

October 18, 2000

Mr. Ray Tsukimura, President
Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, CA 94583

SUBJECT: TRANSFER OF OWNERSHIP

Dear Mr. Tsukimura:

This letter is to notify you of the requirement pursuant to 10 CFR 50.80 to obtain NRC approval, in advance, of a direct or indirect transfer of the operating license for the Aerotest Radiography and Research Reactor. The NRC notes that, in an NRC inspection conducted September 11 through 14, 2000 (Inspection Report Number 50-228/2000-201), an indirect transfer of the license occurred when indirect or ultimate ownership of the Aerotest reactor was transferred to Autoliv, Inc.

You informed the NRC staff of the above indirect ownership change by letter dated April 14, 2000. On the basis of that letter, the NRC staff understands that Aerotest Operations, Inc. is a wholly-owned subsidiary of OEA Aerospace, Inc. OEA Aerospace, Inc. is a wholly owned subsidiary of OEA, Inc. Substantially all of OEA, Inc. is owned by Autoliv, Inc. Autoliv, Inc. is a publicly-traded Delaware corporation headquartered in Stockholm, Sweden and traded on the New York Stock Exchange. From an Autoliv web page, "one third of the shares in the Company are held in the U.S. and close to 50 percent in Sweden. Most of the remaining shares are held in the U.K. The number of shareholders is estimated to exceed 60,000." In the April 14, 2000, letter, you stated that the Aerotest reactor "will remain under the direct control of U.S. Citizens." You also stated in the letter that you would keep NRC informed of changes to that situation. On May 5, 2000, Aerotest Operations, Inc. informed NRC staff by facsimile of an Autoliv interoffice memorandum that the total number of tendered shares gives Autoliv, Inc. at least 90 percent interest in OEA, Inc. This appears to raise concerns regarding your compliance with the NRC's regulations associated with foreign ownership.

Pursuant to 10 CFR 50.80, "Transfer of License," you are required to obtain NRC approval of the indirect license transfer which occurred by reason of Autoliv's acquisition of OEA, Inc. In your application for such approval, you must provide information on the extent to which, if any, the acquisition and indirect transfer of the operating license for the Aerotest reactor affected the technical and financial qualifications of the licensee to continue to hold the license. You should indicate whether the licensee remained technically and financially qualified. The NRC's financial qualification requirements are described in 10 CFR 50.33(f) and decommissioning funding assurance requirements in 10 CFR 50.75. Guidance on financial qualifications and decommissioning funding assurance is contained in the "Standard Review Plan on Power Reactor Licensee Financial Qualifications and Decommissioning Funding Assurance," (NUREG-1577, Rev. 1). Although this guidance is oriented toward power reactors, it is also applicable, in part, to non-power reactors. In addition, foreign ownership, control, or domination

of licensees for Part 50 facilities within the meaning of the Atomic Energy Act of 1954, as amended, and 10 CFR 50.38, is prohibited. Guidance on the degree to which licensees may be subject to foreign ownership without violating the preceeding Act and regulation is contained in the "Final Standard Review Plan on Foreign Ownership, Control, or Domination," which was published in the *Federal Register* on September 28, 1999 (64 FR 52355). Based on the apparent ultimate ownership of the Aerotest reactor by Autoliv, Inc., you may be required to submit a negation action plan as described in the standard review plan. Please submit this information within thirty days of the date of this letter.

The NRC staff also understands that you may again transfer ownership of the research reactor. Before transfer, a transfer application in accordance with 10 CFR 50.80 on the proposed transferee's technical and financial qualifications to hold the license needs to be filed and noticed. The information in the application must include the information required by 10 CFR 50.33, as applicable. This information includes, but is not limited to, any relevant information on foreign ownership, control, or domination of the proposed transferee. You must obtain NRC approval before the transfer can be completed.

Sincerely,

Ledyard B. Marsh, Chief
Events Assessment, Generic Communications
and Non-Power Reactors Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Docket No. 50-228
License No. R-98

cc: Please see next page

Aerotest Operations, Inc.

Docket No. 50-228

cc w/encl:

Director, Energy Facilities Siting Division
Energy Resources Conservation
and Development Commission
1516 9th Street
Sacramento, CA 95814

California Department of Health
ATTN: Chief, Environmental Radiation
Control Unit
Radiologic Health Section
714 P Street, Room 498
Sacramento, CA 95814

Mr. Fred Meren, Reactor Supervisor
Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, CA 94583

Test, Research and Training Reactor Newsletter
202 Nuclear Sciences Center
University of Florida
Gainesville, FL 32611

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/RA/

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