



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

July 17, 1989

Docket Nos. 50-603, 50-604

Stephen A. Irving
Chairman, Board of Directors
All Chemical Isotope Enrichment, Inc.
Pine Ridge Office Park, 202-B
702 S. Illinois Avenue
Oak Ridge, Tennessee 37830

Dear Mr. Irving:

By letter dated June 26, 1989, you advised the NRC that All Chemical Isotope Enrichment, Inc. (AlChemIE) had, on June 20, 1989, filed for reorganization in the United States Bankruptcy Court for the Eastern District of Tennessee (Case #89-01095RS-11A).

On the basis of information provided by AlChemIE for our licensing review, we made a finding that AlChemIE was financially qualified to modify and construct Facilities 1 and 2 in such a way as to assure adequate protection of the common defense and security. In view of your filing in bankruptcy court, the question arises whether your licenses should be modified, suspended or revoked.

Pursuant to 10 C.F.R. § 50.54 (f), you are required to provide in writing, under oath or affirmation, answers to the request for information attached to this letter as Enclosure 1. The information is required for purposes of our determining whether or not AlChemIE is in compliance with the current licensing basis for Construction Permits Nos. CPEP-1 and CPEP-2.

Your response should be in our hands by close of business on August 15, 1989. Failure to fully respond by this date may result in initiation of a proceeding for suspension or revocation of your construction permits.

If, in the material which you submit in response, there are portions which you wish withheld from public disclosure as "Proprietary," please follow the procedures for proprietary submittals, including enclosing in the same envelope with the submittal the required affidavit regarding the basis for nondisclosure. However, the transmittal letter, at least, of your response should be non-proprietary, even though the enclosures are proprietary.

8907200092 890717
PDR ADOCK 05000603
A PDC

D1-03
1/1

July 17, 1989

If you have any questions with regard to this matter, please contact Jerry Swift, (301) 492-0609.

Sincerely,

Robert M. Bernero, Director
Office of Nuclear Material Safety
and Safeguards

Enclosure: As stated

bcc: J. Parks, DOE

Distribution w/encl.

Docket Nos. 50-603 & 50-604

IMAF r/f

LCRouse

RFonner JLieberman

CSavyer

CNSmith

RBernero

PDR

NMSS r/f

EJake1

BMBordenick

FLBrown

RECunningham

GArlotto

NRC File Center

IMSB r/f

WBurnside

WCline, RII

JPetersen

GSjoblom

DWeiss, LFMB

OFC:IMAF	: IMAF	:IMSB	:OGC	:
NAME:JBSwift:fb	:FBrown	:LCRouse	:BBordenick	:
DATE:07/12/89	:07/12/89	:07/13/89	:07/14/89	:
OFC:IMNS	:IMNS	:NMSS	:NMSS	:
NAME:GSjoblom	:RECunningham	:GArlotto	:RBernero	:
DATE:07/1/89	:07/14/89	:07/15/89	:07/17/89	:

OFFICIAL RECORD COPY

REQUEST FOR INFORMATION
ALL CHEMICAL ISOTOPE ENRICHMENT INC.

1. Please provide copies of all AlChemIE filings to date with the U.S. Bankruptcy Court for the Eastern District of Tennessee (Case #89-01095RS-11A) as well as copies of all orders, directives and other pronouncements of the Court to date related to the AlChemIE case. Make arrangements to provide copies to NRC of all such filings, orders, and directives promptly as they occur in the future.
2. AlChemIE previously stated that two major factors in its financial capability to proceed with Facility-1, CPDF, were (a) its ownership of saleable, surplus equipment with an appraised value of \$28 million; and (b) the availability of bank financing. Explain in detail the current status of the availability of these two sources of funds. Indicate and explain the underlying assumptions.
3. Please explain in detail any alternate financing plan to 2.(a) and (b), above. Indicate the projected dollar amounts for each assumed source of funds. Indicate for each source the projected date and amount of funds that will be provided. Describe for each source the conditions that must be met before funds will be provided to AlChemIE. Indicate and explain the underlying assumptions to the projected alternate sources of funds.
4. Describe in detail the current status of AlChemIE's bank loans, particularly those from the Anderson County Bank. Indicate dollar amounts owed and past due. Describe the effects of any defaults on collateral equipment. Describe the collateral and indicate the effects on the Facility-1 financing plan if the bank takes possession of the collateral.
5. Please explain the effects of the foreclosure and related actions by the Anderson County Bank and of AlChemIE's filing with the Bankruptcy Court on AlChemIE's financing plan to assure that decontamination and disposal of the classified centrifuge equipment will be accomplished. Indicate the status of the letter of credit to accomplish this. Describe in detail any alternate financing plan to accomplish decontamination and disposal.

6. AlChemIE has incurred (recently invoiced) licensing fee expenses due the NRC of \$177,589 for the period through February 10, 1989, in obtaining Construction Permits CPEP-1 and CPEP-2, and if work proceeds there will be fees recoverable by the NRC for inspections of AlChemIE Facility-1 CPDF. Furthermore, in obtaining the construction permits, AlChemIE estimated that initial capital costs for the safeguards systems at each facility will be less than \$100,000 and that monthly operating costs at Facility-1 would be approximately \$4000. Describe the means by which these expenses will be met.

7. The Atomic Energy Act of 1954, as amended, (the Act) contains in its Section 103.d specific prohibitions with regard to licensing a production facility subject to ownership, control, or domination by aliens or foreign persons, corporations, or governments. This is incorporated in Title 10 of the Code of Federal Regulations in § 50.33(d)(3)(iii), § 50.33(d)(4), and § 50.38. Although these prohibitions do not preclude foreign investment, such investment must be adequately separated from direct ownership, control or domination of the Section 103 production facility. Provide complete information describing how the potential foreign investment in AlChemIE (ref: Letter of AlChemIE to DOE dated June 30, 1989) will be structured such that adequate separation from direct ownership, control, or domination is to be achieved.

Note that Section 50.54 of 10 C.F.R. 50 incorporates in AlChemIE's licenses, among others, § 50.54(c) which specifies that neither the license nor any right thereunder may be transferred unless the Commission finds the transfer is in accordance with the provisions of the Act and gives its consent in writing.