

DOCKET NO.

50-201

[File Copy/serial]

NUCLEAR FUEL SERVICES, INC.

A SUBSIDIARY OF W. R. GRACE & CO.

WHEATON PLAZA BUILDING, SUITE 906

WHEATON, MARYLAND 20902

AREA CODE 301-TELEPHONE 933-5440



22 March 1966

Dr. John A. McBride, Director
Division of Materials Licensing
U.S. Atomic Energy Commission
4915 St. Elmo Avenue
Bethesda, Maryland

Subject: Information Subsequent to Construction
Permit, Submission No. 5

Dear Dr. McBride:

On February 25, 1966, NFS signed Submission No. 5 requesting amendment of the construction permit so that the latest date for completion would be June 30, 1966. While NFS believed that construction would be completed prior to March 31, 1966, nevertheless, as a matter of precaution, this application was filed. It now appears that a Provisional Operating License will not be issued until after March 31, 1966, and therefore action should be taken upon the application for extension of time for completion.

In Submission No. 5, NFS indicated that supplementary financial arrangements were being made to assure the availability of any funds required for the facility during the period from March 31 to June 30, 1966 even in the absence of revenue from the operations of the chemical plant. Applicant stated that it would notify AEC of such additional arrangements prior to March 31, 1966. This letter is intended to serve as such notification.

Attached hereto is the schedule showing the NFS Consolidated Balance Sheet as of February 28, 1966, and the Consolidated Balance Sheet as projected for March 31, 1966, which remains as set forth in Annex A of Submission No. 5. You will note that as of February 28, 1966, the net current assets of NFS are \$220,000.

At the Directors' Meeting of NFS which took place in New York City on March 9, 1966, and which was attended by those officers of W. R. Grace and Co. and American Machine & Foundry Company who are directors of NFS, the officers of NFS were authorized to arrange for additional bank credit amounting to \$1,000,000 to cover operating expenses beyond March 31, 1966, to the extent that such credit was required. NFS accordingly communicated with the Manufacturers and Traders Trust Company, Buffalo, N.Y. and has received from said bank an additional line of credit of \$1 million as set forth in the letter from the said bank, a copy of which is attached to this letter.

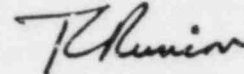
ACKNOWLEDGED

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As stated in previous submissions, the operating expenses of the West Valley plant on a standby basis do not exceed \$300,000 per month and a substantial cash flow is generated from the Erwin operations of NFS. It is therefore apparent that this additional line of credit will be more than adequate to insure the availability of required funds for the period beyond June 30, 1966 even in the absence of income from West Valley operations.

Very truly yours,



T. C. Runion
President

TCR/crp
Attachments



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NUCLEAR FUEL SERVICES, INC.

[File Copy (final)]

Consolidated Balance Sheet

(in \$000)

ASSETS	Actual Feb. 28, 1966	Projected Mar. 31, 1966
Current Assets:		
Cash	\$ 251	\$ 979
Receivables - Net	1,125	967
Inventories	603	1,207
Other Current Assets	742	562
Total Current Assets	<u>2,721</u>	<u>3,715</u>
Fixed Assets (Note 1)	22,069	22,638
Less: Reserve for Depreciation	<u>1,212</u>	<u>1,243</u>
Fixed Assets - Net	<u>20,857</u>	<u>21,395</u>
Other Assets:		
Preoperational Costs - Reprocessing Plant	3,123	3,401
Other	84	80
Total Other Assets	<u>3,207</u>	<u>3,481</u>
	<u>\$26,785</u>	<u>\$28,591</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Bank Loans Payable - Current (Note 2)	\$ 1,211	\$ 1,358
Accounts Payable	958	1,200
Other Current Liabilities	332	290
Total Current Liabilities	<u>2,501</u>	<u>2,848</u>
Deferred Taxes on Income	368	381
Deferred Credit - Research Grant (Note 3)	1,636	1,818
Long-Term Debt - Banks Loans (Note 2)	<u>10,292</u>	<u>11,545</u>
Total Liabilities	<u>14,797</u>	<u>16,592</u>
Stockholders' Equity:		
Capital Stock - Issued (Note 4)	11,105	11,105
Paid-In Surplus (Note 5)	500	500
Earned Surplus	383	394
Total Equity	<u>11,988</u>	<u>11,999</u>
	<u>\$26,785</u>	<u>\$28,591</u>

NUCLEAR FUEL SERVICES, INC.

Notes to the Balance Sheet

Note 1 - Fixed assets do not include \$8,500,000 in land and facilities at West Valley, New York leased to NFS by ASDA. The detail of NFS-owned facilities by location is as follows:

(\$000)	Actual Feb. 28, 1966	Projected Mar. 31, 1966
West Valley, New York:		
Spent Fuel Processing Plant	\$18,664	\$19,208
Other	180	180
Total West Valley, N. Y.	18,844	19,388
Erwin, Tennessee:		
Total	3,225	3,250
	<u>\$22,069</u>	<u>\$22,638</u>

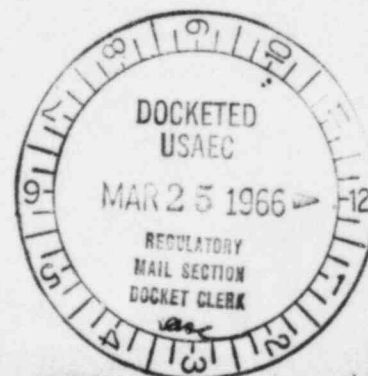
Note 2 - The availability of funds under the bank loan agreement was extended to March 31, 1966, from December 31, 1965. One-twentieth (\$597,500) of the amount outstanding as of December 31, 1965, was repaid to the banks on January 1, 1966. The balance of the loan will be repaid in nineteen equal semi-annual instalments beginning July 1, 1966.

Note 3 - ESADA is contributing \$2,000,000 toward the research and development costs associated with the reprocessing plant. Two of the eleven equal quarterly payments of \$181,818.18 remain to be received in 1966, one on March 31 and the final one on June 30. The total contribution will be amortized against the cost of the plant over its depreciable life.

Note 4 - In accordance with the stockholders' agreement, W. R. Grace & Co. and American Machine and Foundry Company have made the following contributions in return for eighty (80) and twenty (20) percent ownership respectively:

(\$000)	Grace (80%)	AMF (20%)	Total
Cash	\$6,000	\$2,000	\$8,000
Existing Facilities - at book value	2,466	639	3,105
	<u>\$8,466</u>	<u>\$2,639</u>	<u>\$11,105</u>

Note 5 - Funds have been contributed by the stockholders for use in expanding the facilities at the Erwin, Tennessee plant.



K. A. LAWDER

MAR 17 1966

DOCKET NO. 50-201

NFS

[File Copy (formal)]

Manufacturers and Traders Trust Company

Buffalo, N. Y. 14210

March 15, 1966

DUDLEY M. IRWIN
EXECUTIVE VICE PRESIDENT

Mr. Kenneth A. Lawder, Treasurer
W.R. Grace & Company
7 Hanover Square
New York, New York 10005



Dear Ken:

This will confirm my telephone conversation with you yesterday, and advise you that our Executive Committee has authorized an unsecured line of credit for Nuclear Fuel Services, Inc., in the amount of \$1 million, with the understanding that it will be repaid on or before April 1, 1967. As discussed at our meeting here in the bank, interest rate on this will be 6% and, of course, there will be no commitment fee involved.

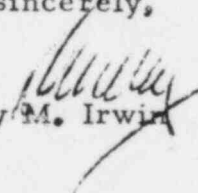
I am having our attorney draw up a letter of consent to this borrowing, as per section 5 of our term loan agreement dated as of July 1, 1963, with a copy to Morgan Guaranty, who have assured me they would interpose no objection and would write a similar letter to you.

I am rather pleased that we will take the entire \$1 million of this open credit. Morgan Guaranty feels that \$8 1/2 million is as far as they want to go at this time.

I have also talked to Oliver Townsend and Charlie Runion. Oliver reconfirmed what he had told Runion that ASDA would interpose no objection to this borrowing and would so advise NFS by letter. I then called Runion advising him of our meeting with you and our subsequent commitment to NFS and suggested that he contact Townsend to get the appropriate consents in the works.

Would you advise if this is the type of commitment letter that you wish for purposes of extending your AEC construction permit.

Very sincerely,


Dudley M. Irwin

DMI/sd