon the financial assurance for decommissioning. Currently in place, in accordance with the applicable NRC regulations, is a letter of credit for \$2,000,000 from the Banque Française du Commerce Extérieur. The sale of UPI's shares in three of the four corporate general partners in BWFC and the transfer to BWNT of FUSA's shares in VFI would have no effect on that letter of credit.

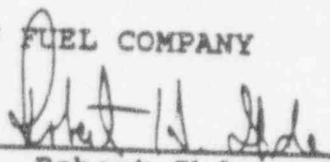
Conclusion

The effect of the transactions is merely to: (i) move FUSA's shares in VFI down to its wholly-owned subsidiary, BWNT, which is already a shareholder in LFI; and, (ii) eliminate a minority shareholder, UPI, in three of the four corporate partners in BWFC, the licensee, while consolidating UPI's shares into the hands of existing shareholders. The general partners in BWFC remain the same and no change in their respective control of the licensee would result from the transactions.

Would you please confirm that this notice is sufficient to meet the NRC's needs and that no further consent to proceed with the transaction is required from the NRC? If you have any questions, please contact Tom Corkran in BWFC's legal department at 804/385-2749. Since the transactions described above are intended to be completed by the middle of September, we respectfully request prompt treatment of this matter.

Very truly yours,

B&W FUEL COMPANY


By: Robert Ihde
President

Attachment

cc: Robert Fonner, Esq.
Office of the General Counsel, Room 16D7

3222b/3223b

TABLE 1
Before The Proposed Transaction

Partner	VFI	LFI	EFI	BFI
Partner's Interest in BWFC	49%	13%	13%	25%
Share of Partner owned by BWNT/FUSA	40%	80%	0%	0%
Share of Partner owned by CFI	40%	0%	80%	0%
Share of Partner owned by UPI	20%	20%	20%	0%
Share of Partner owned by B&W Inv. Co.	0%	0%	0%	100%

TABLE 2
After the Proposed Transaction

Partner	VFI	LFI	EFI	BFI
Partner's Interest in BWFC	49%	13%	13%	25%*
Share of Partner Owned by BWNT	51.5%	80%	20%	0%
Share of Partner Owned by CFI	48.5%	20%	80%	0%
Share of Partner Owned by UPI	0%	0%	0%	0%
Share of Partner owned by B&W Inv. Co.	0%	0%	0%	100%*

*Note that there is no change in these rows from Table 1 to Table 2.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20545

SEP 09 1992

Docket No. 70-1201
License No. SNM-1168

B&W Fuel Company
ATTN: Mr. Robert Ihde, President
3315 Old Forest Road
Lynchburg, Virginia 24506

Dear Mr. Ihde:

I am responding to your letter dated August 17, 1992, in which you notified the U.S. Nuclear Regulatory Commission that two shareholders of the corporate general partners in B&W Fuel Company (BWFC) intend to sell their shares to the other shareholders and seek confirmation that NRC approval is not needed for the share transfer.

Your letter states that (1) the proposed transactions are "transfer of stock only," (2) the general partners in BWFC remain the same, (3) the proposed transactions will not have any effect on the financial assurance for decommissioning, and (4) the operation or management of BWFC will not change.

Based upon the information submitted, we agree that the NRC's approval of the stock transfer is not needed, and we have no objection to the proposed stock transactions.

Sincerely,

John W. N. Hickey, Chief
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety, NMSS

4209150271



B&W FUEL COMPANY

An American Company with Worldwide Resources

BW

3315 Old Forest Road
P.O. Box 10935
Lynchburg, VA 24506-0935
Telephone: 804-385-2000
Telecopy: 804-385-3663

February 22, 1993

Mr. John W. Hickey
Chief, Fuel Cycle Safety Branch
United States Nuclear Regulatory Commission
One White Flint North Building, Room 6D23
11555 Rockville Pike
Rockville, Maryland 20852

Re: License No. SNM-1168, B&W Fuel Company Commercial
Nuclear Fuel Plant, Lynchburg, Virginia

Dear Mr. Hickey:

B&W Fuel Company ("BWFC"), a general partnership formed under the laws of the State of Delaware, is the holder of Materials License No. SNM-1168 for its Commercial Nuclear Fuel plant in Lynchburg, Virginia. The purposes of this letter are: (1) to notify the Nuclear Regulatory Commission ("NRC") that B&W Fuel, Inc. ("BFI"), a minority partner in BWFC, is expected soon to withdraw from the partnership, selling all of its partnership interests to two other, current partners; and (2) to seek confirmation from the NRC that further NRC approval is not needed for the transfer of those partnership interests as described in this letter.

"BFI" is expected to "put" its remaining partnership interests to two other partners in a transaction which would close on March 30, 1993. We would, therefore, appreciate prompt treatment of this request for confirmation.¹

Background

BWFC owns the Commercial Nuclear Fuel Plant near Lynchburg, Virginia and operates that plant pursuant to Materials License No. SNM-1168 (the "License"). The License, which is held

¹After hearing a description of the proposed transaction in a telephone conversation, Robert Fonner of the NRC's Office of General Counsel expressed the view that a formal request for transfer and NRC approval of the sale were probably unnecessary. He suggested, however, that we seek from your office written confirmation that NRC approval was not required.

930301050

Mr. John W. Hickey
February 22, 1993
Page 2

by BWFC,² authorizes BWFC to receive, acquire, possess, and transfer the byproduct, source and special nuclear material designated. The License was renewed in September 1990 for a ten-year period expiring September 30, 2000.

On November 7, 1991, BWFC and its partners requested NRC consent to (i) the addition of two new partners to BWFC (Lynchburg Fuels, Inc. ("LFI") and Euro-American Fuels, Inc. ("EFI"), both Delaware corporations wholly-owned, indirectly by French societies anonymes); and (ii) the transfer of control of the BWFC partnership to LFI, EFI and a pre-existing partner, Virginia Fuels, Inc. ("VFI") which had, since the creation of BWFC, owned a 49 percent partnership interest in the licensee. (A copy of the November 7, 1991 request for consent is attached hereto as Exhibit A.) The 1991 request for consent explained that VFI, LFI and EFI had common ultimate French parents³ and that they would, together, hold 75% of the interests in the partnership. The 1991 request also stated that the then - proposed transaction included the entry by BFI, LFI and EFI into put/call agreements which would, inter alia, grant to BFI "the right to put its remaining BWFC partnership interest to LFI and EFI on or about March 31, 1991...." When the NRC granted BWFC's 1991 request for consent to transfer by the agency's letter of November 25, 1991 (Exhibit B), the supporting Staff Assessment provided, in part:

Furthermore, the proposed transaction includes provisions which could result in the sale in 1993 or 1994 of BFI's interest to LFI and EFI or alternatively, the redemption of BFI's partnership interest by BWFC.

It is solely the anticipated exercise of these BFI put rights, as of March 30, 1993, which is the subject of this letter.⁴

²The License was originally issued to The Babcock & Wilcox Company, currently an affiliate of BFI. The License was transferred to BWFC, with the NRC's consent, upon the creation of BWFC on December 4, 1987.

³In September 1992, Uranium Pechiney, Inc. ("UPI"), a minority shareholder in three of the partners in BWFC (i.e., VFI, LFI and EFI) sold all of its shares therein to the two other French-owned shareholders. At the same time, one of the shareholders in VFI transferred its stock in VFI to its wholly-owned subsidiary, B&W Nuclear Technologies, Inc. (BWNT). The NRC was advised of UPI's intended sale of stock and the stock transfer to BWNT by BWFC's letter of August 17, 1992, and, on September 9, 1992, you confirmed that NRC's approval of that stock transfer was not needed. (See Exhibit C.)

⁴See Attachment 1, Tables 1 and 2, for a summary of ownership interests in BWFC and its partners before and after the anticipated exercise of the BFI put rights.

BFI is a Delaware corporation and a wholly-owned subsidiary of B&W Energy Investments, Inc., a Delaware corporation which is wholly-owned by The Babcock & Wilcox Investment Company, a Delaware corporation which is wholly-owned by McDermott, Inc., a Delaware corporation of which McDermott International, Inc., a Panamanian corporation, owns some 92 percent of the stock. BFI currently owns a 25 percent partnership interest (including a 25 percent profit/loss interest) in BWFC. The remainder of the partnership interests (and commensurate profit/loss interests) in BWFC are owned by VFI (49%),⁵ LFI (13%)⁶ and EFI (13%)⁷.

Proposed Changes in Partnership

The proposed changes consist of the sale of all of BFI's partnership interest in BWFC to EFI and LFI pursuant to the Put/Call Agreement entered into among them on December 4, 1991. Following the exercise of the put rights, VFI would continue to own 49 percent of the partnership interests, EFI and LFI would own 25.5 percent each, and BFI would cease to be a partner.

The exercise of the put rights, and the resulting change in partnership interests is not expected to lead to any changes in the personnel (including radiation safety and health personnel), operation or management of BWFC. Furthermore, the exercise of BFI's put rights would have no effect on the financial assurance of decommissioning. Currently in place, in accordance with the applicable NRC regulations, is a letter of credit for \$2,000,000 from the Banque Francaise du Commerce Exterieur. The sale of BFI's partnership interests to other existing partners in BWFC would have no effect on that letter of credit. To the best of BWFC's knowledge, BFI's sole material asset is its interest in BWFC.

⁵Capital stock in VFI is owned by BWNT (51.5 percent) and Cogema Fuels, Inc. ("CFI"), which holds the remaining 48.5 percent of the stock in VFI. BWNT (formerly named Framatome Services Company, Inc.) is a wholly-owned subsidiary of Framatome U.S.A., Inc., a Delaware corporation which is a wholly-owned subsidiary of Framatome, a French societe anonyme. Framatome's shareholders holding interests of five percent or more, all of which are French entities, are Alcatel Alsthom (44 percent), CEA Industries (36 percent), Electricite de France (10 percent), and Consortium Lyonnais d'Etudes (5 percent). CFI is a wholly-owned subsidiary of Cogema, Inc. ("Cogema"), a Delaware corporation which is a wholly-owned subsidiary of Compagnie General des Matieres Nucleaires SA ("CGM") a French societe anonyme. CGM is, itself, a wholly-owned subsidiary of CEA Industries (the industrial holding company of the Commissariat a l'Energie Atomique of the Government of France).

⁶Capital stock in LFI is owned by BWNT (80%) and CFI (20%).

⁷Capital stock in EFI is owned by CFI (80%) and BWNT (20%).

Mr. John W. Hickey
February 22, 1993
Page 4

Section 184 of the Atomic Energy Act of 1954, as amended, and the NRC's implementing regulations (in this instance 10 C.F.R. § 70.36), prohibit the transfer of a license, or of the rights thereunder, through any direct or indirect transfer of control of the license, except with the written consent of the Commission. In the present instance, there is no such transfer of control - - VFI, LFI and EFI (and, indirectly, Framatome and CGM) have exercised majority control within the Partnership Board of BWFC since December 1991, and will continue to do so after exercise of the put rights. Furthermore, the put/call agreement was described to the NRC as part of the 1991 consent request, and its effect was analyzed and understood by the Staff at that time. Thus, the NRC has, in effect, previously considered and accepted the anticipated buy-out of BFI's interests.

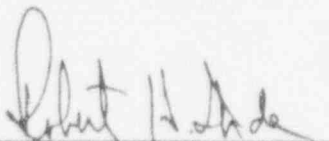
Conclusion

The effect of the anticipated exercise of BFI's put rights is merely to eliminate a minority partner from BWFC and consolidate its partnership interests in the hands of two other partners (LFI and EFI) whose parents already own, indirectly, a majority of the partnership interests and have the power to appoint five of the six BWFC Partnership Board Members. Thus, there will be no transfer of control of the license when the put rights are exercised. Moreover, the exercise of the put rights was expressly contemplated as part of the change-of-control transaction concerning BWFC which the NRC approved in 1991.

Would you please confirm that this notice is sufficient to meet the NRC's requirements and that no further consent to proceed with the put transaction is required from the NRC? If you have any questions, please contact Tom Corkran in BWFC's legal department at 804/385-2749. Since the Put Closing is expected to occur at the end of March, we respectfully request prompt treatment of this matter.

Very truly yours,

B&W FUEL COMPANY



By: Robert Ihde
President

Table 1
Before Exercise of BFI Put Rights

<u>Partner</u>	<u>VFI</u>	<u>LFI</u>	<u>EFI</u>	<u>BFI</u>
Partner's Interest in BWFC	49.0%	13.0%	13.0%	25.0%
Share of Partner owned by BWNT	51.5%	80.0%	20.0%	.0%
Share of Partner owned by CFI	48.5%	20.0%	80.0%	.0%
Share of Partner owned by B&W Energy Inv., Inc.	0%	0%	0%	100.0%

Table 2
After Exercise of BFI Put Rights

<u>Partner</u>	<u>VFI</u>	<u>LFI</u>	<u>EFI</u>	<u>BFI</u>
Partner's Interest in BWFC*	49.0%	<u>25.5%</u>	<u>25.5%</u>	<u>0%</u>
Share of Partner owned by BWNT	51.5%	80.0%	20.0%	0%
Share of Partner owned by BWNT	48.5%	20.0%	80.0%	0%
Share of entity owned by B&W Energy Inv, Inc.	0%	0%	0%	100.0%

*Changes due to the put exercise are underscored.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20546

MAR 22 1993

Docket 70-1201
License SNM-1168

Mr. Robert Inde, President
B&W Fuel Company
Commercial Nuclear Fuel Plant
3315 Old Forest Road
Lynchburg, Virginia 24506-1546

Dear Mr. Inde:

SUBJECT: PARTNERSHIP CHANGE

I am responding to your letter dated February 22, 1993, in which you notified the U.S. Nuclear Regulatory Commission that B&W Fuel, Inc. (BFI), a minority partner in B&W Fuel Company (BWFC), is expected to withdraw from the partnership by selling its interest (stock) to Euro-American Fuels Incorporate (EFI) and Lynchburg Fuels Incorporate (LFI) and sought confirmation that NRC approval is not needed for the share transfer.

Your letter states that the proposed transaction (1) "is not expected to lead to any changes in the personnel operation or management of BWFC," and (2) "would have no effect on the financial assurance of decommissioning."

Based upon the information submitted, we agree that NRC's approval is not needed for BFI to sell its interest to EFI and LFI, and we have no objection to the proposed action.

Thank you for keeping us informed.

Sincerely,

A handwritten signature in cursive script that reads "Elinor Adensam".

Elinor Adensam, Acting Chief
Licensing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

9303240043

EXHIBIT 2

CHARTS

TABLE 1
BEFORE THE PROPOSED TRANSACTION

PARTNER	VFI	EFI	LFI	TOTAL OWNERSHIP OF BWFC
Partner's interest in BWFC	49	25.5	25.5	100.0
Share of Partner owned by CFI	48.5	80	20	--
Share of Partner owned by BWNTHC	51.5	20	80	--
Share of BWFC owned indirectly by BWNTHC (an indirect, wholly-owned subsidiary of Framatome)	--	--	--	50.735
Share of BWFC owned indirectly by CFI (an indirect wholly-owned subsidiary of Cogema)	--	--	--	49.265

TABLE 2
AFTER THE PROPOSED TRANSACTION

PARTNER	VFI	CFI	TOTAL OWNERSHIP OF BWFC
Partner's Interest in BWFC	51	49	100
Share of Partner owned by CFI	0	100	--
Share of Partner owned by BWNTHC	100	0	--
Share of BWFC owned indirectly by BWNTHC (an indirect, wholly-owned subsidiary of Framatome)	--	--	51
Share of BWFC owned by CFI (an indirect, wholly-owned subsidiary of Cogema)	--	--	49

BEFORE TRANSACTION

FRANCE

COGEMA SA

FRAMATOME SA

100

100

USA

COGEMA, INC.

FRAMATOME
USA, INC.

100

100

COGEMA FUELS, INC.

BWNT (HC)

80

20

48.5

20

80

51.5

Efi

Lfi

Vfi

25.5

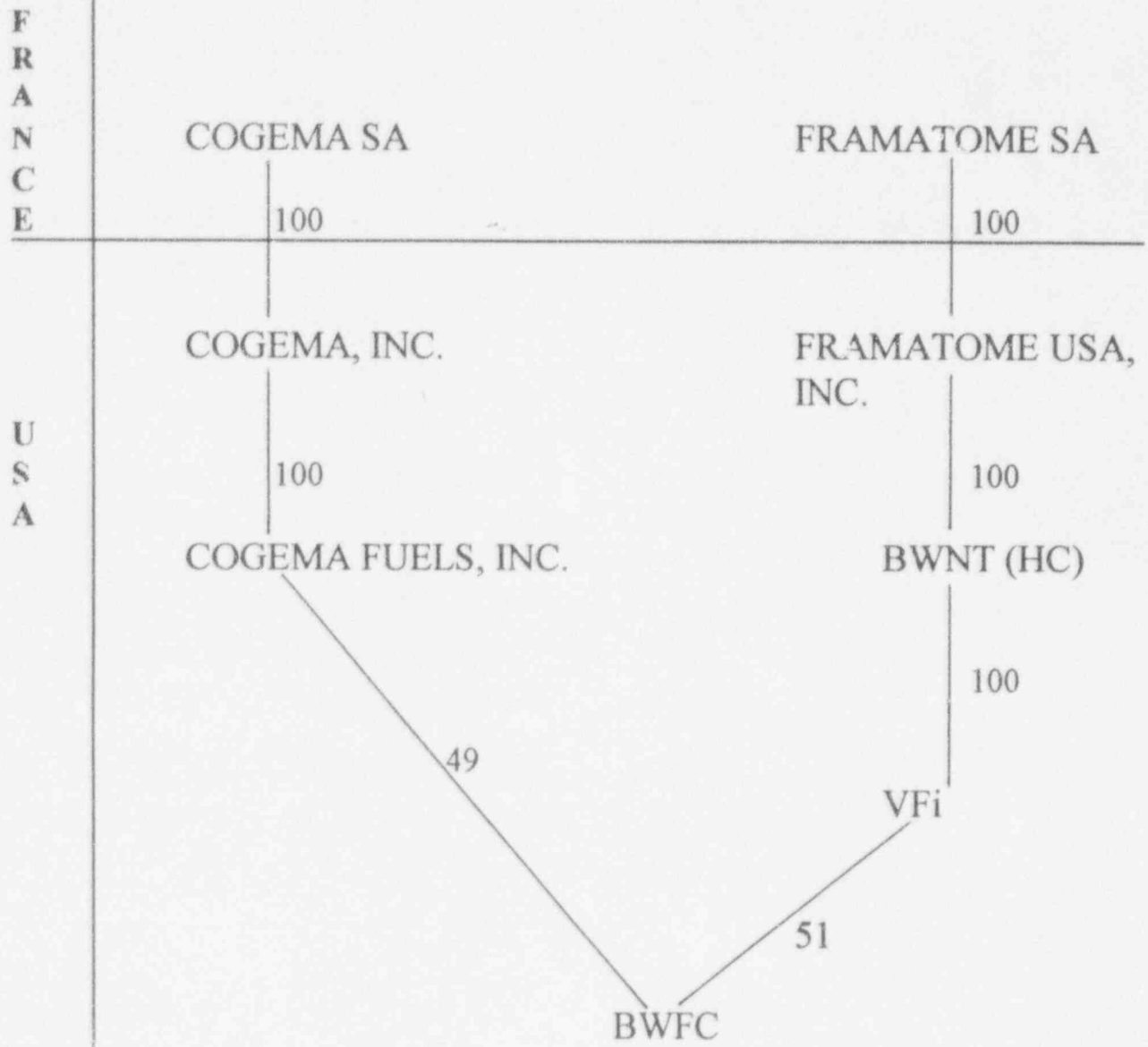
25.5

49

BWFC

BWFC is ultimately owned 50.735% by BWNTHC
49.265% by Cogema Fuels, Inc.

AFTER TRANSACTION



BWFC is ultimately owned 51% by BWNTHC
49% by Cogema Fuels, Inc.