CHEMETRON CORPORATION
(An Indirect Subsidiary of
Sunbeam-Oster Company, Inc.)

Centre City Tower, 21st Floor
650 Smithfield Street
Pittsburgh, Pennsylvania 15222

June 7, 1991

Document Control Desk
United States Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Chemetron Corporation
Docket No. 40-8724
License No. SUB-1357

Gentlemen:

This letter responds to Mr. Anthony M. Huffert's May 2, 1991 letter regarding the U.S. Nuclear Regulatory Commission Staff's review of the decommissioning funding plan submitted by Chemetron Corporation in its renewal application dated October 1, 1991 for NRC License No. SUB-1357.

Item 1

With regard to Item 1 of the May 2, 1991 letter, Chemetron has revised the information relating to the financial test to support the parent guarantee submitted in accordance with 10 C.F.R. Section 40.36. Attached hereto is such financial test in the form of letter dated June 7, 1991 to Mr. Robert M. Bernero. This letter is in substitution for the September 28, 1990 letter to Mr. Bernero transmitted by letter dated October 1, 1991 from Jay R. Kraemer.

Item 2

With regard to the cost estimate, Item 2 of your letter states that not enough data was provided with the decommissioning cost estimate to determine whether the projection was accurate. It goes on to suggest that Chemetron use or adapt the Cost Estimating Tables of Regulatory Guide 3.66, along with a 25% contingency as the basis for a revised cost estimate.

Chemetron prepared its original cost estimate at the time it was establishing its new project team and before it began the extensive site characterization program now well under way. Nevertheless, the estimate was developed in a manner similar to that suggested in Appendix F of Regulatory Guide 3.66, i.e., by building the estimate from the individual cost elements. The major variables used for estimating purposes are the location, volume and concentration of contaminants, limits for site release, extent of contamination in Building 20 and other buildings, weather, treatment processing options and disposal, excavation and transportation costs. These variable costs make up only half of the total estimate, however. The other half are fixed costs that management can control and ordinarily do not vary with site

add: A Huffert Ltr. Encl.
D Martin 1 1

NL16

conditions.

For the past six months, actual expenditures have been compared to the project budget. To date, the estimates of the managed costs are conservative. Specifically, referring to Enclosure 1 of the Decommissioning Funding Plan, the cost of site security, environmental monitoring and site management was projected to be $300,000 per year for five years. Experience indicates the cost to be approximately $225,000 per year the project schedule was previously reduced to four years, so that the present total estimate for this item is $900,000 compared to the original $1,500,000. Similarly, the costs of engineering, analysis, study and testing are regularly tracked. In this case, the spending rate has been found to be consistent with the original budget estimate.

As you know, considerable progress has been made on site characterization. While more has yet to be done to complete a remediation plan, certain information is already available to assist Chemetron in improving the estimates of the variable costs. One of the major elements of the estimate is the cost to decontaminate Building 20. The decontamination has now been expanded to include the entire McGean-Rohco complex and vendors are currently preparing quotations for the work. Preliminary discussions indicate that it can be accomplished within the original budget for Building 20 of $1,000,000.

The estimate of off-site disposal is the other significant part of the variable costs. Initial calculations indicate that the amount of material to be sent to a commercial disposal facility from the Harvard Avenue site will be within the estimate provided in Enclosure 1 of the Decommissioning Funding Plan. Since the cost estimate was prepared, the Envirocare disposal facility in Utah received its license to accept the material of the type from the McGean sites. Charges quoted to Chemetron by the site operator are considerably lower than the figure used in the original estimate and would allow a reduction of the projection from $2,400,000 to $1,200,000.

Enclosure 1 of the Decommissioning Funding Plan has been revised and is enclosed. The estimates reflect our experience to date. In order to provide a contingency greater than requested in your letter, the total remains $7,465,000.

Item 3

In accordance with the request of the NRC, Chemetron will revise the Standby Trust Agreement to limit the withdrawal from the trust fund to 10% which the NRC stated was appropriate. The documents implementing this change will be forwarded to the NRC when executed by all parties.

Sincerely,

Michael G. Lederman

Michael G. Lederman
President

Enclosure

Enclosure 1

INITIAL COST ESTIMATE TABULATION
HARVARD AND BERT AVENUE SITES

1. Release criteria based on pathway and dose analysis

2. Excavated contamination volume - 110,000 cubic feet

3. Reduction (as a result of waste pile characterization, and/or processing and/or sorting) by 99,000 cubic feet

4. Excavation of high level contaminant (post site characterization, processing, and/or sorting) - 13,000 cubic feet

5. Net volume to remediate by offsite disposal - 24,000 cubic feet

6. Disposal, transportation, processing and/or sorting, and excavation cost (aggregate) - $50.00 per cubic foot

7.	Cost to dispose of contaminant	$1,200,000
8.	Cost of fill and regrading	$ 500,000
9.	Cost to decontaminate McGean-Rohco complex	$1,000,000
10.	Cost of site security, environmental monitoring and site management (4 years)	$ 900,000
11.	Cost of engineering analysis, study, and testing (first 2 years)	$1,865,000
12.	Estimated cost for post closure testing	$ 200,000
13.	Contingency	$1,800,000
	Total[1]:	$7,465,000

Notes:

1. This estimate contemplates the implementation of various management techniques to control cost components such as site staffing, transport, and excavation and assumes that excavation will be commenced only after completion of site characterization, pathway and dose analysis, and related work.