



**DEPARTMENT OF ENERGY**  
NAVAL REACTORS LABORATORY FIELD OFFICE  
POST OFFICE BOX 109  
WEST MIFFLIN, PENNSYLVANIA 15122-0109

NRLFO:CON:16-217  
09 November 2016

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

70-143

**SUBJECT: U.S. DEPARTMENT OF ENERGY LIABILITY FOR DECONTAMINATION  
AND DECOMMISSIONING OF THE NUCLEAR FUEL SERVICES, INC.  
FACILITY IN ERWIN, TENNESSEE**

Via Nuclear Fuel Services, Inc. (NFS) letter (21G-16-0182) dated October 20, 2016, NFS identifies that an updated decontamination and decommissioning (D&D) cost estimate in the amount of \$372,585,000 has been agreed to by the U.S. Nuclear Regulatory Commission (NRC). NFS' letter also requests that the U.S. Department of Energy (DOE) provide assurance to the NRC regarding its knowledge of the updated estimate and confirmation that the contract identifies this obligation.

DOE's prime contract DE-NR00016 with NFS contains special clauses covering the DOE's contractual liability for D&D through its completion. However, pursuant to these clauses, the estimated cost and funding for the D&D work is negotiated into the contract on an annual basis. While DOE is aware of long-term estimates for this work, the above estimate is not referenced in the contract.

Historically, the NRC has accepted DOE's contract clauses as assurance of DOE's long-term liability for its portion of the costs of the D&D work at Erwin, Tennessee. In 2014 the NRC requested a statement of intent, signed by an official with the authority to request and obtain decommissioning funds from the appropriate funding body, which has been updated by the enclosure hereto. The DOE's contractual liability for D&D of the NFS Erwin, Tennessee facility under the referenced contract is virtually unchanged from prior years.

Sincerely,

T. M. WEIS  
Contracting Officer

Enclosure:

NR Memo dated 7 November 2016 (Ser 08H/16-05229)

NM5520

Director, Office of Nuclear Material  
Safety and Safeguards

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Copy to:

F. X. Masseth, NFS

D. A. Delwiche, NRLFO



**DEPARTMENT OF THE NAVY**

NAVAL NUCLEAR PROPULSION PROGRAM  
NAVAL SEA SYSTEMS COMMAND (SEA 08)  
1333 ISAAC HULL AVENUE SE  
WASHINGTON NAVY YARD DC 20376-8010

08H:JRH:jrh  
Ser 08H/16-05229  
07 November 2016

From: Commander, Naval Sea Systems Command  
To: Manager, Naval Reactors Laboratory Field Office

Subj: U.S. DEPARTMENT OF ENERGY LIABILITY FOR DECONTAMINATION  
AND DECOMMISSIONING OF THE NUCLEAR FUEL SERVICES, INC.  
FACILITY IN ERWIN, TENNESSEE; STATEMENT OF INTENT

1. As Director of Fleet Readiness Naval Nuclear Propulsion Program, I exercise express authority and responsibility to request funds from the U.S. Navy for decommissioning activities associated with the operations authorized by U.S. Nuclear Regulatory Commission Materials License No. SNM-124 for the Naval Nuclear Propulsion Program. This authority is established by 50 U.S. Code § 2406, 2511 Sec. 8 and my position. Within this authority, I intend to request that funds be made available, when necessary, to decommission the Nuclear Fuel Services facility in Erwin, TN. I understand that the cost estimate for decommissioning activities under Naval Reactors' prime contract through its Naval Reactors Laboratory Field Office DE-NR00016 is \$372,585,000.

S. R. SCHARPNICK  
Director Fleet Readiness