



General Electric Company
P.O. Box 780, Wilmington, NC 28402
910 675-5000

October 14, 1999

Director
Office of Nuclear Material Safety & Safeguards
U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, D.C. 20555-0001

Subject: General Electric Corporation Request for NRC Consent to Transfer of Ownership/Control of the Wilmington Fuel Fabrication Facility NRC Materials License and Related Certificates and Approvals

Reference: NRC License SNM-1097, Docket 70-1113

Dear Sir:

In accordance with Section 184 of the Atomic Energy Act and 10 CFR § 70.36, General Electric Corporation (GE) hereby requests Nuclear Regulatory Commission (NRC) consent to the transfer of ownership and control of its NRC license for the Wilmington, North Carolina fuel fabrication facility (SNM-1097), as a result of a joint venture being formed by GE, Hitachi, Ltd. (Hitachi) and Toshiba Corporation (Toshiba). At the present time, the Wilmington license is held by GE. Upon consummation of the transaction with Hitachi and Toshiba, the licensee will be a new American operating company (Global Nuclear Fuel - Americas, L.L.C.). Global Nuclear Fuel - Americas, L.L.C. will be a wholly-owned subsidiary of a new holding company (Global Nuclear Fuel Holding Co., L.L.C.) in which GE through a wholly-owned subsidiary, will hold a majority ownership interest (60%). The remaining ownership interest will be held by a separate company jointly owned by Hitachi and Toshiba. The affairs of the holding company will be managed by a newly-created management company (Global Nuclear Fuel, L.L.C.) in which GE, through a wholly-owned subsidiary, will also hold a majority ownership interest (51%). Hitachi and Toshiba subsidiaries will hold the remaining ownership interests. GE will have majority control of the voting stock of the new licensee as well as the holding company and management company. The details of the transaction are discussed more fully in Attachment 1 to this letter.

Currently GE provides financial assurance for decommissioning for the Wilmington fuel fabrication facility through a self-guarantee mechanism in accordance with 10 CFR § 70.25(f)(2) and appendix C to 10 CFR Part 30. Upon consummation of the transaction, GE will continue to provide all NRC-required financial assurance for decommissioning. However, because Global Nuclear Fuel - Americas, L.L.C., rather than GE, will directly hold the NRC license, it is necessary to substitute a parent company guarantee for the existing self-guarantee.

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Attachment 2 provides the requisite financial assurance instruments for your review. The financial assurance instruments submitted adhere to the recommended format provided in NRC draft Reg. Guide DG-3014 (June, 1997). We would appreciate your review of the financial assurance instruments as soon as possible so that we may promptly execute them and transmit to you the executed documents.

As we discussed in our October 7, 1999 telephone conversation with Mr. Timothy Johnson, Mr. Louis Bykoski and Stephen Lewis, Esq., because the new licensee for the Wilmington facility may not be formed until the closing on our transaction, we will submit an executed copy of the Chief Executive Officer's (CEO) letter from the new licensee (called for by Reg. Guide DG-3014) after the closing. We also understand that we can submit the Special Auditor's letter and "reconciling" schedule after the closing, and that the standby trust can be executed by the new licensee after the closing. We expect to be able to submit the CEO's letter, and standby trust within 14 days of the closing. We anticipate submittal of the Auditor's letter and reconciling schedule within 14 days of the closing.

This submittal provides the information requested by NRC Information Notice 89-25, Rev. 1 (December 7, 1994) with respect to changes of ownership or control of NRC materials licenses, except for the names of the officers and directors of the new licensee who have not yet been named. The members of the governing board of Global Nuclear Fuel - Americas, L.L.C. will include its Chief Operating Officer (COO), the CEO of the holding company and five other members appointed by GE, Hitachi or Toshiba. Five of the seven members of the governing board will be named by GE or its wholly-owned subsidiary, and will be U.S. citizens. The principal officers of Global Nuclear Fuel - Americas, L.L.C. also will be U.S. citizens. We will supply their names as soon as that information becomes available.

It is important to note that as part of the planned transaction, no significant changes are contemplated in the personnel, procedures or facilities at the Wilmington plant (other than the transfer of the license to Global Nuclear Fuel - Americas, L.L.C.). It is anticipated that a new Environment, Health and Safety (EHS) Manager responsible exclusively for the Wilmington facility will be appointed and will report to the COO of the new licensee. That individual will meet the minimum qualifications set forth in the existing license. Therefore, the new licensee will continue to possess the requisite qualifications to hold the license, and the proposed transfer will have no material impact on the management or operation of the licensed activities. The majority of the directors and all of the key officers of Global Nuclear Fuel - Americas, L.L.C. will be U.S. citizens. GE, through its wholly-owned subsidiaries, will retain a controlling 60% interest in the holding company and a controlling 51% interest in the management company.

The proposed changes to the license are generally described in Attachment 3 and are confined to changes needed to conform the license to the proposed change in ownership and control. As

Director, ONMSS
October 14, 1999
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a result, in addition to GE's request for consent, we are also requesting the issuance of conforming license amendments.

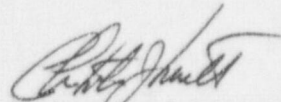
The proposed transaction is consistent with the requirements of the Atomic Energy Act and NRC regulations, will not be inimical to the common defense and security, and will provide reasonable assurance of public health and safety.

In addition to the attached request for consent to transfer of the license for the Wilmington facility, this letter is also a request that the NRC transfer various shipping container certificates and program approvals for which GE is presently the owner, holder or registered user. The specific certificates and program approvals are identified in Appendix A to this letter. Also, to facilitate review, all documents included in this submittal are listed in Appendix B.

It is our intention to close the transaction in the first few days of January 2000. Accordingly, GE respectfully requests that the NRC consent to the proposed transfer of ownership and control as soon as possible, but in no event later than December 15, 1999.

If you have any questions, or if there is anything we can do to assist you in expediting your review, please do not hesitate to call me at 910-675-6280 or Mr. Charles Vaughan at 910-675-5656.

Sincerely,



Christopher J. Monetta
Manager

GE-NE Environment, Health & Safety

cc: Mr. William F. Kane
Ms. Heather M. Astwood
Mr. Louis M. Bykoski
Stephen H. Lewis, Esq.
Mr. Richard M. Fry

Appendix A

GE hereby requests that the NRC transfer the following certificates and approvals to Global Nuclear Fuel - Americas, L.L.C. effective on the transaction closure date:

QA Program Approval Number 0254, 10 CFR 50, Appendix B and 10 CFR 71, Subpart H Quality Plan

Certificate of Compliance Number 4986, Fuel Rod and Assembly Shipping Package

Certificate of Compliance Number 9285, Shipping Package for Low Level Uranium Bearing Residues

GE is also a registered user for the following packages:

Certificate of Compliance Number 6294, UNC-2901 Combustion ABB Powder and Pellet shipping package

Certificate of Compliance Number 9196, UX-30 Chem Nuclear UF6 Shipping Package

Certificate of Compliance Number 9203, L ATF Framatome Cogema Powder and Pellet Shipping Package

Certificate of Compliance Number 9234, NCI-21PF-1 Eco-Pak Specialty Packaging UF6 Shipping Package

Certificate of Compliance Number 9251, BW-2901 Framatome Cogema Powder and Pellet Shipping Package

Certificate of Compliance Number 9248, SP-1, 2 & 3 Siemens Rod and Assembly Shipping Package

Certificate of Compliance Number 5926, GE-100, Shipping Package for Radioactive Sources

GE also holds a number of export licenses. A separate request for transfer of these licenses is being provided to the NRC's Office of International Programs.

Appendix B

List of Documents Submitted to the NRC in Support of SNM-1097 License Transfer

1. Letter Dated 10/14/99, from CJ Monetta to the Director, NMSS, General Electric Corporation Request for NRC Consent to Transfer of Ownership/Control of the Wilmington Fuel Fabrication Facility NRC Materials License and Related Certificates and Approvals
2. General Electric Company Parent-Company Guarantee of Decommissioning Funding for Global Nuclear Fuel -- Americas, L.L.C. (DRAFT)
3. Letter from Chief Operating Officer of Global Nuclear Fuel -- Americas, L.L.C. to the Director, NMSS, Support of Firm's Use of Financial Test to Demonstrate Financial Assurance (DRAFT)
4. Letter from Chief Financial Officer of General Electric Company (Schenectady, N.Y.) to the Director, NMSS, Support of Firm's Use of Financial Test to Demonstrate Financial Assurance (DRAFT)
5. Financial Test II -- General Electric Company Parent-Company Guarantee of Decommissioning Funding for Global Nuclear Fuel, Americas, L.L.C.
6. Special Report Confirming Chief Financial Officer Letter Dated _____ and Reconciling Amounts in CFO Letter with General Electric Company's Financial Statements (DRAFT)
7. Schedule Reconciling Amounts Contained in CFO Letter with Amounts in Financial Statements (DRAFT)
8. Standby Trust Agreement Between Global Nuclear Fuel -- Americas, L.L.C. and _____ (DRAFT)

**ADDITIONAL INFORMATION RELATED
TO THE PROPOSED TRANSFER OF THE
GE WILMINGTON FUEL FABRICATION
FACILITY LICENSE (SNM-1097) TO
GLOBAL NUCLEAR FUEL - AMERICAS, L.L.C.**

1 GENERAL INFORMATION CONCERNING TRANSFEREE

- a. Name: Global Nuclear Fuel - Americas, L.L.C.
- b. Corporate Headquarters: Wilmington Nuclear Energy Production Facility, 3901 Castle Hayne Road, Wilmington, NC 28401.
- c. Description of Business: Nuclear fuel services and products
- d. NRC License to be Held by Transferee: SNM-1097
- e. Organization and Management of Transferee: Global Nuclear Fuel - Americas, L.L.C. is being formed as a wholly owned subsidiary of Global Nuclear Fuel Holding Co., L.L.C., both organized under the laws of the State of Delaware. The names and addresses of the directors and officers of Global Nuclear Fuel - Americas, L.L.C., a majority of whom are citizens of the United States, are as follows:

DIRECTORS

ADDRESS

[This information will be provided as soon as it becomes available].

KEY OFFICERS

ADDRESS

[This information will be provided as soon as it becomes available].

f. Corporate Affiliations:

Upon consummation of the transaction between and among GE, Hitachi and Toshiba, Global Nuclear Fuel - Americas, L.L.C., a Delaware limited liability company, will become a wholly-owned subsidiary of Global Nuclear Fuel Holding Co., L.L.C., also a Delaware limited liability company. The affairs of the parent company, Global Nuclear Fuel Holding Co., L.L.C., will be managed by Global Nuclear Fuel, L.L.C., a Delaware limited liability company. Additionally, (although unrelated to the license and operations at the Wilmington facility) there will be two other subsidiaries of Global Nuclear Fuel Holding Co., L.L.C. - Japan Nuclear Fuel Co., Ltd. and Global Nuclear Fuel - International, L.L.C. Japan Nuclear Fuel Co., Ltd. will provide nuclear fuel-related products and services primarily in Japan. From time-to-time, Japan Nuclear Fuel Co., Ltd. may provide products and services to Global Nuclear Fuel - Americas, L.L.C. and others. Global Nuclear Fuel - International, L.L.C., a Delaware limited liability company, will be formed primarily to provide nuclear fuel-related products and services anywhere in the world, other than in the United States and Japan. From time-to-time, Global Nuclear Fuel - International, L.L.C. may provide products or services to Global Nuclear Fuel - Americas, L.L.C. and others.

A more complete description (and diagram) of the transaction is provided in Section 2 below.

g. Licensee Contact: C. M. Vaughan, Manager, Facility Licensing

2. ADDITIONAL BACKGROUND INFORMATION CONCERNING THE PROPOSED TRANSACTION

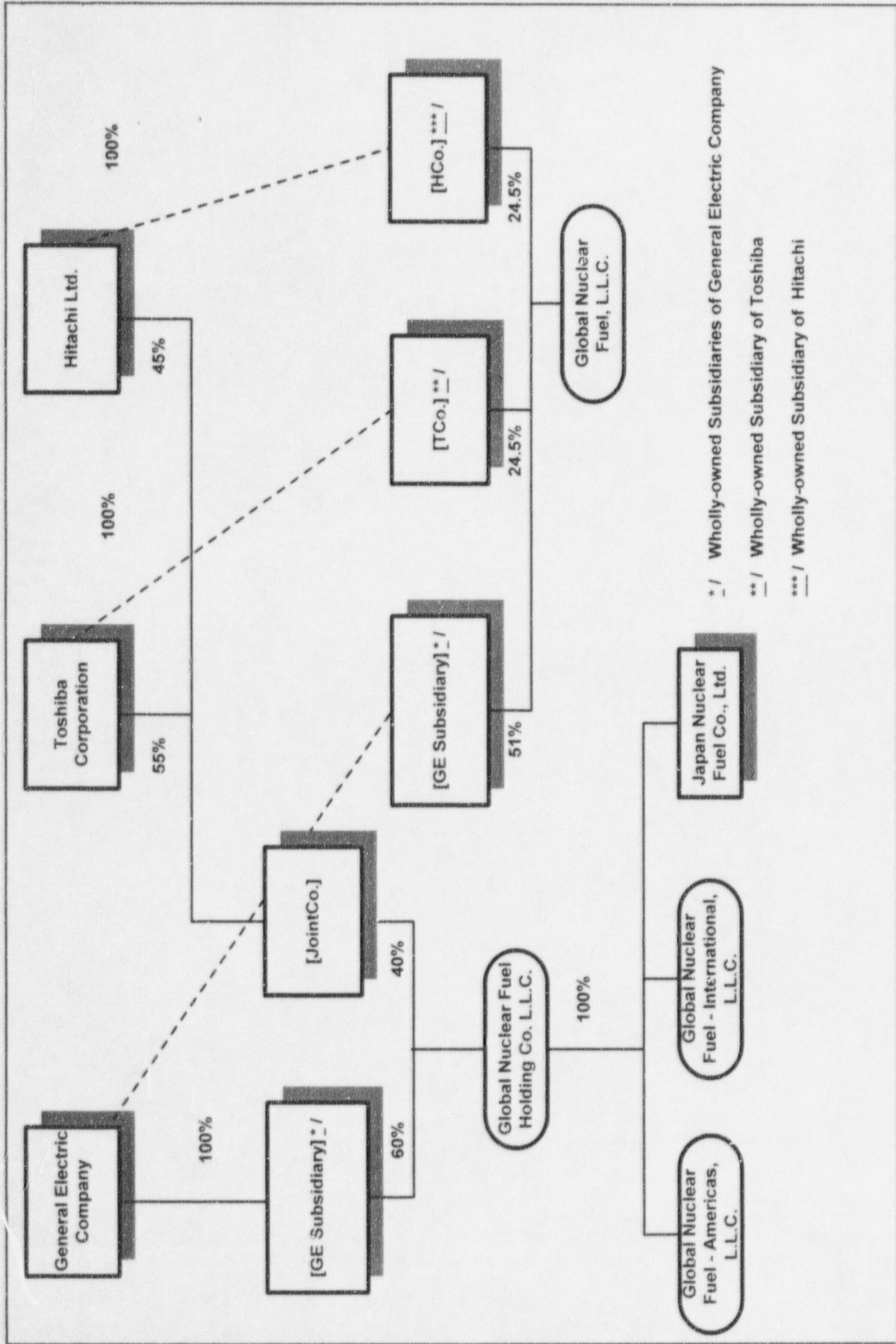
At the present time, GE holds the NRC license for the Wilmington facility. A portion of the facility (the Dry Conversion Process) is owned by Joint Conversion Company (JCC), an existing joint venture between GE and Japan Nuclear Fuel Co., Ltd., which is itself a joint venture between GE, Hitachi and Toshiba. GE operates the JCC facility under its existing NRC license.

Under the planned transaction, GE's license will be transferred to Global Nuclear Fuel - Americas, L.L.C., which will be a wholly-owned subsidiary of Global Nuclear Fuel Holding Co., L.L.C. A wholly-owned subsidiary of GE will hold a majority 60% ownership interest in Global Nuclear Fuel Holding Co., L.L.C. The remaining 40% interest will be held by a separate company jointly owned by Hitachi and Toshiba ("Jointco"). Hitachi will hold a 45% interest in "Jointco" and Toshiba will hold a 55% interest in "Jointco".

The affairs of the parent company, Global Nuclear Fuel Holding Co., L.L.C., will be managed by Global Nuclear Fuel, L.L.C. A wholly-owned subsidiary of GE will hold a 51% ownership interest in Global Nuclear Fuel, L.L.C. Wholly-owned subsidiaries of Hitachi and Toshiba each will hold a 24.5% ownership interest in Global Nuclear Fuel, L.L.C. JCC, the current owner of the Dry Conversion Process at the Wilmington facility, will be merged into

Global Nuclear Fuel - Americas, L.L.C., the new licensee, and will no longer exist as a corporate entity. In addition (although not relevant to the license or operations of the Wilmington facility), there will be two additional wholly-owned subsidiaries of Global Nuclear Fuel Holding Co., L.L.C. -- Japan Nuclear Fuel Co., Ltd. and Global Nuclear Fuel - International, L.L.C.

The final corporate structure is depicted on the next page.



* / Wholly-owned Subsidiaries of General Electric Company

** / Wholly-owned Subsidiary of Toshiba

*** / Wholly-owned Subsidiary of Hitachi

3 FOREIGN OWNERSHIP, CONTROL OR INFLUENCE

Following the transaction, the license will be held by Global Nuclear Fuel – Americas, L.L.C., a Delaware corporation, a majority of whose directors and all of whose key officers will be U.S. citizens. As noted previously, Global Nuclear Fuel – Americas, L.L.C. will be a wholly-owned subsidiary of Global Nuclear Fuel Holding Co., L.L.C., a Delaware L.L.C. GE through its wholly-owned U.S. subsidiaries will hold a majority 60% ownership interest in Global Nuclear Fuel Holding Co., L.L.C., and a 51% majority ownership interest in Global Nuclear Fuel, L.L.C. GE will have majority control of the voting stock of all of these entities. Accordingly, the transaction does not create any concerns regarding foreign ownership, control or influence over the Wilmington license and is not inimical to the common defense and security.⁽¹⁾

4 QUALIFICATIONS OF MANAGEMENT AND TECHNICAL PERSONNEL

There will be no significant change in the management and technical personnel responsible for licensed activities including nuclear safety and other personnel identified in the existing license or previous license applications as responsible for the use of licensed material. It is anticipated that a new Environment, Health and Safety (EHS) Manager responsible exclusively for the Wilmington facility will be appointed and will report to the COO of the new licensee. That individual will meet the minimum qualifications set forth in the existing license. The nuclear safety and licensing organizations will remain fully qualified to manage the licensed activities at the Wilmington Facility.

5 FACILITIES, EQUIPMENT, OPERATIONS AND PROCEDURES

There will be no change in facilities, equipment, operations, or procedures used to conduct the licensed activities. The new licensee will continue to conduct the activities previously conducted by GE, including all activities involving nuclear safety and license compliance, in accordance with the terms and conditions of the existing license. Ownership of

⁽¹⁾ Furthermore, with respect to the participation of Hitachi and Toshiba in the joint venture, the U.S. government has repeatedly acknowledged that Japan has an impeccable record with regard to nuclear non-proliferation matters. In his November 9, 1987 letter to Congress transmitting the text of a new U.S.-Japan Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy, President Reagan stated that "Japan is not only a close ally of the United States but is also a party to the Treaty on the Non-Proliferation of Nuclear Weapons [NPT] and has long been one of the strongest supporters of the international non-proliferation regime." Annual Presidential reports to Congress, pursuant to section 601 of the Nuclear Non-Proliferation Act of 1978 (NNPA), have documented Japan's faithful performance of the Agreement for Cooperation with the United States, the NPT and safeguards agreements with the International Atomic Energy Agency. In issuing dozens of export licenses for the shipment of nuclear material and components to Japan, the NRC found that Japan meets the NNPA's export criteria.

the licensed facilities⁽²⁾ will be transferred to the new licensee and it will lease the real property from GE.

6 NUCLEAR MATERIALS

Global Nuclear Fuel – Americas, L.L.C. will acquire title to GE-owned licensed materials and will possess all licensed materials in accordance with the terms of the existing license. There will be no change in the use, location, handling, packaging, transportation, or storage of the licensed materials.

7 NUCLEAR MATERIAL CONTROL PLAN

There will be no change in the fundamental nuclear material control plan established by GE to control and account for nuclear materials. The plan will be adopted in whole and unchanged by Global Nuclear Fuel – Americas, L.L.C.

8 SURVEILLANCE ITEMS AND RECORDS

All calibrations, leak tests, surveys, inventories and accountability requirements will be maintained without interruption during the proposed transfer.

9 NUCLEAR RECORDS

All records related to the maintenance and operation of the facilities where licensed activities are performed, including records pertaining to the safe and effective decommissioning of the facility, worker exposures, public doses, waste disposal, releases to sewers, incineration, radioactive material spills, and on-site burials will be transferred to the new licensee and maintained on site in accordance with existing procedures.

10 FACILITY AND DECOMMISSIONING STATUS

The facilities at which licensed activities will be performed will be transferred as is in regard to nuclear contamination. Decontamination will not be performed on account of the transfer. Decontamination activities and decommissioning plans currently in effect will be adopted as is and pursued by Global Nuclear Fuel – Americas, L.L.C. The transferee will assume full responsibility for the decontamination and decommissioning of all of the facilities at which the possession of materials is licensed.

⁽²⁾ GE has completed the remediation of a former calcium fluoride storage area and is in the process of requesting its free release from regulatory control. It is possible that the request will still be pending at the time the license transfer occurs. Ownership of this area will be maintained by GE.

11 PRIOR COMMITMENTS AND OPEN INSPECTION ITEMS

Global Nuclear Fuel – Americas, L.L.C. will agree to abide by all commitments and representations previously made to the NRC by the existing licensee. These include, but will not be limited to, maintaining required decommissioning records, implementing decontamination activities and decommissioning of the site, and completing corrective actions for any open inspection items and enforcement actions. Global Nuclear Fuel – Americas, L.L.C. will accept full responsibility for any open inspection items including any resulting enforcement actions.

12 COMPLIANCE WITH LICENSE REQUIREMENTS

Global Nuclear Fuel – Americas, L.L.C. will agree to abide by all conditions, restrictions, requirements, representations and commitments identified in the existing license, including but not limited to those related to (a) the physical protection of special nuclear material in transit to and from, and located at the Wilmington facility (b) site access, safeguards and security and emergency planning (c) the protection of restricted data and classified information (d) radiation protection and nuclear health and safety and (e) environmental protection.

FINANCIAL ASSURANCE INSTRUMENTS

CONFORMING LICENSE AMENDMENTS

Conforming changes will need to be made in license No. SNM-1097 to reflect the change in the licensee. All other aspects and conditions of the license remain unchanged.

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**GENERAL ELECTRIC COMPANY PARENT-COMPANY GUARANTEE
OF DECOMMISSIONING FUNDING
FOR GLOBAL NUCLEAR FUEL - AMERICAS, L.L.C.**

Guarantee made this **[insert date]** by the General Electric Company, a corporation organized under the laws of the State of New York herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), obligee, on behalf of our subsidiary Global Nuclear Fuel - Americas, L.L.C., Wilmington Nuclear Energy Production Facility, 3901 Castle Hayne Road, Wilmington, NC 28401, to become effective on the date of closing of the joint venture transaction between GE, Hitachi, Ltd. and Toshiba Corporation.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of New York, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued to comply with regulations issued by the NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 70 which require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 70 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for the Wilmington Nuclear Energy Production Facility, 3901 Castle Hayne Road, Wilmington, NC 28401, NRC License No. SNM-1097, as required by 10 CFR Part 70. The decommissioning costs for these activities are as follows: \$234,786,000.
4. The guarantor meets or exceeds the following financial test criteria in the NRC's Financial Test II and agrees to comply with all notification requirements as specified in 10 CFR Part 70 and Appendix A to 10 CFR Part 30.

The guarantor meets the following financial test:

- (b)(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A or Baa as issued by Moody's; and
- (b)(ii) Tangible net worth at least six times the costs covered by financial tests; and
- (b)(iii) Tangible net worth of at least \$10 million; and

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- (b)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.
5. The guarantor has majority control of the voting stock for the following licensee covered by this guarantee: Global Nuclear Fuel - Americas, L.L.C., Wilmington Nuclear Energy Production Facility, 3901 Castle Hayne Road, Wilmington, NC 28401, NRC License No. SNM-1097.
 6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 70 for decommissioning of the facilities identified above.
 7. For value received from Global Nuclear Fuel - Americas, L.L.C. and pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SNM-1097, the guarantor shall
 - (a) carry out the required activities, or
 - (b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.
 8. The guarantor agrees to submit revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
 9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 70. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if Global Nuclear Fuel - Americas, L.L.C. has not done so.
 10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
 11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, as applicable, within 30 days, in the name of Global Nuclear Fuel - Americas, L.L.C. unless Global Nuclear Fuel - Americas, L.L.C. has done so.

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12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant 10 CFR Part 70.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as Global Nuclear Fuel - Americas, L.L.C. must comply with the applicable financial assurance requirements of 10 CFR Part 70, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Global Nuclear Fuel - Americas, L.L.C., such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Global Nuclear Fuel - Americas, L.L.C. as evidenced by the return receipts.
15. The guarantor agrees that if Global Nuclear Fuel - Americas, L.L.C. fails to provide alternative financial assurance as specified in 10 CFR Part 70, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and Global Nuclear Fuel - Americas, L.L.C. from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Global Nuclear Fuel - Americas, L.L.C. or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Global Nuclear Fuel - Americas, L.L.C. The guarantor also expressly waives notice of amendments or modification of the decommissioning requirements and of amendments or modification of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: [insert date]

[name of guarantor]

[authorized signature for guarantor]

[name of person signing]

[title of person signing]

[signature of witness or notary]



GE Nuclear Energy

General Electric Company
P.O. Box 780, Wilmington, NC 28402
910 675-5000

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10/14/99

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

I am the Chief Operating Officer of Global Nuclear Fuel - Americas, L.L.C., a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 70.

I hereby certify that Global Nuclear Fuel -Americas, L.L.C. is currently a going concern, and that it possesses positive tangible net worth in the amount of **[insert amount]**.

This firm **[insert "is required" or "is not required"]** to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on **[insert month and day]**.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[signature]

[name]

[title]

[date]



General Electric Company
P.O. Box 780, Wilmington, NC 28402
910 675-5000

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10/14/99

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

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I hereby certify that Global Nuclear Fuel -Americas, L.L.C. is currently a going concern, and that it possesses positive tangible net worth in the amount of **[insert amount]**.

This firm **[insert "is required" or "is not required"]** to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on **[insert month and day]**.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[signature]

[name]

[title]

[date]



General Electric Company
P.O. Box 780, Wilmington, NC 28402
910 675-5000

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10/14/99

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

I am the Chief Financial Officer of the General Electric Company, 1 River Road, Schenectady, N.Y. 12345, a corporation. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 70.

This firm guarantees, through the parent company guarantee submitted to demonstrate compliance under 10 CFR Part 70, the decommissioning of the following facility owned or operated by a subsidiary of this firm, such guarantee to become effective on the date of closing of the joint venture transaction between GE, Hitachi, Ltd. and Toshiba Corporation. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for the facility:

Name of Facility	License Number	Location of Facility	Current Cost Estimates
Wilmington Nuclear Energy Production Facility	SNM-1097	3901 Castle Hayne Road Wilmington, NC 28401	\$234,786,000

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

This fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 1998. A copy of this firm's most recent financial statements is enclosed. See attached Financial Test II.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

[signature]

[name]

[title]

[date]

FINANCIAL TEST II
(10 CFR Part 30 App. A Section II.A.2)
GENERAL ELECTRIC COMPANY PARENT-COMPANY GUARANTEE
OF DECOMMISSIONING FUNDING
FOR GLOBAL NUCLEAR FUEL, AMERICAS, L.L.C.

1. Current decommissioning cost estimates or certified amounts: (Dollars in Thousands)
1. Decommissioning amounts covered by this parent company guarantee \$ 234,786
 2. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees \$ 100,882
 3. All amounts covered by parent company guarantees, self-guarantees, or financial tests of other Federal or State agencies (e.g., EPA) \$ 115,099 -a)
- a) Total Company Financial Assurance net of NRC
- TOTAL \$ 450,767
2. Current bond rating of most recent unsecured issuance of this firm
Rating Aaa
Name of rating service: Moody's
3. Date of issuance of bond 9/1/98
4. Date of maturity of bond 11/1/18
- *5. Tangible net worth** (if any portion of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$ 15,245,000
- *6. Total assets in United States (required only if less than 90 percent of firm's assets are located in the United States) \$ 227,311,000
- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 7. Is line 5 at least \$10 million? | <u>X</u> | ___ |
| 8. Is line 5 at least 6 times line 1? | <u>X</u> | ___ |
| 9. Are at least 90 percent of firm's assets located in the United States? If not, complete line 10. | <u>X</u> | ___ |
| 10. Is line 6 at least 6 times line 1? | <u>n/a</u> | ___ |

	<u>Yes</u>	<u>No</u>
11. Is the rating specified on line 2 BBB or better (if issued by Standard & Poor's) or Baa or better (if issued by Moody's)?	<u>X</u>	—

* Denotes figures derived from financial statements.

** Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

[insert name of auditor] Special Report Confirming
Chief Financial Officer (CFO)
Letter Dated [insert date] and
Reconciling Amounts in CFO Letter with
General Electric Company's Financial Statements

We have examined the financial statements of the General Electric Company for the year ended December 31, 1998 and have issued our report thereon dated [insert date]. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary.

The General Electric Company has prepared documents to demonstrate its financial responsibility under the NRC's financial assurance regulations, 10 CFR Part 70. This letter is furnished to assist the licensee Global Nuclear Fuel - Americas, L.L.C., NRC License No. SNM-1097, in complying with these regulations and should not be used for other purposes.

The attached schedule reconciles the specific information furnished in the Chief Financial Officer's (CFO's) letter in response to the regulations with the company's financial statements. In connection therewith, we have

1. Confirmed that the amounts in the column "Per Financial Statements" agree with amounts contained in the company's financial statements for the year ended December 31, 1998.
2. Confirmed that the amounts in the column "Per CFO's Letter" agree with the letter prepared in response to the NRC's request;
3. Confirmed that the amounts, if any, in the column "Reconciling Items" are adequately explained in the attached schedule, that each reconciling item represents an appropriate adjustment to the financial data, and that the amount of each reconciling item is accurate; and
4. Recomputed the totals and percentages.

Because the procedures in 1-4 above do not constitute a full examination made in accordance with generally accepted auditing standards, we do not express an opinion on the manner in which the amounts were derived in the items referred to above. In connection with the procedures referred to above, no matters came to our attention that cause us to believe that the Chief Financial Officer's letter and supporting information should be adjusted.

[signature]

[date]

DRAFT

SCHEDULE RECONCILING AMOUNTS CONTAINED
IN CFO LETTER WITH AMOUNTS
IN FINANCIAL STATEMENTS

General Electric Company
Year Ended December 31, 1998

	Line Number in <u>Financial Test II</u>	Per Financial <u>Statements</u>	Reconciling <u>Items</u>	Per CFO's <u>Letter</u>
6	Total current liabilities	X		
	Long-term debt	X		
	Deferred income taxes	X		
		XXX		
	Accrued decommissioning costs included in current liabilities		X	
	Total liabilities (less accrued decommissioning costs)			X
4	Net worth	XX		
	Less: Cost in excess of value of tangible assets acquired	X		
		X		
	Accrued decommissioning costs included in current liabilities		X	
	Tangible net worth (plus decommissioning costs)			XX

[This illustrates the general form of the required schedule, it is not yet complete.]

STANDBY TRUST AGREEMENT BETWEEN
GLOBAL NUCLEAR FUEL - AMERICAS, L.L.C. AND [fill in name of trustee]

TRUST AGREEMENT, the Agreement entered into as of [insert date] by and between Global Nuclear Fuel - Americas, L.L.C., a corporation, herein referred to as the "Grantor," and [insert name and address of a trustee acceptable to NRC], the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter 1, of the Code of Federal Regulations, Part 70. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a materials license issued pursuant to 10 CFR Part 70 provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a parent company guarantee to provide such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a parent company guarantee, this standby trust shall be used for the receipt of such payment; and

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

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

Section 1. Definitions. As used in this Agreement:

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

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SNM-1097 issued pursuant to 10 CFR Part 70, as shown in Schedule A.

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

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

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

- (a) A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Certificate of Events, and
- (b) A certificate attesting to the following conditions:
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan;
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that plan; and
 - (3) that the NRC has been given 30 days prior notice of Global Nuclear Fuel - Americas, L.L.C., intent to withdraw funds from the trust fund.

No withdrawal from the Fund for a particular license can exceed 10 percent of the remaining funds available for that license unless NRC written approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund,

the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government, and in obligations of the Federal government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

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

- (a) To transfer from time-to-time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer

and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

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

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

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

the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13. Successor Trustee. Upon 90 days notice to the NRC and the Grantor, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and NRC has agreed, in writing, that the successor is an appropriate State or Federal government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, the NRC, and the present Trustee, by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

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

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of the NRC.

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

successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of **[insert name of State]**.

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

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

Global Nuclear Fuel - Americas, L.L.C.
[signature of representative of Grantor]
[title]

ATTEST:
[title]
[seal]

[insert name of Trustee]
[signature of representative of Trustee]
[title]

ATTEST:
[title]
[seal]

Schedule A

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

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER	NAME AND ADDRESS OF LICENSEE	ADDRESS OF LICENSED ACTIVITY	COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT
SNM-1097	Global Nuclear Fuel - Americas, L.L.C. 3901 Castle Hayne Road Wilmington, North Carolina 28401	Global Nuclear Fuel - Americas, L.L.C. 3901 Castle Hayne Road Wilmington, North Carolina 28401	\$234,786,000

The cost estimates listed here were last adjusted and approved by the NRC on May 17, 1999.

D R A F T

Schedule B

DOLLAR AMOUNT [insert amount of initial value of "property" in trust (see Section 4 of trust agreement)]

AS EVIDENCED BY [insert description (see Section 4 of trust agreement)]

DRAFT

Schedule C

Trustee's fees shall be \$ **[insert amount]** per year.

DRAFT

Form of Certificate of Events

[insert name and address of trustee]

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated _____, I, Secretary of Global Nuclear Fuel - Americas, L.L.C., hereby certify that the following events have occurred:

1. Global Nuclear Fuel - Americas, L.L.C. is required to commence the decommissioning of its facility located at Wilmington, North Carolina (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____ (copy of approval attached).
3. The Board of Directors of Global Nuclear Fuel - Americas, L.L.C. has adopted the attached resolution authorizing the commencement of the decommissioning.

Secretary of
Global Nuclear Fuel - Americas, L.L.C.

Date

DRAFT

Form of Certificate of Resolution

I, _____, do hereby certify that I am Secretary of Global Nuclear Fuel - Americas, L.L.C., a Delaware corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on _____, 20__.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this ____ day of _____, 20__.

Secretary

RESOLVED, that this Board of Directors hereby authorizes the President, or such other employee of the Company as he may designate, to commence decommissioning activities at the Wilmington Nuclear Energy Production Facility in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

DRAFT

STATE OF: [insert State name]

CITY OF: [insert city name]

On this [insert day] day of [insert month and year] before me, a notary public in and for the city and State aforesaid, personally appeared [insert name of person], and she/he did depose and say that she/he is the [insert title] of [insert name of association] national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

My Commission Expires: _____