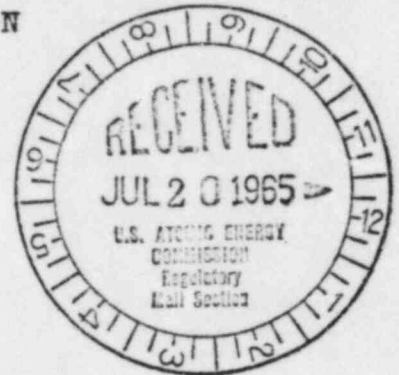


Before the  
UNITED STATES ATOMIC ENERGY COMMISSION  
Washington, D. C.



IN RE MATTER OF THE  
APPLICATION OF

Nuclear Fuel Services, Inc.  
For Construction Permit and Licenses  
For a Spent Fuel Processing Plant  
Under Sections 53, 63, 81, 104(b) and 185  
Of the Atomic Energy Act

AEC DOCKET NO.: 50-201

File Copy

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NUCLEAR FUEL SERVICES, INC.

Application for  
Construction Permit and License  
for a

Spent Fuel Processing Plant

Part A. General Corporate Financial and Technical Information  
INFORMATION SUBSEQUENT TO CONSTRUCTION PERMIT  
SUBMISSION NO. 2

Scharfeld, Bechhoefer & Baron  
1710 "H" Street, N. W.  
Washington, D. C.

Attorneys for Applicant

NUCLEAR FUEL SERVICES, INC.  
T. C. Runion, President  
P. O. Box 1757  
Baltimore, Maryland

ACKNOWLEDGED

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PDR FOIA  
ARNOLD83-354 PDR

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Before the  
U. S. ATOMIC ENERGY COMMISSION  
Washington, D. C.

APPLICATION FOR LICENSE TO CONSTRUCT  
AND OPERATE A CHEMICAL PLANT

PART A

Information Subsequent to Construction Permit  
Submission No. 2

The Applicant herewith submits the following information amending Paragraph 5 of Applicant's original application as amended by Paragraph 5 of Submission No. 1 of Information Subsequent to Construction Permit dated January 7, 1965, and amending or replacing and superseding Paragraphs 6 and 7 of Applicant's original application dated July 25, 1962, and adding annexes, designated as Revised Annexes 3, 5, and 7, relating to the present financial situation of the Applicant.

The paragraphs and annexes in this submission are numbered as in the application dated July 25, 1962.

Amendment of Paragraph 5 of Information Subsequent to  
Construction Permit Submission No. 1 - Summary of the Project.

Paragraph 5 is amended by adding immediately before the final sentence a new subparagraph as follows:

NFS hereby incorporates by reference Paragraph 4 of Amendment No. 2 of the Application for Licenses of the New York State Atomic and Space Development Authority, dated January 12, 1965.

Amendment of Paragraph 6 - License Requested. Paragraph 6 is amended by deleting therefrom the following clauses at the end of said paragraph "and requests will be submitted at an appropriate time to Atomic Energy of Canada, Ltd. for authority to assign the Port Hope, Ontario facility to Applicant." This provision no longer is required because of the sale by Applicant of the Port Hope, Ontario facility.

Paragraph 7 - Financial Qualifications. Applicant submits the following information supplementary to that furnished in its application of July 25, 1962, as amended.

The financing of the project has been obtained as set forth in Revised Annex 3. The bank loan agreement between NFS and two banks, referred to in Revised Annex 3, is submitted as Revised Annex 5. Applicant's balance sheet on June 30, 1965, and as projected on December 31, 1965, is submitted as Revised Annex 7.

As set forth in Submission No. 1 herein, dated January 7, 1965, the feed materials plant formerly owned by the Davison Division of W. R. Grace and Company, located at Erwin, Tennessee, has been transferred to the Applicant. Likewise, as set forth in Submission No. 1 herein, the Port Hope, Ontario fuel fabrication facility formerly owned by AMF was transferred to Applicant and certain of its assets were subsequently sold by Applicant. The assets of the Erwin, Tennessee plant and the proceeds from the sale of the Port Hope assets are reflected in the balance sheet in Revised Annex 7.



CERTIFICATE OF SERVICE

I, Bernhard G. Bechhoefer, attorney for applicant Nuclear Fuel Services, Inc. and admitted to practice before the Courts of this jurisdiction, herewith certify that I have this 19th day of July, 1965, sent a copy of the foregoing Submission No. 2 of Information Subsequent to Construction Permit, via regular United States mail, postage prepaid, to each of the following:

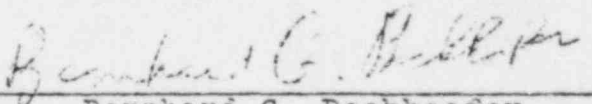
Troy B. Conner, Jr., Esq., and  
Paul Siegel, Esq.  
c/o Atomic Energy Commission  
Bethesda, Maryland  
Counsel for AEC Regulatory Staff

Mr. Oliver Townsend  
230 Park Avenue  
New York 17, New York  
New York State Atomic and  
Space Development Authority

Oscar M. Ruebhausen, Esq.  
c/o Debevoise, Plimpton, Lyons & Gates  
320 Park Avenue  
New York 22, New York  
Counsel for New York State Atomic  
and Space Development Authority

Mr. Norman Fagnan  
Supervisor, Town of Ashford  
West Valley, New York

Mr. E. Scott Smith  
County Clerk  
Cattaraugus County  
Little Valley, New York

  
Bernhard G. Bechhoefer

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50-201  
Revised Annex 3  
July 15, 1965

NUCLEAR FUEL SERVICES, INC.

Sources and Application of Funds for the Chemical Processing Plant

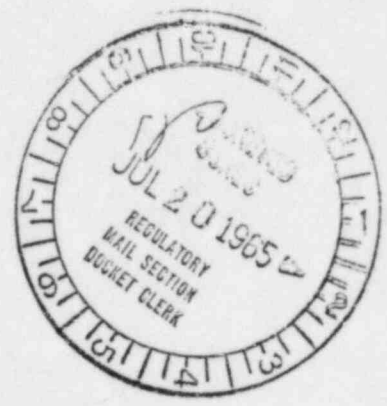
(in \$000)

<u>SOURCES</u>	<u>Received Thru 6/30/65</u>	<u>Balance to be Received</u>	<u>Total</u>
W. R. Grace & Co.	\$ 6,000	\$ -	\$ 6,000
American Machine & Foundry Company (AMF)	2,000	-	2,000
New York State Atomic & Space Development Authority (ASDA)	7,403	1,097	8,500
Bank Loan - Manufacturers and Traders Trust Company and Morgan Guaranty Trust Company	8,900	4,600	13,500
Empire State Atomic Development Associates, Inc. (ESADA)	<u>1,273</u>	<u>727</u>	<u>2,000</u>
Total	<u>\$25,576</u>	<u>\$ 6,424</u>	<u>\$32,000</u>

APPLICATION

Facility Costs:

Bechtel - Constructed Facilities	\$23,938
NFS - Provided Related Facilities	<u>1,918</u>
	25,856
Plant Site (ASDA Provided)	500
Expenses Related to Construction	857
Working Capital	1,100
Preoperational Costs (Incl. Contingencies of \$299,000)	3,400
Available for Contingencies (in Addition to \$299,000 in Preoperational Costs)	<u>287</u>
	<u>\$32,000</u>



CONFORMED COPY

50-201

(forward)  
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MANUFACTURERS AND TRADERS TRUST COMPANY

*and*

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

*with*

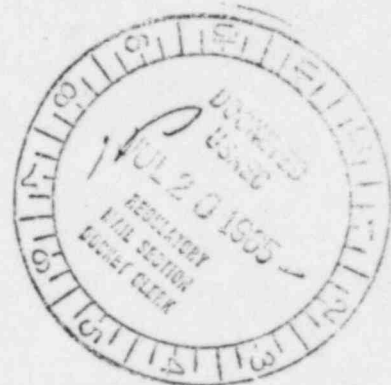
NUCLEAR FUEL SERVICES, INC.

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TERM LOAN AGREEMENT

Dated as of July 1, 1963

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# TERM LOAN AGREEMENT

MANUFACTURERS AND TRADERS TRUST COMPANY

And

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

With

NUCLEAR FUEL SERVICES, INC.

This Agreement dated as of the 1st day of July, 1963 between:

MANUFACTURERS AND TRADERS TRUST COMPANY, a banking corporation of the State of New York having its principal banking office at 284 Main Street, Buffalo, New York, and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a New York Corporation having its principal office at 140 Broadway, New York, New York (hereinafter called the "Banks"), parties of the first part, and NUCLEAR FUEL SERVICES, INC., a Maryland corporation having its principal office at 910-17th Street, Washington 6, D. C. (hereinafter called NFS), party of the second part, in manner following:

## STATEMENT OF FACTS

NFS is a corporation organized and existing in good standing under the laws of the State of Maryland. Its authorized capital stock consists of 1,000 shares of common stock without par value. All of such authorized shares of common stock will be subscribed for, and when issued and outstanding, will be owned, directly or indirectly, as follows:

W. R. Grace & Co. ....800 shares or 80%

American Machine & Foundry Company .....200 shares or 20%

The designations, preferences, privileges and voting powers of the shares of NFS stock and the restrictions and qualifications imposed thereon are set forth in annexed Exhibit A.

NFS proposes to construct and operate a spent nuclear fuel processing Center (Center) in Cattaraugus and Erie Counties, in New York State, and has indicated its requirements for bank loans in order to complete the construction of that facility. The facility is to be constructed on land presently under the jurisdiction of, and held in the name of the State of New York, by the New York State Atomic Research and Development Authority (ARDA). ARDA is to have constructed for it on the same land, with its own funds, a pre-processing nuclear fuel receiving facility, as well as facilities for the storage of radio-active wastes, and other site improvements. The land, the fuel receiving facility, the waste storage facilities and the other site improvements are to be leased by ARDA to NFS for an initial term (subject to renewal) ending December 31, 1980. The form of lease and the related Waste Storage Agreement and Facilities Contract between NFS and ARDA are attached hereto and marked Exhibit B.

NFS intends to raise approximately \$8,000,000 by the sale of its stock to W. R. Grace & Co. and American Machine & Foundry Company. It will also obtain a capital contribution (Research Grant) from Empire State Atomic Development Associates, Inc., a New York membership corporation consisting of 7 New York State utility companies (ESADA). In addition, NFS will require bank credits and NFS having applied for such financing, the Banks are willing to grant such assistance to NFS to the extent and upon the terms and conditions hereafter set forth.

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

**Section 1. Representations and Warranties**

1.1. All statements hereinabove set forth in the "Statement of Facts" to this Agreement are true and all statements and representations contained in the Davison Chemical Division proposed R.C.A. for reprocessing plant dated November 3, 1962 or in the Request for Capital Appropriation No. 299, entitled "Nuclear Fuel Reprocessing Plant", copies of which have been furnished to the Banks, were true in all material respects, at the time when made.

1.2. Attached hereto as Exhibit C is a true copy of the Contract dated as of October 1, 1962 between NFS and Bechtel Corporation (without Exhibits) providing for the design, engineering and construction of a major portion of the Center.

1.3. The execution and delivery hereof and the performance of each and every term, covenant, condition and undertaking herein provided for are within the corporate powers of NFS, have been duly authorized by all proper and necessary corporate action, and are not in conflict with NFS's charter, by-laws or any indenture, contract or agreement to which it is a party or by which it is bound, or with any statute, rule or regulation binding upon it.

1.4. None of the assets of NFS is subject to any mortgage, lien or encumbrance of any character, exclusive of the ARDA lease agreement.

1.5. There is no litigation or proceeding by or before any court, public body, agency or authority pending against NFS.

1.6. All of the outstanding shares of the capital stock of NFS will, when issued, be fully paid and non-assessable.

1.7. There has been no event or happening which would cause any material adverse change in the financial condition of NFS from that shown in the Request For Capital Appropriation No. 299 referred to in Section 1.1 hereof.

**Section 2. Conditions Precedent**

The Banks shall not be required to make any loans hereunder until NFS shall have received:

2.1. A construction permit issued by the Atomic Energy Commission (AEC) granting the right to build the proposed facility.

2.2. A contract with the AEC providing for utilization of NFS plant facilities (or compensation in lieu thereof) for a minimum of 625 days commencing with the date of the contract and ending on a date 5 years after the first delivery of recovered product to the AEC or by June 30, 1971, whichever is earlier. The minimum of 625 days is subject to reduction to the extent that the total utilization of NFS plant facilities during such 5-year period exceeds 1500 days. Such contract may contain a termination for convenience of the Government clause.

2.3. Contracts covering the processing requirements through December 31, 1980 of Commonwealth Edison Company, Consolidated Edison Company of New York, Yankee Atomic Electric Company, Power Reactor Development Company and Northern States Power Company arising from the operation of the presently existing atomic reactors owned by said utilities, such contracts being subject to termination after 5 years in the event NFS fails to meet a bona fide competitive offer.

2.4. The ESADA commitment (Research Grant) to make a \$2,000,000 capital contribution.

2.5. The ARDA lease agreement and the related Waste Storage Agreement and Facilities Contract executed in the form attached hereto as Exhibit B, and which shall be in full force and effect at the time of any loan hereunder.

2.6. Commitment for an equity investment from W. R. Grace & Co. of \$6,000,000 in cash plus its nuclear reactor feed materials plant at Erwin, Tenn. representing a current investment of approximately \$3,000,000, which commitment shall provide that, until all of such \$6,000,000 has been delivered to NFS, W. R. Grace & Co. will, at or prior to the time of any borrowing hereunder, make cash investments equal to 75% of the amount borrowed hereunder.

2.7. Commitment for an equity investment from American Machine & Foundry Company of \$2,000,000 in cash plus all of the capital stock of AMF Atomics Canada Co. Limited, an Ontario Corporation, representing a current investment of approximately \$700,000, which commitment shall provide that, until all of such \$2,000,000 has been delivered to NFS, American Machine & Foundry Company will, at or prior to the time of any borrowing hereunder, make cash investments equal to 25% of the amount borrowed hereunder.

2.8. A contract with Bechtel Corporation in the form attached as Exhibit C.

### Section 3. Amount and Terms of Credit

3.1. Subject to the terms and conditions hereof and in reliance on the representations and warranties of NFS contained herein, the Banks will make available to NFS on July 1, 1963 the sum of \$10,000,000 which may be borrowed, in part from time to time or in whole at any time, on or prior to June 30, 1965, but not thereafter, upon four business days notice to the Banks by NFS.

3.2. Subject to the terms and conditions hereof and in reliance on the representations and warranties of NFS contained herein, Morgan Guaranty Trust Company of New York will make available to NFS on July 1, 1963 a standby line of credit in an aggregate amount of not to exceed \$3,500,000 which may be borrowed, in part from

time to time or in whole at any time, on or prior to January 1, 1966, but not thereafter, upon four business days notice to Morgan Guaranty Trust Company of New York by NFS, *provided that*, such standby line of credit shall become available to NFS only after the full \$10,000,000 provided for in Section 3.1 hereof has been borrowed.

3.3. The loans provided for in Sections 3.1 and 3.2 hereof shall hereinafter collectively be referred to as the "Borrowing", and such Borrowing shall be accomplished in the following manner:

(a) *Notes.* As each loan pursuant to Section 3.1 hereof is made by the Banks, NFS shall execute and deliver two notes in the form of annexed Exhibit D (with the blanks appropriately filled) dated the day such loan is made. Each one of such notes shall provide for payment of one-half of the principal amount of such loan and one of the said notes shall be payable to the order of each of the Banks. The principal amount of such notes shall be payable in twenty equal semi-annual installments commencing January 1, 1966 and payable on each July 1 and January 1 thereafter to and including July 1, 1975.

As each loan pursuant to Section 3.2 hereof is made by Morgan Guaranty Trust Company of New York, NFS shall execute and deliver to Morgan Guaranty Trust Company of New York a note in the form of annexed Exhibit D (with the blanks appropriately filled) dated the day such loan is made. Such note shall provide for payment of the full principal amount of such loan in twenty equal semi-annual installments commencing on January 1, 1966 and payable on each July 1 and January 1 thereafter to and including July 1, 1975.

All of the notes delivered by NFS pursuant to this Agreement shall bear interest on the unpaid principal amount thereof at the rate of  $5\frac{1}{2}\%$  per annum payable semi-annually on January 1 and July 1 of each year.

(b) *Consolidation.* On January 2, 1966, or such other date as may be mutually agreed upon, NFS will consolidate all of the notes outstanding under this Agreement held by any one person or corporation by issuing in exchange for all the notes held by such person or corporation a single note in the form of annexed Exhibit D (with the blanks appropriately filled) for the aggregate unpaid principal amount of all of the notes previously issued hereunder to such person or corporation.

3.4. *Commitment Fee.* NFS shall pay to the Banks for the credit made available under Section 3.1 hereof a commitment fee equal to  $\frac{1}{2}$  of 1% per annum, payable semi-annually on January 1 and July 1 of each year, on the daily average unused portion of such credit for the period for which payment is being made. In addition, NFS shall pay to Morgan Guaranty Trust Company of New York for the standby credit made available under Section 3.2 hereof a commitment fee equal to  $\frac{1}{2}$  of 1% per annum, payable semi-annually on July 1 and January 1 of each year, on the daily average unused portion of such standby credit for the period for which payment is being made.

3.5. *Cancellation or Reduction of Credits.* NFS may cancel or reduce (in even multiples of \$300,000) the standby credit of Morgan Guaranty Trust Company of New York

under Section 3.2 hereof or the lending commitment of the Banks under 3.1 hereof, or both, on four days written notice to Morgan Guaranty Trust Company of New York, or the Banks, as the case may be, and the commitment fees specified in Section 3.4 shall thereafter be computed on the unused balances as so reduced of the standby credit and the lending commitment.

#### Section 4. Affirmative Covenants

NFS covenants and agrees:

4.1. That it will apply the proceeds of the Borrowing exclusively to the construction, maintenance and operation of the proposed Center, and further that it will complete the Center according to the plans and specifications set forth in the Contract with Bechtel Corporation referred to in Section 1.2 hereof; and, that, upon completion of the Center, it will maintain the plant, property and equipment in full and effective working order and will make any and all repairs, alterations or changes that may be required to maintain the Center as an effective operating unit and to comply with any applicable governmental regulations.

4.2. That it will maintain adequate insurance on its insurable properties now or hereafter acquired and keep itself adequately insured against liability on account of damage to persons or property and, when available at reasonable rates, for use and occupancy in the event of disaster, and will maintain all other applicable Workmen's Compensation Insurance, all in amounts and form reasonably satisfactory to the Banks.

4.3. That it will comply with all insurance requirements provided in its lease with ARDA with respect to insurance coverage required by the AEC.

4.4. That it will obtain, maintain and keep in full force and effect an AEC operating license and take all steps necessary to comply with whatever requirements and conditions are imposed by AEC with respect to the aforesaid license.

4.5. That it will pay prior to the date on which they become delinquent (i) all taxes, assessments and governmental charges imposed upon or against it except to the extent and so long as contested in good faith and by appropriate proceedings and (ii) subject to like exception, all other lawful claims against it, including claims for labor, material and supplies.

4.6. That it will furnish the Banks:

(a) within 45 days after and as of the close of each of the first three quarterly periods in each fiscal year, namely the last days of March, June and September, a balance sheet, profit and loss statement and analysis of surplus of NFS, each in conformity with generally accepted accounting principles and certified by an appropriate officer of NFS;

(b) within 90 days after and as of the close of each of NFS's fiscal years a balance sheet, profit and loss statement and an analysis of surplus of NFS, each certified by an independent public accountant selected by NFS and satisfactory to the Banks; and

(c) from time to time such other information concerning NFS's affairs as the Banks may reasonably request.

4.7. That it will permit the Banks to inspect properties, operations and books of account of NFS at all reasonable times.

4.8. That it will promptly notify the Banks in writing in the event:

(a) any litigation or proceeding shall be commenced or threatened against NFS which is not adequately covered by insurance and which either involves an amount exceeding \$100,000.00 or might materially adversely affect the financial condition, business or operations of NFS;

(b) there is any material adverse change in the financial condition, business or operations of NFS;

(c) there is any material change or modification in existing contracts, indentures or agreements which would adversely affect its financial condition, business or operations; or

(d) ARDA takes any steps looking to the termination or modification of the terms of the ARDA lease referred to in Section 2.5 hereof, whether as a result of a default or alleged default thereunder or otherwise, or NFS shall take or fail to take any action which shall constitute a default under said lease.

4.9. That it will do all things necessary to maintain, preserve and renew its corporate existence and all rights and franchises necessary to continue its corporate business.

4.10. That it will notify the Banks promptly of any change of ownership of capital stock or of any significant management changes.

4.11. That it will reimburse the Banks on demand, or without demand in the case of the occurrence of any event of default, for any and all reasonable and necessary out-of-pocket expenses (including reasonable attorneys' fees and expenses) paid or incurred by the Banks in connection with this Agreement, whether incident to the administration hereof or the handling, collection or protection of any of the notes issued hereunder or of any other liability hereunder or any right or claim in connection herewith or therewith.

## Section 5. Negative Covenants

Until all amounts owing hereunder are fully paid with interest, NFS will not, and will not permit its subsidiaries, without the prior written consent of the Banks to:

5.1. Borrow any money or incur, create, permit to exist or assume, directly or indirectly, any indebtedness except:

(a) under this Agreement; or

(b) indebtedness (other than for borrowed money) incurred in the ordinary course of business; or

(c) under conditional sales agreements, chattel mortgages and other purchase money obligations, and renewals and extensions thereof, provided that, (i) the aggregate amount of such indebtedness shall not at any time exceed \$100,000, and (ii) the mortgage, pledge, lien or other security interest given to the lender in connection with such indebtedness shall be confined solely to the item of property acquired thereunder.

5.2. Loan or make advances of money to or guarantee, endorse or otherwise be or become liable or contingently liable in connection with the obligations of any person, firm or corporation except in the ordinary course of business.

5.3. Mortgage, pledge, assign or otherwise encumber any of its assets, real, personal or mixed, tangible or intangible, now or hereafter acquired, except as set forth in paragraph 5.1 hereof and with the further exception of the requirements of the ARDA lease.

5.4. Be a party to any merger or consolidation except of a wholly-owned subsidiary into NFS.

5.5. Make any additional investments in any form in the stock or securities of any corporation other than 1) stock or securities of a wholly-owned subsidiary, 2) commercial paper of leading finance and industrial companies, 3) bankers acceptances accepted by major banking institutions and 4) other debt obligations of comparable quality and which are readily marketable in the United States of America.

5.6. Redeem, retire or otherwise acquire for value any of its outstanding capital stock, or to pay any dividends or make any distribution of any of its assets to its stockholders other than as provided for herein.

5.7. Pay dividends to stockholders of NFS until the sum total of its capital stock and undistributed surplus is at least equal to 1.5 times the unpaid balance of the borrowings under this Agreement, and thereafter only to the extent of 50% of the amount by which the accumulated and undistributed earned surplus of the Company and its subsidiaries exceeds \$1,000,000; provided, however, that there shall be no restrictions on the payment of dividends so long as the accumulated and undistributed earned surplus of the Company and its subsidiaries, after payment of any such dividends, shall at least be equal to the unpaid balance of the borrowings under this Agreement.

5.8. Permit a warrant of attachment issued against its property in the amount of \$25,000 or more to continue undismissed and unbonded for a period of 40 days after levy.

5.9. Sell or otherwise dispose of all or any substantial part of its property or business.

5.10. Be or become liable to pay any rent under leases exceeding five years in duration for annual rentals exceeding in the aggregate \$50,000, except 1) payment of rents under the existing lease of AMF Atomics Canada Co. Limited, and 2) payment of "Basic Rent" and "Additional Rent" under the ARDA Lease and the Waste Storage Agreement referred to therein.

5.11. Make or agree to make any material amendment or modification in the terms of the ARDA lease referred to in Section 2.5 hereof or the Contract with Bechtel

Corporation referred to in Section 1.2 hereof, which is adverse to the interests of the Banks.

## Section 6. Events of Default

6.1. Upon the occurrence of any of the following events (herein called events of default):

- (a) NFS shall fail to pay principal or interest in respect of the notes issued hereunder when due or within 15 days thereafter; or
- (b) NFS shall fail in the observance of any other term, covenant, or condition herein provided for and such failure shall continue for a period of 30 days after written notice by either of the Banks; or
- (c) any representation or warranty made herein by NFS, or any statement contained in the Davison Chemical Division proposed R.C.A. for reprocessing plant dated November 3, 1962 or in the Request For Capital Appropriation No. 299, entitled "Nuclear Fuel Reprocessing Plant", copies of which were furnished to the Banks, shall prove to have been at the time when made in any material respect false or erroneous and NFS shall not have taken corrective measures satisfactory to the Banks within 30 days after written notice by either of the Banks; or
- (d) any event of default shall occur under the ARDA lease referred to in Section 2.5 hereof or any other indenture or agreement to which NFS is a party or by which it is bound; or
- (e) NFS becomes insolvent or bankrupt or files a voluntary petition in bankruptcy or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver; or
- (f) a trustee or receiver is appointed for the greater part of NFS's properties and the appointment is not dismissed or stayed within 40 days; or
- (g) bankruptcy, reorganization, arrangement or liquidation proceedings are instituted by or against NFS and, if against NFS, are consented to by it or remain undismissed for 40 days; or
- (h) a change in the ownership of the capital stock of NFS owned, directly or indirectly, by W. R. Grace & Co. shall occur without the prior written consent of the Banks;

all amounts owing on the notes issued hereunder may, on written notice from the Banks, be declared to be immediately due and payable without further notice, presentation or demand of any kind, all of which are hereby expressly waived.

6.2. No failure or delay on the part of the Banks in the exercise of any power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right.

6.3. In the event that all amounts owing hereunder become due and payable and, without limitation, specifically in the event of reorganization or arrangement proceed-

ings, NFS hereby gives the Banks the right to set off against all amounts owing hereunder any moneys now or at any time hereafter on deposit to the credit of NFS.

#### Section 7. Prepayment

7.1. NFS shall have the right at any time or times to prepay all or any portion of the notes hereunder and any such prepayment shall be divided pro rata among the holders of the notes outstanding hereunder. All such prepayments shall be applied on the semi-annual installments payable on the notes issued hereunder in the inverse order of their maturity. In the event that the funds for any prepayment are borrowed by NFS, it shall pay contemporaneously with such prepayment a premium equivalent to one-half of one percent ( $\frac{1}{2}$  of 1%) per annum upon the amount of such prepayment from the date thereof to the time or times the amount so anticipated would otherwise have matured.

#### Section 8. Supporting Documents

At the time of the signing of this Agreement NFS shall furnish the Banks in form and substance satisfactory to the Banks:

8.1. Photographic or certified copies of the originals of the certificate of incorporation of NFS and all certificates of amendment thereof, together with a copy of its by-laws.

8.2. A certified copy of the resolutions of the Board of Directors of NFS authorizing the execution and delivery of this Agreement and of the notes referred to herein and designating the officer or officers authorized to sign and deliver the same.

8.3. An opinion of counsel for NFS to the effect set forth in the first and second paragraphs of the "Statement of Facts" contained herein, and in paragraph 1.3 hereof; that so far as counsel is informed there is no litigation or proceeding by or before any court, public body, agency or authority pending or threatened against NFS; that the corporate proceedings authorizing the execution and delivery of this agreement and the delivery of the note issuable hereunder were duly and properly taken; and that this Agreement and the notes executed and delivered pursuant hereto, if delivered in accordance with the terms hereof, will constitute, legal, valid and binding obligations of NFS enforceable in accordance with their terms.

8.4. An opinion of counsel of NFS to the effect that no further consents or authorizations of any Federal or New York State Governmental Agency or Authority are required to permit NFS to 1) effect the Borrowings, 2) issue the notes provided for in Section 3.3 hereof, and 3) construct and operate the Center, except (i) the AEC operating license referred to in Section 4.4 hereof, (ii) approvals of ARDA required under the ARDA Lease and the Facilities Contract and Waste Storage Agreement referred to therein, (iii) a license from the New York State Department of Labor with respect to the operation of low level burial facilities at the Center, and (iv) possible licenses or permits from the New York State Department of Health with respect to the discharge of effluents from the Center.

#### Section 9. Miscellaneous

9.1. This Agreement shall be binding upon and inure to the benefit of NFS, the Banks and their respective successors and assigns. NFS may not assign this Agreement or any of its rights hereunder without the prior consent of the Banks.

9.2. All notices, statements, requests and demands herein provided for shall be deemed to have been given or made when delivered or mailed postage prepaid, if to Nuclear Fuel Services, Inc. at 910 - 17th Street, Washington, D. C., if to Manufacturers and Traders Trust Company, at 284 Main Street, Buffalo, New York, and if to Morgan Guaranty Trust Company of New York, at 140 Broadway, New York, New York, or such other address as any party hereto may furnish to the other parties in writing. No other method of giving or making notices, statements, requests or demands is hereby precluded.

9.3. All agreements, representations and warranties made herein or in writing in connection herewith shall survive the delivery of the notes and the making of the Borrowing hereunder.

9.4. This contract shall be deemed to have been executed in the State of New York and shall be subject to and interpreted under the laws of the State of New York.

9.5. NFS shall pay the reasonable legal fees and expenses of counsel for both Banks in connection with the negotiation of the loan and the preparation of all required legal documents and attendance at the closing.

9.6. It is a condition of this agreement that all the stockholders of NFS shall pledge all the capital stock of NFS to the Manufacturers and Traders Trust Company, as agent for the Banks, as collateral security for repayment of the Borrowings and performance of the other obligations of NFS hereunder.

9.7. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but which taken together shall constitute one agreement and shall become effective when at least one counterpart has been executed by all parties hereto.

9.8. The headings of the Sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or modify any of the terms and provisions hereof.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

MANUFACTURERS AND TRADERS TRUST COMPANY

By DUDLEY M. IRWIN

*Executive Vice President*

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By GERARD M. IVES

NUCLEAR FUEL SERVICES, INC.

By T. C. RUNION

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.

On this 16th day of September, 1963, before me personally came DUDLEY M. IRWIN to me personally known, who, being by me duly sworn, did depose and say that he resides in Buffalo, New York, that he is Executive Vice President of MANUFACTURERS AND TRADERS TRUST COMPANY, the corporation described in and which executed the above Instrument, and that he signed his name thereto by order of the Board of Directors of said corporation.

BERNADETTE M. FLYNN

Bernadette M. Flynn  
Notary Public, State of New York  
No. 41-1257785 Queens County  
Cert. filed in New York County  
Term Expires March 30, 1965

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.

On this 16th day of September, 1963, before me personally came GERARD M. IVES to me personally known, who being by me duly sworn, did depose and say that he resides 201 East 62nd St., New York, N. Y., that he is a Vice President of MORGAN GUARANTY TRUST COMPANY OF NEW YORK, the corporation described in and which executed the above Instrument, and that he signed his name thereto by order of the Board of Directors of said corporation.

BERNADETTE M. FLYNN

Bernadette M. Flynn  
Notary Public, State of New York  
No. 41-1257785 Queens County  
Cert. filed in New York County  
Term Expires March 30, 1965

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.

On this 16th day of September, 1963, before me personally came T. C. RUNION to me personally known, who being by me duly sworn, did depose and say that he resides 9640 Elrod Road, Kensington, Md., that he is President of NUCLEAR FUEL SERVICES, INC., the corporation described in and which executed the above Instrument, and that he signed his name thereto by order of the Board of Directors of said corporation.

BERNADETTE M. FLYNN

Bernadette M. Flynn  
Notary Public, State of New York  
No. 41-1257785 Queens County  
Cert. filed in New York County  
Term Expires March 30, 1965

NUCLEAR FUEL SERVICES, INC.

Consolidated Balance Sheet

(in \$000)



	Actual June 30, 1965	Projected December 31, 1965 (Note 1)
<u>Assets</u>		
Current Assets:		
Cash	\$ 683	\$ 1,095
Bank Certificates of Deposit	400	-
Receivables - Net	693	989
Inventories	501	1,505
Other Current Assets	57	25
Total Current Assets	<u>2,334</u>	<u>3,614</u>
Fixed Assets (Note 2)	21,118	22,667
Less: Reserve for Depreciation	<u>1,078</u>	<u>1,260</u>
Fixed Assets - Net	<u>20,040</u>	<u>21,407</u>
Other Assets:		
Pre-Operational Costs - Reprocessing Plant	1,332	3,400
Other	<u>253</u>	<u>184</u>
Total Other Assets	<u>1,585</u>	<u>3,584</u>
	<u>\$23,959</u>	<u>\$28,605</u>
<u>Liabilities &amp; Stockholders' Equity</u>		
Current Liabilities:		
Bank Loans Payable - Current (Note 3)	\$ 675	\$ 1,350
Accounts Payable	1,191	1,000
Other Current Liabilities	299	-
Total Current Liabilities	<u>2,165</u>	<u>2,350</u>
Deferred Taxes on Income	387	450
Deferred Credit - Research Grant (Note 4)	1,273	1,636
Long-Term Debt - Bank Loans (Note 3)	8,225	12,150
Other Liabilities	-	-
Total Liabilities	<u>12,050</u>	<u>16,586</u>
Stockholders' Equity:		
Capital Stock - Issued (Note 5)	11,105	11,105
Paid-In Surplus (Note 6)	500	500
Earned Surplus	304	414
Total Equity	<u>11,909</u>	<u>12,019</u>
	<u>\$23,959</u>	<u>\$28,605</u>

# NUCLEAR FUEL SERVICES, INC.

## Notes to the Balance Sheet

Note 1 - No consideration has been given to any funds which may be derived from activities at the reprocessing plant or plant site prior to January 1, 1966. Likewise, no provision has been made for ESADA payments of \$363,636.36 which will be received in 1966.

Note 2 - 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)	<u>June 30, 1965</u>	<u>December 31, 1965</u>
West Valley, New York:		
Spent Fuel Processing Plant	\$17,934	\$18,713
Other	<u>180</u>	<u>525</u>
Total West Valley, N. Y.	18,114	19,238
Erwin, Tennessee	<u>3,004</u>	<u>3,429</u>
	<u>\$21,118</u>	<u>\$22,667</u>

Note 3 - The bank loan is to be repaid in equal semi-annual installments over a period of ten years. The first payment is due on January 1, 1966. Interest at a rate of 5½% is payable on the outstanding balance of the loan. The bank loan agreement is submitted as revised Annex 5.

Note 4 - 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 will not be received until 1966. The contribution will be amortized against the cost of the plant over its depreciable life.

Note 5 - 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) per cent ownership respectively:

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

Note 6 - Funds have been contributed by the stockholders for use in expanding the facilities at the Erwin, Tennessee plant.

6  
Revisions to Part A

Before the

*Submitted w/ ltr.*

UNITED STATES ATOMIC ENERGY COMMISSION

*3 1-11-65*

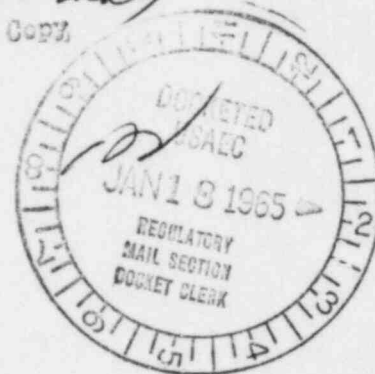
Washington, D. C.

IN RE MATTER OF THE  
APPLICATION OF

Nuclear Fuel Services, Inc.  
For Construction Permit and Licenses  
For a Spent Fuel Processing Plant  
Under Sections 53, 63, 81, 104(b) and 185  
Of the Atomic Energy Act

AEC DOCKET NO.: 50-201

*(formal)*  
COPY



NUCLEAR FUEL SERVICES, INC.

Application for

Construction Permit and License

for a

Spent Fuel Processing Plant

Part A. General Corporate Financial and Technical Information

INFORMATION SUBSEQUENT TO CONSTRUCTION PERMIT  
SUBMISSION NO. 1

Scharfeld, Bechhoefer, Baron  
& Stambler  
1710 "H" Street, N. W.  
Washington, D. C.

Attorneys for Applicant

NUCLEAR FUEL SERVICES, INC.  
T. C. Runion, President  
P.O. Box 1757  
Baltimore, Maryland

Before the  
U. S. ATOMIC ENERGY COMMISSION  
Washington, D. C.

APPLICATION FOR LICENSE TO CONSTRUCT  
AND OPERATE A CHEMICAL PLANT

PART A

In accordance with the Atomic Energy Act of 1954, as amended, (hereinafter referred to as the "Act") and the regulations issued pursuant thereto, Nuclear Fuel Services, Inc. (hereinafter referred to as the "Applicant") applies to the Atomic Energy Commission (hereinafter referred to as the "Commission") for the necessary licenses to construct and operate a chemical plant (hereinafter referred to as the "Facility") for the processing of irradiated fuel elements containing special nuclear materials to be located at the Western New York Nuclear Service Center (hereinafter referred to as the "Site"), Cattaraugus County, New York. In support of the application, the Applicant states the following:

1. Name of Applicant

Nuclear Fuel Services, Inc.

2. Address of Applicant

101 North Charles Street  
Baltimore 3, Maryland

3. Description of Business of Applicant

Nuclear Fuel Services, Inc. is a corporation organized under the laws of the State of Maryland. It is contemplated that the company will own or lease from the New York State Atomic Research

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7785

L&R File Copy

in accordance with Sections 185 and 104(b), respectively, of the Act and regulations contained in Part 50 of Title 10 of the Code of Federal Regulations, and requests such license for the acquisition, ownership, and operation of the facility for a period of forty (40) years.

Applicant further requests a license to store spent reactor fuels containing special nuclear material at the site from the date that the construction permit becomes effective and to store radioactive wastes from the plant operation pursuant to Section 53 of the Act and the regulation contained in Part 70 of Title 10 of the Code of Federal Regulations from the date that the license becomes effective.

Applicant finally requests such other special nuclear, source, and by-product materials licenses, pursuant to Sections 53, 63, and 81, respectively, of the Act and the regulations contained in Parts 70, 40, and 30, respectively, of Title 10 of the Code of Federal Regulations, as may be necessary or appropriate to the acquisition, ownership, and operation of the facility.

At an appropriate time, requests will be submitted separate from this application for the transfer of present Source and Special Nuclear Material Licenses for the Erwin, Tennessee facility from Grace to Applicant and requests will be submitted at an appropriate time to Atomic Energy of Canada, Limited, for authority to assign the Port Hope, Ontario facility to Applicant.

#### 7. Financial Qualifications

The costs of the project as originally estimated by the Bechtel Corporation and Davison Chemical Division of Grace are

\$22,000,000 (See Annex 3). The Bechtel Corporation is preparing revised estimates of the cost of the project which will be furnished by amendment. It is anticipated that the total costs will not exceed \$25,000,000.

The cost of the project as set forth herein does not include:

(1) Expenditures of the Davison Chemical Division of Grace and five major utility companies operating as Industrial Reprocessing Group, amounting to in excess of \$600,000 for investigating the reprocessing plant project and demonstrating its technical and economic feasibility.

(2) The sum of \$300,000 spent or committed in 1962 by Grace and the sum of \$100,000 spent or committed in 1962 by AMF for further preparatory work in connection with the project.

The financing for the project will be secured as follows:

Cash to be paid by Grace for its equity	\$ 6,000,000
Cash to be paid by AMF for its equity	2,000,000
Cash to be paid by Empire State Atomic Development Authority (Hereinafter described as ESADA) to support the research and development aspects of the Project (See Annex 4)	2,000,000
Bank loans (See Annex 5)	7,450,000
Land and Capital costs furnished by ARDA to be amortized on a fifteen year term (See Annex 2)	<u>8,500,000</u>
TOTAL	\$25,950,000

In addition, Applicant will acquire from the transfer to it of the Erwin, Tennessee facility of Grace:

Net Current Assets	\$1,039,000
Fixed Assets (net)	<u>1,335,000</u>
TOTAL	\$2,374,000

Applicant will acquire from the transfer to it of the Port Hope, Ontario facility of AMF:

Net Current Assets	\$ 209,000
Fixed Assets (net)	<u>506,000</u>
TOTAL	\$ 715,000

Both the Erwin facility and the Port Hope facility are operating businesses which have realized profits in all recent years and to the best of the knowledge of Applicant will continue to operate profitably. It is estimated that the annual combined net income after taxes of the Port Hope and Erwin facilities will exceed \$200,000.

Balance sheets of the Erwin and Port Hope facilities are attached as Annex 6.

A pro-forma consolidated balance sheet of Applicant as of commencement of construction of processing facilities--assumed to be April 1, 1963--is set forth in Annex 7.

While it is not possible at this time to anticipate accurately the income which Applicant will derive from the processing plant, nevertheless the following highly tentative estimate has been made on the basis of 300 days of operation solely for the purpose of indicating the financial qualifications of the Applicant:

Sales (300 days at \$22,540 per day)	\$6,762,000	
Cost of Sales (Direct Labor and Sales, Direct Supplies and Overhead)	<u>2,212,000</u>	
Gross Profit		\$4,550,000
Expenses		
Interest on loans, lease charges and depreciation (15 years)	\$2,100,000	
Other expenses, including contingency reserve	<u>1,300,000</u>	
NET INCOME (Pre Tax)		<u>\$3,400,000</u> <u>\$1,150,000</u>

It is further estimated that cash flow after amortization of bank loans will exceed pre tax net income by \$500,000 (after taxes). This income and cash flow is in addition to the anticipated income of the Erwin, Tennessee and Port Hope, Ontario, facilities as previously noted.

Applicant intends to obtain nuclear liability insurance and other insurance coverage including workmen's compensation. Further information concerning such coverage will be furnished by amendment.

Further information concerning the financial qualifications of Applicant will be furnished by amendment upon Applicant obtaining a firm estimate of the cost of the project from Bechtel Corporation and from time to time thereafter in the event of further developments affecting Applicant's financial qualifications.

The Applicant submits that it is financially qualified to engage in the construction and operation of the facility.

DEBEVOISE, PLIMPTON, LYONS & GATES

320 PARK AVENUE

NEW YORK 22

TELEPHONE: PLAZA 2-6400

ELI WHITNEY DEBEVOISE  
MARVIN LYONS  
SAMUEL E. GATES  
SIDNEY G. EDWARDS  
OSCAR M. RUEBHAUSEN  
A. FAIRFIELD DANA  
THOMAS T. RICHMOND  
WILLIAM EVERDELL III  
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GEORGE N. LINDSAY  
STANLEY R. RESOR  
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BARRY R. BRYAN  
RICHARD C. KAHN  
WILLIAM PHILO CLARK  
J. ASA ROUNTREE

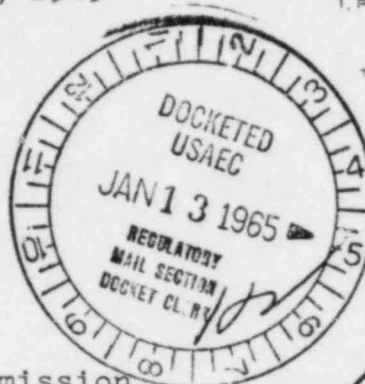
CHARLES ANGULO  
SPECIAL COUNSEL

EUROPEAN OFFICES  
1, PLACE DU PALAIS BOURBON  
PARIS 7ème

TELEPHONES (488-11-51  
705-80-49

CABLE ADDRESSES  
DEBSTEVE NEWYORK  
DEBSTEVE PARIS

January 12, 1965



United States Atomic Energy Commission  
Washington 25, D. C.

Attention: Division of  
Materials Licensing

In the Matter of  
Nuclear Fuel Services, Inc.  
and  
New York State Atomic and  
Space Development Authority  
Docket No. 50-201

File Copy File 6.

Dear Sirs:

Submitted herewith for filing in the above matter are three signed originals and nineteen conformed copies of Amendment No. 2 to the New York State Atomic and Space Development Authority's Application for Licenses. Also enclosed with these documents is my Certificate of Service with respect to causing conformed copies of this Amendment No. 2 to be served on the appropriate individuals as set forth in the Certificate.

Very truly yours,

*Oscar M. Ruebhausen*  
Oscar M. Ruebhausen

Enclosures

ACKNOWLEDGED

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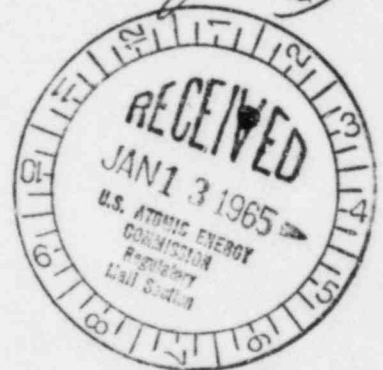
BEFORE THE UNITED STATES ATOMIC ENERGY COMMISSION  
WASHINGTON, D. C.

In the Matter of  
NUCLEAR FUEL SERVICES, INC.  
and  
NEW YORK STATE ATOMIC  
AND SPACE DEVELOPMENT AUTHORITY

DOCKET NO. 50-201

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*(formal)*



AMENDMENT NO. 2

To the Application for Licenses  
of the

New York State Atomic and Space Development Authority

January 12, 1965



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Before the  
United States Atomic Energy Commission  
Washington, D. C.

In the Matter of  
NUCLEAR FUEL SERVICES, INC.  
and  
NEW YORK STATE ATOMIC  
AND SPACE DEVELOPMENT AUTHORITY )

DOCKET NO. 50-201

AMENDMENT NO. 2

To the Application for Licenses  
of the

New York State Atomic and Space Development Authority

The New York State Atomic and Space Development Authority ("Authority"), one of the applicants in this proceeding, herewith submits its Amendment No. 2 to its Application for Licenses filed on January 30, 1963, as amended by Amendment No. 1 filed on April 9, 1963 (the "Application").

The purpose of this amendment is to update the Application so as, among other things, to reflect the change in the name of the Authority, in the composition of its members

and in its officers, as well as to supply current information concerning its financial qualifications and its contractual relationships with Nuclear Fuel Services, Inc., the other applicant in this proceeding.

1. Name of the Authority

The name of the Authority was changed, effective September 1, 1964, from "New York State Atomic Research and Development Authority" to "New York State Atomic and Space Development Authority" by Chapter 366 of the Laws of New York of 1964 (the "1964 Amendment").

The Act creating the Authority as amended by the 1964 Amendment is reproduced as an appendix to the Authority's Second Annual Report for the year ended March 31, 1964, a copy of which is attached hereto and made a part of the Application as Appendix F.

2. Business of the Authority

The 1964 Amendment expanded the purposes of the Authority to include the "active furtherance of space activities" for which the Authority has the same broad powers as those granted to it with respect to atomic energy activities.

Space activities were defined by the 1964 Amendment as meaning

"(a) research into, and the solution of, problems of flight through, and use of, extra-terrestrial space;

"(b) the development, construction, testing, launch, operation and recovery of spacecraft;

"(c) scientific measurements and observations through the use of space-related terrestrial systems or spacecraft; and

"(d) such other activities as may be required for, or related to, the exploration and use of extra-terrestrial space or the development and use of spacecraft."

### 3. Members and Officers of the Authority

In accordance with the 1964 Amendment, the statutorily authorized membership of the Authority now consists of five members to be appointed by the Governor, by and with the advice and consent of the Senate. The Chairman of the Authority (the chief executive officer) is a member of the Authority serving as Chairman at the pleasure of the Governor. All other officers of the Authority are appointed by the Authority.

The position, name, and business address of all present members and officers of the Authority are set forth below:

<u>Position</u>	<u>Name</u>	<u>Address</u>
Chairman and Member	Oliver Townsend	230 Park Ave., New York, N. Y. 10017
Vice Chairman and Member	Whitworth Ferguson	230 Park Ave., New York, N. Y. 10017
Member	Lyle W. Hornbeck*	230 Park Ave., New York, N. Y. 10017

\* Recess appointee subject to confirmation by the Senate.

<u>Position</u>	<u>Name</u>	<u>Address</u>
General Manager	Jon D. Anderson	230 Park Ave., New York, N. Y. 10017
Treasurer	James B. Huff	230 Park Ave., New York, N. Y. 10017
Secretary	Maurice Axelrad	230 Park Ave., New York, N. Y. 10017

All of the above named members and officers of the Authority are citizens of the United States. The positions of the fourth and fifth members of the Authority are vacant at the present time.

4. Contractual Relationships with Nuclear Fuel Services, Inc.

On September 16, 1963, the Authority and Nuclear Fuel Services, Inc. (hereinafter referred to as "NFS") entered into as of May 15, 1963, a Lease, Facilities Contract, and Waste Storage Agreement, all in accordance with the Outline of Terms dated as of June 29, 1962, described in the Application.

Under the Lease, NFS leases from the Authority a State-owned site known as the Western New York Nuclear Service Center (hereinafter referred to as the "Site"), consisting of 3,331 acres in the town of Ashford, Cattaraugus County, plus 14 additional acres in the town of Concord, Erie County, which were added to the Site on March 4, 1963. The Lease provides that portions of the Site may be recaptured by the Authority for other uses, subject to the approval of the Commission.

The Lease provides for the construction by NFS at the Site for its own account of a plant for the processing of irradiated fuel elements (the "Plant").

The initial term of the Lease extends until December 31, 1980. Until December 31, 1965 the basic net rental is \$1 plus \$2,200 per day for each revenue-producing day that the Plant operates prior to such time. Thereafter, during the initial term, the basic net rental will be at the rate of \$660,000 per annum.

The Lease will be renewable for an additional ten-year period at the same rental and for a second renewal term of ten years at a rental of between \$330,000 and \$990,000 per annum, based on a formula related to the then fair value of the leased land and facilities. The Lease will thenceforward be renewable for eight additional 10-year periods at an annual rental of 6% of the then fair value of the land and facilities leased.

Under the Facilities Contract between NFS and the Authority, NFS is constructing for the Authority, at a price not to exceed \$8,000,000, the irradiated fuel receiving and high-level waste storage facilities (the "Storage Facilities"), and related site improvements which are owned by the Authority and which form an integral part of the complex necessary for the processing of irradiated fuel elements at the Site.

The principal construction subcontractor for Authority-owned facilities is the Bechtel Corporation of San Francisco. Bechtel Corporation also has the prime contract from NFS for the construction of the Plant which is to be owned by NFS until the termination of the Lease. Certain Site improvements, however, including the Authority-owned railroad spur and water reservoir and supply system, are being installed by other subcontractors under separate contracts from NFS. The Authority-owned facilities are facilities which are believed by the Authority to be of the character that would be required by the Authority to carry on waste and fuel storage operations if industrial spent fuel processing at the Site were to cease.

Under the Waste Storage Agreement, which is to be in effect until the expiration of the initial term of the Lease, NFS will operate and care for not only all of the initially-installed Storage Facilities, but also such additional facilities as may be constructed on the Site to meet the needs of the Plant and other users. Under certain circumstances, however, the responsibility for such operation and care will be assumed by the Authority prior to the termination of the Waste Storage Agreement, subject to the licensing approval of the Atomic Energy Commission,

and, in that event, NFS will pay the Authority for its costs incurred in such current operation and care. In addition, NFS will in any event, pay to the Authority over the term of the Waste Storage Agreement funds estimated to be sufficient to cover the Authority's obligation to provide for the perpetual care of the accumulated waste products. These charges of the Authority are based on a formula related principally to the amount of capital invested in the facilities for storage of high-level wastes. The amounts to be paid by NFS to the Authority will create a fund which by 1980 is estimated to be four million to seven and one-half million dollars, depending upon the volume and type of wastes accepted for storage during the period. The Authority's perpetual waste care charges are calculated to produce a fund sufficient, utilizing current proven technology, to provide for the perpetual surveillance and maintenance of the wastes stored at the Site and to provide also for replacement of all liquid waste storage facilities approximately every 43 years.

Provision is also made in the Waste Storage Agreement for the storage of low-level solid radioactive wastes at the Site in facilities to be constructed by NFS but to be owned by the Authority. NFS will make payments to the Authority in respect of the low-level wastes buried at the

Site, other than low-level wastes resulting from the operation of the Plant. NFS is to be responsible for the operation and care of the low-level storage facilities during the term of the Waste Storage Agreement. Under certain circumstances, however, the responsibility for the operation and care of the low-level storage facilities will be assumed by the Authority. In such an event, NFS will thereafter pay the Authority such charges as the Authority may establish for the low-level waste burial services rendered to NFS.

In November 1963, NFS began to bury at the Site low-level wastes under appropriate authorizations from agencies of the State of New York. As of November 30, 1964, approximately 200,621 cubic feet of solid waste materials had been received at the Site for burial.

NFS will own the high-level and low-level wastes stored at the Site pursuant to the Waste Storage Agreement in storage facilities for which NFS has the responsibility of operation and maintenance. Title to such wastes will vest in the Authority when such NFS responsibility ceases.

To assure continuity with respect to the perpetual care of waste products stored at the Site, the Authority entered into an agreement, dated March 21, 1963, with the New York State Office of Atomic and Space Development,

providing that, in the event the Authority ceases to exist, the Office, which is an agency of the State expressly authorized to assume such responsibility, will assume custody of the perpetual care fund, along with custody on behalf of the State both of the Site and of any radioactive materials then stored at the Site. This agreement has previously been filed as Appendix B to the Application.

Copies of the Lease, Facilities Contract and "Waste Storage Agreement (which constitute an aggregate of well over 200 printed pages) are not being filed with this Application since the Authority believes that the information set forth herein covers those aspects of the contractual relationships between the Authority and NFS which might be considered pertinent to the licenses being sought by the Authority. The Authority will supply such additional information, if any, as may reasonably be requested by the Commission with respect thereto.

#### 5. Financial Qualifications

Out of the sum of \$9,300,000 appropriated to the Authority under Section 6 of Chapter 133 of the 1962 Laws of New York, and subsequent reappropriations, the Authority allocated \$8,000,000 for its expenditures under the Facilities Contract. The cost to the Authority under such contract is guaranteed by NFS not to exceed \$8,000,000.

On December 15, 1964, the Authority borrowed an aggregate principal amount of \$10,100,000 from three banks (the Manufacturers and Traders Trust Company, The Marine Trust Company of Western New York and the State Bank of Albany) and issued the Authority's 2.7% Notes due December 1, 1969 as evidence of its obligations to the banks. The Notes are general obligations of the Authority and are unsecured except that the Authority has agreed to pledge as security for the payment of interest on the Notes during the years 1966 to 1969, inclusive, the first \$68,175 out of each of the quarterly rental payments made by NFS under the Lease.

Immediately following this bank borrowing, the Authority, on December 16, 1964, repaid to the State of New York the entire portion of the \$9,300,000 appropriation which had theretofore been drawn down by the Authority, namely \$7,214,400. The balance of the bank borrowing is available to the Authority to complete payments that may become due to NFS under the Facilities Contract, to meet other obligations of the Authority, such as payments of interest on the Notes, and for its general corporate purposes.

Financial Statements of the Authority for its last complete fiscal year, namely that ending on March 31, 1964, are included in Appendix F attached hereto.

6. Technical Information

Pursuant to Section 50.34 of Part 50 of the Commission's Regulations, NFS has set forth technical information in Part B of the NFS Application, dated July 25, 1962, and amendments thereto. The Authority hereby incorporates by reference said Part B and all amendments thereto, to and including Submission No. 23 as filed by NFS.

Dated:  
January 12, 1965

Respectfully submitted,

NEW YORK STATE ATOMIC AND  
SPACE DEVELOPMENT AUTHORITY

By Oliver Townsend  
Chairman

STATE OF NEW YORK )  
                          : ss:  
COUNTY OF NEW YORK )

On this 12th day of January, 1965, before me personally came Oliver Townsend to me known and known to me to be the individual described in and who executed the foregoing instrument and acknowledged to me that he executed the same.

Dolores M. Poveromo  
Notary Public

DOLORES M. POVEROMO  
Notary Public, State of New York  
No. 03-8422415  
Qualified in Bronx County  
Commission Expires March 30, 1966

CERTIFICATE OF SERVICE

The undersigned, Oscar M. Ruebhausen, Attorney for the Applicant, the New York State Atomic and Space Development Authority, does hereby certify that he caused the attached Amendment No. 2 to the Application for Licenses of the New York State Atomic and Space Development Authority to be served on each of the following persons by causing a conformed copy of the same to be deposited today in the United States mail properly stamped for first class mail and addressed to each of the following:

- (a) E. Scott Smith, County Clerk  
Cattaraugus County  
Little Valley  
New York
- (b) Bernhard G. Bechhoefer, Esq.  
1710 H Street, N. W.  
Washington 6, D. C.
- (c) Mr. T. C. Runion, President  
Nuclear Fuel Services, Inc.  
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