

# AlchemIE, Inc.

All Chemical Isotope Enrichment, Inc.

Docket No. 50-603  
50-604

September 12, 1988



U. S. Nuclear Regulatory Commission  
Document Control Desk  
Office Nuclear Materials Safety & Safeguards  
Washington, DC 20555

Attention: Mr. Hugh L. Thompson, Jr.  
64-A NMSS Docket Material

Gentlemen:

Supplementing our letter of July 22, 1988 and August 12, 1988 transmitting financial information, we are providing enhanced facts regarding the adequacy of funding for decontamination and decommissioning of both the existing CPDF facility and the proposed Oliver Springs facility.

In order to provide the NRC the assurance it deserves, we have prepared the following facts:

1. Abnormal Abort: The Department of Energy must re-take possession of all classified and contaminated equipment and material should AlChemIE incur unexpected difficulties. For this purpose AlChemIE, Inc. has provided DOE with a two million dollar (\$2,000,000) cash escrow.
2. Normal Operation: AlChemIE, both at CPDF and GCEP has and will continue to maintain the decontamination equipment required to decontaminate the centrifuge and related equipment. This equipment is more than adequate to decontaminate in mass while the expected failure rate is only 2-4 machines per year.
3. Eventual Decommissioning: The estimated time for total decommissioning is twenty (20) to forty (40) years.

OF03  
||

8809260004 880912  
PDR ADOCK 05000603  
E PDC

24742

Assumption A- Decommissioning by outside firm (See International Technology Corporation - Proposals for CPDF and Oliver Springs).

CPDF Net Total Cost	\$3,109,250.00
Oliver Springs Net Total Cost	2,180,227.00
	<u>\$5,289,477.00</u>
Less: Combined Overhead Savings	<u>300,000.00</u>
Combined Net Cost	\$4,989,477.00
	=====

Assumption B- Decommissioning in-house with in-house equipment and personnel.

CPDF Net Total Cost	\$ 537,625.00
Oliver Springs Net Total Cost	840,723.00
	<u>\$1,378,348.00</u>
Less: Combined Overhead Savings	<u>300,000.00</u>
Combined Net Cost	\$1,078,348.00
	=====

Though the above estimates assume the worst case, AlChemIE intends to establish a funded reserve for D&D at the completion of the sale of the unclassified equipment that is not needed for its production facilities at either CPDF or Oliver Springs. Based on the appraisals by Marshall and Stevens, Inc. we anticipate that approximately Twenty-Eight Million Dollars (\$28,000,000.00) of equipment will be released for sale. We further estimate that the cost of removal (GCEP) and shipment (Oliver Springs) will be approximately Eight Million Dollars (\$8,000,000.00). It is our intention to reserve Five Million Dollars (\$5,000,000.00) as a contingency for decontamination and decommissioning cost.

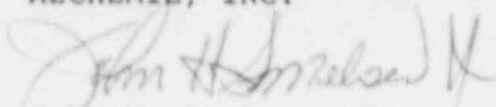
Upon completion of the start-up of both facilities, we intend to reevaluate actual cost for D&D and adjust our reserve accordingly. Normal operations will require on-going disposal, thereby reducing our D&D reserve requirement. Annual adjustments are anticipated.

U.S. Nuclear Regulatory Commission  
September 12, 1988  
Page 3

In summary, AlChemIE is presently adequately funded for the contingency of an unexpected abort and is prepared to continually display such adequacy.

Sincerely,

ALCHEMIE, INC.



John H. Smelser, Jr.  
Chief Executive Officer

JHS/bc

Enclosures: ITC quote CPDF  
ITC quote Oliver Springs  
Marshall and Stevens appraisal (classified)  
Marshall and Stevens appraisal (unclassified)  
AlChemIE's Financials and Proforma

cc: Dr. Thomas A. Clark, Jr./NRC

Service List:

Adjudicatory File  
Atomic Safety and Licensing Board Panel Docket  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555\*

Atomic Safety and Licensing Appeal Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555\*

Atomic Safety and Licensing Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555\*

Docketing and Service Section  
Office of the Secretary  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555\*

Stephen A. Irving, Esq.  
Attorney for AlChemIE, Inc.  
702 S. Illinois Avenue  
Suite 202-B  
Oak Ridge, TN 37830

Dr. Emmeth A. Luebke  
Administrative Judge  
5500 Friendship Blvd., Apt. 1923N  
Chevy Chase, MD 20815

Morton B. Margulies, Chairman  
Administrative Judge  
Atomic Safety and Licensing Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dr. Oscar H. Paris  
Administrative Judge  
Atomic Safety and Licensing Board Panel  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555\*

Michael D. Pearigen  
Deputy Attorney General  
Tennessee Attorney General's Office  
450 James Robertson Parkway  
Nashville, TN 37219-5025

Bernard M. Bordenick  
Counsel for NRC Staff  
U.S. Nuclear Regulatory Commission  
MS 15-B-1E  
Washington, D.C. 20555