

21G-15-0215
GOV-01-55-04
ACF-15-0339

January 7, 2016

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

- References:
- 1) Docket No. 70-143; License SNM-124
 - 2) NFS Request to Amend License SNM-124 to Replace a Financial Assurance Instrument Specified in the NFS Decommissioning Funding Plan, dated October 22, 2015 (21G-15-0153)
 - 3) NRC Request for Additional Information Concerning New Letter of Credit (Cost Accounting Control No. L33393), dated December 14, 2015

Subject: NFS Response to NRC Request for Additional Information Concerning New Letter of Credit

Nuclear Fuel Services, Inc. (NFS) submitted in October 2015 an amendment request (Reference 2) to replace one of the decommissioning-related financial assurance instruments specified in License SNM-124. Attachment 4 of that submittal contained a copy of the current DOE/NNSA Statement of Intent and a revised financial assurance summary table reflecting replacement of the Statement of Intent with a new Letter of Credit. In Attachment 5, NFS provided copies of the new Letter of Credit and the associated changes to the Standby Trust Agreement, both in draft form. However, the entity on the revised summary table, on the draft Letter of Credit, and on the draft Schedule A of the Standby Trust Agreement identified as the bank that would be issuing the new Letter of Credit was changed as a result of the initial NRC review comments. Therefore, NFS is hereby providing replacement pages that correct the bank's information on Attachments 4 and 5 of the amendment request. These replacement pages also satisfy item number one of the NRC's Request for Additional Information (RAI) (Reference 3). Please note that the bank's name, address, and contact information are located in the header and footer of the revised Letter of Credit pages.

By correcting the bank's information, the NRC stated in the RAI that the draft Letter of Credit would be acceptable. Thus, NFS requested that the two banks responsible for executing the final documents do so by December 31, 2015. The originally-signed documents (new Letter of Credit and modified Standby Trust Agreement) are being provided, as requested in item number two of the RAI, to the NRC Project Manager for NFS as an enclosure to his copy of this response.

With regard to item number three of the RAI, Credit Agricole - CIB has confirmed to NFS (via BWXT Treasury Operations) that they are regulated at both the state (New York) and federal level.

If you or your staff have any questions, require additional information, or wish to discuss this submittal further, please contact me at (423) 743-1705, or Mr. Andrew Sabisch, Licensing and ISA Manager, at (423) 735-5030. Please reference our unique document identification number (21G-15-0215) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.

A handwritten signature in black ink, appearing to read "Richard J. Freudenberger".

Richard J. Freudenberger, Director
Safety and Safeguards

Attachment: Revised Attachments 4 and 5 to NFS Submittal Dated October 22, 2015
(21G-15-0153)

RPD/pdj

Copy:

Regional Administrator
U.S. Nuclear Regulatory Commission
Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303-1257

Mr. David Hartland
Project Inspector
US Nuclear Regulatory Commission
Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Kevin Ramsey
Senior Project Manager
Fuel Manufacturing Branch
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Two White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Mr. Marvin Sykes
Chief, Projects Branch 1
U.S. Nuclear Regulatory Commission
Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Charles Stancil
Senior Resident Inspector
U.S. Nuclear Regulatory Commission

ATTACHMENT

**Revised Attachments 4 and 5 to NFS Submittal
Dated October 22, 2015 (21G-15-0153)**

(8 pages to follow)

ATTACHMENT 4

(Replacement)

**DOE/NNSA Statement of Intent and Revised Summary Table
(with changes per NFS submittal dated January 7, 2016)**

(2 pages to follow)



U.S. Department of Energy
NNSA Production Office
Post Office Box 2050
Oak Ridge, Tennessee 37831-8009



September 4, 2013

Mr. Kevin M. Ramsey, Project Manager
Fuel Manufacturing Branch
Division of Fuel Cycle Safety and Safeguards
U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Dear Mr. Ramsey:

REFERENCE: DOCKET NO. 70-143; SNM LICENSE 124

Reference: Letter from W. Keith Wilkerson, NFS to Peter Newby, AREVA NP Inc.,
dated August 13, 2013

The purpose of this communication is to provide assurance that we are aware of the recent update to the cost estimate that supports the decommissioning liability under the DOE/TVA Interagency Agreement (IA) DE-SA09-01SR18976. Pursuant to the IA, Article 14, Paragraph C, DOE confirms the obligation to share the decontamination and decommissioning costs with the Tennessee Valley Authority (TVA). DOE's commitment shall be limited to equipment and facilities used solely for processing and blending down of the 13,300 KgU of HEU as specified in the agreement. We further acknowledge the currently estimated value as it relates to the scope of work under contract referenced above is approximately \$8,076,000.

If you need any additional information you may contact me at (865) 241-3917, email connie.bayless@npo.doe.gov, or courier mail to:

Connie D. Bayless, Contracting Officer
National Nuclear Security Administration Production Office
Post Office Box 2050
Oak Ridge, Tennessee 37831

Sincerely,

Connie D. Bayless
Contracting Officer
NNSA Production Office, Y-12

cc:
Paul Mulcahy, TVA
W. Keith Wilkerson, NFS
Mark P. Elliott, NFS
Kevin Ramsey, NRC
B. Wright, 301BCR, MS 8019, B&W Y12
Becky Eddy, NPO-70

COR-NPO-50 BCM-9.4.2013-533226

SUMMARY OF NFS D&D LIABILITY AND FINANCIAL ASSURANCE

As of ~~March 20, 2014~~ January 7, 2016

D&D Cost Estimate Category Name	General Type of Contract(s)	Method(s) of Financial Assurance	Share of Estimate Value	Financial Assurance Documents
DOE	Government	1 Statement of Intent	~ \$375M	Letter from DOE/Naval Reactors dated 7/19/2013 (\$375M)
NFS	Commercial	1 Letter 2 Letters of Credit + 1 Statement of Intent + 1 Standby Trust Agreement	Letter of Credit: ~ \$13.5M Statement of Intent: ~ \$8.1M Total: ~ \$21.6M	<u>Letters of Credit:</u> Amendment 4 to Compass Bank Letter of Credit No. A30271T, dated 10/9/2013 (\$13.5M) Credit Agricole-CIB Letter of Credit No. 535537025, dated 12/21/2015 (\$8.1M) Statement of Intent: Letter from DOE/NNSA dated 9/4/2013 (\$8.1M) <u>Standby Trust Agreement:</u> MUFG Union Bank Trust Agreement dated 2/1/2013, Amendment 1-2 dated 3/13/2014 12/31/2015
JV	Commercial	3 Letters of Credit (provided by AREVA for BLEU Complex facilities) + 1 Standby Trust Agreement	~ \$18.3M	<u>Letters of Credit:</u> Crédit Industriel et Commercial Letter of Credit No. SB22.401 and No. SB22.493, as amended (\$11.8M) JPMorgan Chase Bank Letter of Credit No. TFTS-934413, dated 7/19/2011 (\$3.8M) Amendment to SB22.493, dated 3/18/2014 (\$2.7M) <u>Standby Trust Agreement:</u> Union Bank Trust Agreement dated 2/1/2013, Amendment 1 dated 3/13/2014
TOTAL			~ \$415M	

ATTACHMENT 5

(Replacement)

**New Letter of Credit and Amended Standby Trust Agreement
(with changes per NFS submittal dated January 7, 2016)**

(4 pages to follow)



CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

COPY

IRREVOCABLE STANDBY LETTER OF CREDIT NO. 535537025

ISSUE DATE: DECEMBER 21, 2015

ISSUED TO:
U.S. NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555

DEAR SIR OR MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 535537025 IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF OUR CLIENT, NUCLEAR FUEL SERVICES, INC. ("NFS"), 1205 BANNER HILL ROAD, ERWIN, TENNESSEE 37650, NRC LICENSE NO. SNM-124, DOCKET NO. 70-143, UP TO THE AGGREGATE AMOUNT OF USD 8,076,000.00 (UNITED STATES DOLLARS EIGHT MILLION, SEVENTY SIX THOUSAND AND 00/100 ONLY).

AVAILABLE UPON PRESENTATION OF:

1. YOUR SIGHT DRAFT, BEARING REFERENCE TO THIS LETTER OF CREDIT NO. 535537025,

AND

2. YOUR SIGNED STATEMENT READING AS FOLLOWS: "I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO REGULATIONS ISSUED UNDER AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION RELATING TO LICENSE NO. SNM-124 DOCKET NO. 70-143."

THIS LETTER OF CREDIT IS ISSUED IN ACCORDANCE WITH REGULATIONS ISSUED UNDER THE AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION ("NRC"), AN AGENCY OF THE U.S. GOVERNMENT, PURSUANT TO THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, AND THE ENERGY REORGANIZATION ACT OF 1974. THE NRC HAS PROMULGATED REGULATIONS IN TITLE 10, CHAPTER I, OF THE CODE OF FEDERAL REGULATIONS, PART 70, WHICH REQUIRE THAT A HOLDER OF, OR AN APPLICANT FOR, A MATERIALS LICENSE ISSUED UNDER 10 CFR PART 70 PROVIDE ASSURANCE THAT FUNDS WILL BE AVAILABLE WHEN NEEDED FOR DECOMMISSIONING.

THIS LETTER OF CREDIT IS EFFECTIVE AS OF DATE OF ISSUE, AND SHALL EXPIRE ON DECEMBER 21, 2016, BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE (1) YEAR ON DECEMBER 1, 2016, AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST 90 DAYS BEFORE THE THEN CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU AND NFS, BY CERTIFIED MAIL, OR COURIER, AS SHOWN ON THE SIGNED RETURN RECEIPTS, THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

IF NFS IS UNABLE TO SECURE ALTERNATIVE FINANCIAL ASSURANCE TO REPLACE THIS LETTER OF CREDIT WITHIN 30 DAYS OF THE NOTICE OF CANCELLATION, THE NRC MAY DRAW UPON THE FULL VALUE OF THIS LETTER OF CREDIT PRIOR TO CANCELLATION. THE BANK SHALL GIVE IMMEDIATE NOTICE TO THE APPLICANT AND THE NRC OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING (1) THE INSOLVENCY OR BANKRUPTCY OF THE FINANCIAL INSTITUTION, OR (2) ANY VIOLATIONS OF REGULATORY REQUIREMENTS THAT COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. THE FINANCIAL INSTITUTION ALSO SHALL GIVE IMMEDIATE NOTICE IF THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

WHENEVER THIS LETTER OF CREDIT IS DRAWN ON, UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON ITS PRESENTATION TO THE CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, 1301 AVENUE OF THE AMERICAS, NEW YORK, NY 10019, ATTN: LETTER OF CREDIT DEPARTMENT, OR ITS SUCCESSOR OFFICE, DURING NORMAL BUSINESS HOURS, WITHIN 30 DAYS AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF NFS IN ACCORDANCE WITH YOUR INSTRUCTIONS.





CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

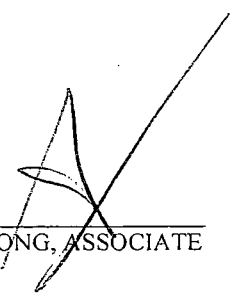
EACH DRAFT MUST BEAR ON ITS FACE THE CLAUSE: "DRAWN UNDER LETTER OF CREDIT NO. 535537025 DATED DECEMBER 21, 2015, AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED U.S. DOLLARS 8,076,000.00 (UNITED STATES DOLLARS EIGHT MILLION, SEVENTY-SIX THOUSAND, AND 00/100 ONLY)."

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS 2007 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600.

VERY TRULY YOURS
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK



VINCENT MONTALTO, ASSOCIATE



CATHERINE WONG, ASSOCIATE



COPY

AMENDMENT No. 2

To

Trust Agreement Dated February 1, 2013,
as amended on March 13, 2014 (the "Amendment No. 1")

By and Between

Nuclear Fuel Services, Inc. (as "Grantor")

And

MUFG Union Bank, N.A. (formerly known as Union Bank, N.A. as "Trustee")
(the "Trust Agreement")

WHEREAS the amount of financial assurance required for licensed activities set forth in the Trust Agreement has been revised;

NOW THEREFORE, the parties to the Trust Agreement hereby agree to replace Schedule A of the Trust Agreement with the Schedule A attached hereto.

All other provisions of the Trust Agreement remain unchanged and in full force and effect.

This Amendment No. 2 shall be administered, construed, and enforced according to the laws of the State of New York.


IN WITNESS WHEREOF, this Amendment No. 2 is effective as of December 31, 2015.

NUCLEAR FUEL SERVICES, INC., as Grantor

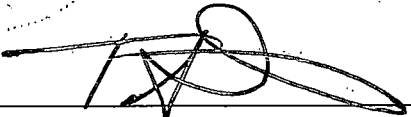
ACKNOWLEDGEMENT

State of TENNESSEE, County of UNICOI
I certify the attester of this document personally appeared before me, and is either known by me or provided visual verification of their identity to me, and executed their legal signature on this document on this the 4th day of

January, 2016
Wilton L. Lewis
NOTARY PUBLIC
My Commission Expires: 6/29/2016

By: 
Its: President
Seal:


MUFG UNION BANK, N.A., as Trustee

By: 
Its: **Timothy P. Miller**
Vice President

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates or prescribed amounts for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER

SNM-124

NAME AND ADDRESS OF LICENSEE

Nuclear Fuel Services, Inc.
1205 Banner Hill Road
Erwin, TN 37650

ADDRESS OF LICENSED ACTIVITY

Nuclear Fuel Services, Inc.
1205 Banner Hill Road
Erwin, TN 37650

COST ESTIMATE FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT

Building 301	\$ 6,577,000
Building 333	\$12,495,000
Building 440	\$ 2,554,000
Grand Total	\$21,626,000

Letter of Credit No. A30271T, issued by Compass Bank:	\$13,550,000
Letter of Credit No. 535537025, issued by Credit Agricole-CIB:	\$ 8,076,000
Grand Total:	\$21,626,000

The cost estimate listed here was last adjusted and approved by the NRC on June 11, 2013.