



Department of Energy
Savannah River Operations Office
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OCT 20 2003

Thomas Fredrichs
Mailstop: T-7F27
Division of Waste Management
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
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References: Docket No. 70-143; SNM License 124

Gentlemen:

The purpose of this letter is to provide the United States Nuclear Regulatory Commission (NRC) with the assurance that funding for the decommissioning of the equipment and facilities associated with the BLEU Project at the Nuclear Fuel Services, Inc. (NFS) Erwin site will be by the United States Department of Energy (DOE). However, this assurance is limited to the equipment and facilities associated with the processing and blend down of Highly Enriched Uranium (HEU) as described below. Such commitment may be relied upon for NFS' request for exemption from the requirements of 10 CFR 70.25(f) for financial assurance using the specified methods set forth in said regulation.

The United States Department of Energy has entered into an Interagency Agreement (DE-SA09-01SR18976/TVA NO. P-01N8A-249655-001) with the Tennessee Valley Authority (TVA) for the Off-Specification Fuel Project (Interagency Agreement). Such project is now referred to as the BLEU Project. As part of consideration for the obligations of TVA under the Interagency Agreement, DOE assumed the obligation to reimburse TVA and its contractor for the actual decommissioning costs associated with the processing, recovery and blend down of 7,400 kilograms U_x of HEU. Please note that as an incrementally funded agreement, all obligations are subject to the availability of funds.

In implementing such obligations, DOE hereby assures the NRC of the following:

- a. Pursuant to the Interagency Agreement, Article V, paragraph C, DOE commits that it has the obligation to reimburse the actual costs of decommissioning of the equipment and facilities used for processing, recovery downblending associated with 7,4000 kilograms U_x of HEU subject to available funds; and

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- b. Pursuant to representations made by TVA to DOE, NFS, operating at its Erwin site under NRC Materials License SNM-124, is the designated contractor cited in the Interagency Agreement and such obligations noted herein flow directly to NFS.

Sincerely,



Carol R. Elliott, Contracting Officer
Office of Contract Management

cc:

Director, U.S. Nuclear Regulatory
Commission
Mary T. Adams, U.S. Nuclear Regulatory
Commission
Jim Robert, TVA
Marie Moore, Nuclear Fuel Services, Inc.
Frank Masseth, Framatome ANP, Inc.