

MAR 11 1989

Docket Nos. 50-603
50-604

All Chemical Isotope Enrichment, Inc.
ATTN: Mr. John A. Smelser, Jr.
Chief Executive Officer
Pine Ridge Office Park, Suite 202-B
702 South Illinois Park
Oak Ridge, Tennessee 37830

Gentlemen:

On February 10, 1989, we issued to All Chemical Isotope Enrichment, Inc. (AlChemIE) construction permits which contained a condition which is, in CPEP-1,

"Other than as provided in Condition III.6 of this Construction Permit, AlChemIE shall not commence any activity authorized by this permit until the Commission determines that AlChemIE has provided an adequate amount of assured funding for decommissioning in a form consistent with the method AlChemIE has chosen to meet the requirements of 10 CFR Part 50, § 50.75(e)."

and in CPEP-2,

"Notwithstanding any other provisions of this Construction Permit, AlChemIE shall not commence any activity authorized by this permit until the Commission determines that AlChemIE has provided an adequate amount of assured funding for decommissioning in a form consistent with the method AlChemIE has chosen to meet the requirements of 10 CFR Part 50, § 50.75(e)."

In this proceeding, the concern has been for protection of the common defense and security by control of the classified machinery. The decommissioning regulations in 10 CFR 50.75 are designed to protect the public health and safety and are not directed toward issues relating to common defense and security. The funding arrangements you have offered in this proceeding, including the January 3, 1989 Standby Letter of Credit and Standby Trust Agreement, are sufficient to provide reasonable assurance of the financial qualification of AlChemIE to provide adequate protection of the common defense and security.

Accordingly, by virtue of this letter you may consider that the above noted conditions are not applicable. Additionally, no further response is required to our letter to you dated February 1, 1989, subject "Amount in Standby Letter of Credit".

John A. Smelser

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If you have any questions regarding this matter, please do not hesitate to call Jerry J. Swift at (301) 492-0609.

FOR THE NUCLEAR REGULATORY COMMISSION

~~(Signed)~~ Robert M. Bernero

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

cc: Attached List

cc:

Michael H. Mobley, Director
Division of Radiological Health
Tennessee Department of Health
and Environment
T.E.R.R.A Building
150 9th Avenue North
Nashville, TN 37203

Tennessee Department of Public Health
ATTN: Director, Bureau of
Environmental Health Services
Cordell Hull Building
Nashville, TN 37219

Mr. Wayne K. Scharber
Director of Environment
Tennessee Department of Health and
Environment
1st Floor Terra Building
150 9th Avenue North
Nashville, TN 37203

Ms. Carol White
Federal Affairs Coordinator
State of Tennessee
309 John Severe Office Building
500 Charlotte Avenue
Nashville, TN 37219

The Honorable Roy F. Pruett
Mayor
Post Office Box 1
Oak Ridge, TN 37831

Mr. Jeffrey Broughton
City Manager
Post Office Box 1
Oak Ridge, TN 37831

Mr. William D. Harris
Fire Chief
Post Office Box 1
Oak Ridge, TN 37830

Ms. Virginia Dale
Chair
Environmental Quality Advisory Board
Post Office Box 1
Oak Ridge, TN 37831

The Honorable Kenneth E. Yager
Roane County Executive
Roane County Courthouse
P. O. Box 643
Kingston, TN 37763

The Honorable David O. Bolling
County Executive, Anderson County
Courthouse
Main Street
Clinton, TN 37716

The Honorable Stanley Justice
Mayor
Post Office Box 303
Oliver Springs, TN 37840

Mr. Howard Elliot
City Administrator
Post Office Box 303
Oliver Springs, TN 37840

Mr. Ronald Herbert
U.S. Department of Housing
and Urban Development
Office of Urban Development
Action Grants
451 7th Street, S.W., Room 7274
Washington, DC 20410

Mr. Larry A. Forsythe
U.S. Department of Energy
MS NE-34 Germantown
Washington, DC 20545

Mr. Joe W. Parks
Deputy Assistant Manager
for Enriching Operations
U.S. Department of Energy
Oak Ridge Operations
P. O. Box 2001
Oak Ridge, TN 37831-8650

Ms. Jennifer Fowler
U.S. Department of Energy
P. O. Box E
Oak Ridge, TN 37831

Morton B. Margulies, Chairman
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Dr. Oscar H. Paris
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Frederick J. Shon
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Mr. Jack G. Whetstine
Atomic Safety and Licensing Board Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Thomas S. Moore, Chairman
Atomic Safety and Licensing
Appeal Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Christine N. Kohl
Atomic Safety and Licensing
Appeal Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Howard A. Wilber
Atomic Safety and Licensing
Appeal Panel
U.S. Nuclear Regulatory Commission
Washington, DC 20555