

July 15, 2012

NOTE TO: File
FROM: Spyros Traiforos, Project Manager for Aerotest
DATE: June 21, 2012
SUBJECT: Summary of the informal conference call of June 21, 2012, between Aerotest – Nuclear Labyrinth, and the NRC

Conference call attendees:

NRC

Jessie Quichocho, Chief, Research and Test Reactors Licensing Branch
Spyros Traiforos, PM for Aerotest
Suzan Uttal, OGC
Tom Fredrichs
Jo Ann Simpson
Jocelyn Lian
John Hickman

Aerotest – Nuclear Labyrinth – Aerotest Counsel

Mike Anderson, Corporate Secretary, Aerotest Operations, Inc.
David Slaughter, Chief Executive Officer, Nuclear Labyrinth
Jay Silberg, Pillsbury Winthrop Shaw Pittman LLP, Counsel for Aerotest Operations, Inc.
Kimberly Harshaw, Pillsbury Winthrop Shaw Pittman LLP, Counsel for Aerotest Operations, Inc.

Purpose

To discuss the results of the NRC acceptance review of the proposed indirect license transfer application resulting from the sale of Aerotest by Autoliv, ASP, Inc. to Nuclear Labyrinth.

Background Information

By letter dated May 30, 2012, (Agencywide Documents Access and Management System (ADAMS) Accession No. ML12152A233), Aerotest Operations, Inc. (Aerotest) and Nuclear Labyrinth LLC (Nuclear Labyrinth), jointly submitted an application (ADAMS Accession No. ML12180A384) requesting U.S. Nuclear Regulatory Commission (NRC) consent, pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) 50.80, for the indirect license transfer of the Aerotest Radiography and Research Reactor (ARRR) Facility Operating License from Aerotest to Nuclear Labyrinth. The indirect license transfer would occur as a result of the proposed sale of Aerotest by Autoliv, ASP, Inc. to Nuclear Labyrinth.

Discussion

We told the licensee that based on the NRC staff's review of their application we found the submittal unacceptable with the opportunity to supplement. Specifically, to make the application complete, they should supplement the application with the general, financial, and technical information below:

- 1) Provide all of the general information for any Nuclear Labyrinth-owned entities in the ownership chain that may not have been included in the application, including the names, addresses and citizenship of the principal officers.
- 2) Since there were no sources of funds identified in the application, provide the source(s) of funds to cover the projected operating costs identified in the Projected Income Statement included in Attachment 7 of the application, pursuant to 10 CFR 50.33(f)(2). Specifically, state if there are any committed sources of funds (e.g., commercial, government, educational) for operations of the Aerotest Radiography and Research Reactor (ARRR) facility, and provide any applicable commitments, letters of intent, or contracts with these sources of funds.
- 3) State if there are any contracts between Autoliv and Nuclear Labyrinth to provide twelve months of operating expenses as well as the initial decommissioning trust fund contribution of \$3,285,800.
- 4) Provide Nuclear Labyrinth's latest annual financial statements.
- 5) Since future funding is expected to be provided from decommissioning fees charged to users of the ARRR for the first five years of operation, state if there are any commitments, letters of intents, or contracts entered into with potential users of the ARRR and, if applicable, provide these documents for review, pursuant to 10 CFR 50.75(d)(2)(iii). In addition, state the method of providing decommissioning funding assurance after the first five years of the projected license transfer.
- 6) Attachment 10, Conforming Amendments, is based on a previous application for license transfer that was never approved. Submit Attachment 10 using the current license and technical specifications, marked up to clearly show all insertions, deletions and revisions.

During the call, we discussed proprietary determination of the application. Attachment 11 (affidavit) of the application states that the information sought to be withheld from public disclosure are sections of the application submitted by Aerotest Operations, Inc. and Nuclear Labyrinth marked as Business Confidential including Attachment 6 and 7. Attachment 6 is entitled, "Initial Year Income Estimate for Aerotest Operations and Attachment 7 is entitled "5 Year Projected Income Statement for Aerotest Operations, Inc." We pointed out that in a previous phone call with Aerotest, we asked for a clarification of the above statement. The licensee stated then that only Attachments 6 and 7 should be withheld from the public. The licensee confirmed again that only Attachments 6 and 7 should be withheld from the public.

We also discussed the licensee's request for approval of the application by September 30, 2012. This request was made in the transmittal letter and Attachment 1, "Application for Consent to Indirect Transfer of the License." We stated that complex regulatory actions could take a year or more to complete but we would exercise any available efficiencies.

We told Aerotest and Nuclear Labyrinth that we were going to document our questions and discussion of this teleconference in a letter to them and asked them to provide their responses to our questions within ten business days from the date of our letter.