

50-201  
(Applicant)

EMVWRGR

August 17, 1964

The Honorable Glenn T. Seaborg  
Chairman  
U. S. Atomic Energy Commission  
Washington, D. C.

Dear Dr. Seaborg:

A current appraisal of the NRS reprocessing project will likely be of interest to you, in view of the very great importance of this plant to the private nuclear power industry of the U. S.

Upon completion of our interdependent contract negotiations, the administrative headquarters of NRS were transferred to Baltimore for more effective liaison with the parent organization, W. R. Grace & Co. At the same time, most of the technical personnel were transferred to West Valley for more effective supervision of the construction and start-up operations.

At the outset of the project, the ability of NRS to meet its cost projections was of concern, both to your staff and ours, and rightly so in view of the extensive construction overruns such plants have experienced in the past. At the mid-year point in 1964, detailed engineering was essentially completed by Bechtel and detailed models of the plant were constructed. Overall construction was about 50% complete. All but a few miscellaneous small items, totaling \$112,000.00, have been placed in a firm lump sum category by Bechtel out of the original contract price of about \$23,000,000, including the mechanical head-end, which, as expected, accounts for the greatest increase over early projections. Fortunately, we were able to remain well within our contingency allowance for the head-end equipment.

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NFS engineering expense and work at the site have likewise moved favorably in respect to budgeted costs.

In summary, the budgeted costs for engineering, construction, interest and site costs were \$27,300,000. To date these costs appear to be firm at \$27,171,000 with a small amount of our construction contingency remaining. Target completion date of the project is still on schedule for April 1965, excluding start-up time.

Obviously, NFS' next cost hurdle relates to the period and costs for start-up. Our present projections show these costs to be substantially within our original estimates totaling \$1,400,000. Obviously, these costs could be affected drastically by technical and licensing difficulties, growing out of start-up problems. At the present time, our staff is largely occupied by licensing activities and personnel training. We appreciate that approval of our license application can not be obtained until most construction is complete, but we are presenting information on a current basis to minimize possible delays at a later date. To date, licensing has proceeded on schedule.

A summary of our most current cost review is attached. This material, along with much additional data, will be included in the semi-annual report to be filed in October in connection with the licensing procedure. We should be glad, at any time, to furnish additional information which you may find useful.

Very truly yours,

T. C. Runion  
President

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cc Mr. W. F. McGuirk, Jr.  
Mr. R. D. Goodall

Attachment

cc Mr. N. E. Fennell

# East Valley Project Review

(in thousands)

<u>Fixed Assets</u>	<u>Budget 1-63</u>	<u>Review Mid-1964</u>
Bechtel-Lump Sum Guarantee	(21,600)	\$23,811
Non-Guaranteed Allow.	1,485)	112
EA & Assoc. (Railroad and Water Supply)	742	558
Laboratory, Office and Mobile Equipment	723	688
Interest	650	423
Engineering and Field Expenses	600	600
Plant Site	500	500
Plant Tools and Equipment	---	479
Allowance for Field and Start-up Changes	---	---
Contingencies	1,200	250
<u>Total</u>	<u>\$27,300</u>	<u>\$27,421</u>
<u>Pre-Operational</u>		
Salaries and Benefits	\$ 264	\$ 390
Wages and Benefits	239	338
Eng. and Field Trans. from above	---	248
Maintenance	50	81
Process Chemicals	100	135
Dummy Fuel Elements	---	195
Utilities	48	117
Taxes	5	20
Interest	330	527
Insurance	97	82
Licensing	100	50
Other Items not in RCA	---	173
GR&A Expense	---	454
Unallocated	2,088 (a)	185 (b)
<u>Total</u>	<u>\$ 3,400</u>	<u>\$ 3,400</u>
<u>Grand Total</u>	<u>\$30,700</u>	<u>\$30,821</u>

(a) Assumes 6 months start-up

(b) Assumes 9 months start-up