

**SteriGenics**

Your Partner in Quality Sterilization

December 4, 1992

Kevin Null
U.S. NRC Region III
799 Roosevelt Road
Glen Ellyn, IL. 60137
Material Licensing Section

Dear Kevin:

This is to inform you that SteriGenics International has transferred \$75,000 from the Trust account to a Non-Negotiable Certificate of Deposit, payable to Union Bank as trustee, for prepayment of decommissioning costs. This transfer was made on Thursday, December 3, 1992. Although not required by the regulations, we have also maintained our Standby Trust with Union Bank as well. We do need to have Union Bank make a name change on the Certificate of Deposit from Radiation Sterilizers to SteriGenics International and we will do that immediately. We also need to change the name on the Standby Trust from Radiation Sterilizers to SteriGenics International as well as indicate that we have set up a Certificate of Deposit as prepayment for Decommissioning costs and we will make these changes on the Standby Trust as soon as possible. This should not be a problem as a Standby Trust is recommended but not required with a prepayment mechanism such as a Certificate of Deposit. Please see the attached documents issued by Union Bank. Please also note the attached document signed by Union Bank with the required wording recommended on section 4.2.1, page 4-10 of the regulations referencing Certificates of Deposit. If you have any questions or concerns please contact Dede Huffman or myself at (510) 770-9000, ext. 122 or 126. We will be at an offsite meeting today but will be calling in for messages. Thank you.

Darcy Viale-Avilla
Controller
SteriGenics International


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PDR ADDCK 03019025
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CERTIFICATE OF DEPOSIT
-----Certificate of Deposit December 3, 1992

SteriGenics International has deposited in the bank the sum of Seventy-Five Thousand Dollars (\$75,000.00) payable to Union Bank, trustee of the standby trust, twelve months after date, with interest thereon at the rate of 3.10 percent per annum from date, upon presentation of this certificate properly endorsed. These funds are deposited for the purpose of providing financial assurance for the cost of decommissioning activities as required under Title 10 of the Code of Federal Regulations Part 30. Accordingly, this certificate will be renewed automatically unless written notice of (1) the default of SteriGenics International on these obligations; (2) the termination of the facility license; or (3) the substitution of another financial assurance mechanism is received from SteriGenics International.

The deposit documented in this certificate is insured by the Federal Deposit Corporation.


Cashier

DEC-83-1932 15:41 FROM 100 UNIQUE ASSET ACCTG TO VICKI ELLICK P.01

San Diego Main Trust Dept

THIS RECEIPT IS NON-NEGOTIABLE

Union Bank as Trustee for Radiation Sterilizers Inc.

263-9-057906 12/3/92 12/3/93 12mo 3.10% 3.15% \$75,000.00

RESERVE OF DEPOSIT As you requested, we closed the First Maturity Time Deposit Account described below on its maturity date and transferred the amount indicated to the new account described above.

Union Bank as Trustee
Radiation Sterilizers Inc.
TR#700015509-00

Debbie H. Nailon

PLEASE SIGN IN THIS SPACE CAREFULLY
and retain with immediacy of any action

DATE RECEIVED (A19) 330-6602

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1. Submitted a letter of credit without a standby trust agreement, from Wells Fargo Bank.
 2. On 5/22/91 I spoke with Lisa Foster of RSI to check on status of standby trust agreement. She stated that it had been completed and already submitted to the NRC. I told her that we had not received it. She said that she would get back to me.
 3. In a letter to you dated 7/24/91, we reemphasized the need to submit a standby trust agreement to accompany the letter of credit issued by Wells Fargo.
 4. In response to our 7/24/91 letter, legal counsel representing Wells Fargo indicated that the Bank will be submitting the S>T>A> for our review. We never received it.
 5. On 10/11/91 Patty P. spoke with Nick Politan of legal firm representing Wells Fargo. At this time he stated that it is against Wells Fargo's policy to act as a trustee.
 6. Apparently as a result of Wells Fargo's above mentioned policy, RSI has since submitted a new letter of credit dated 11/12/91 issued by Union Bank in Oakland California. Again no standby trust agreement was submitted.
 7. December of 1991 - had a staff meeting with representatives of RSI. Region III representatives were M. McCann, P. Pelke and K. Null. Discussed need for standby trust agreement. Told licensee reps. that if they submitted ASAP, and if document is in accordance with Reg Guide 3.66 this may mitigate severity level of violations. Also stated that this is contingent on favorable review of letter of credit by the contractor.
 8. 12/30/91 - received standby trust agreement.
 9. 2/14/92 - submitted licensee's standby trust agreement and letter of credit to HQ for review.
 10. 6/12/92 - received comments from contractor regarding licensee's letter of credit and standby trust agreement.
 11. 7/16/92 - contacted licensee to discuss deficiencies. Requested that they make necessary changes to both letter of credit and standby trust agreement and resubmit no later than 7/22/92.
 12. 7/17/92 - Dave Meyer of RSI called. Stated that they have no problem with modifying the standby trust agreement. Regarding the letter of credit, they are having problems with the bank in getting a draft with wording exactly like Reg Guide 3.66. I recommended that they submit their revised letter of credit regardless, but make sure that, as a minimum, it complies with

30.35 (f) (2). He stated he will fed. express.

13. 7/21/92 - received licensee's modifications. Standby trust agreement is acceptable. In cover letter licensee states that they feel their letter of credit meets the requirements of 30.35 (f) (2).
14. Issued NOV on 9/10/92. All violations were against Letter of Credit. Licensee was given 30 days to respond.
15. On 10/9/92, licensee sent a letter to J. Grobe requesting an add'l. 45 days in which to respond to NOV, i.e. November 24, 1992. Verbal O.K. from J. Grobe per discussion with Brad Jones, attorney for Sterigenics.
16. On 11/23/92, licensee sent a letter to J. Grobe stating that they had failed to secure a letter of credit from a list of banks that we provided. This list represented institutions which had submitted letters of credit that the NRC had approve in the past. From licensee's 11/23/92 letter it appeared to the reviewer that the licensee was planning on converting their Standby Trust Agreement to a Trust Fund. Licensee stated in the letter that add'l. documents were to be provided to the NRC.
17. See attached phone conversation record between Kevin Null, DeDe Huffman of Sterigenics, and Dave Futoma of OGC for discussions concerning the above item 16.

CONVERSATION RECORD

TIME
(time)DATE
11/30/92 and 12/1☐ VISIT☐ CONFERENCE☒ TELEPHONE☐ INCOMING☒ OUTGOING

NAME OF PERSON(S) CONTACTED OR IN CONTACT

ORGANIZATION (OFFICE, DEPT. ETC.)

TELEPHONE NO.

11/30/92 - DeDe Huffman of Sterigenics, and Dave Futoma of OGC in HQ
12/1/92 - DeDe Huffman

SUBJECT

Licensee's letter dated 11/23/92 and
Recommended wording for Trust Fund per Reg. Guide 3.66

SUMMARY

I called regarding licensee's Nov. 23, 1992 letter. It appears that they will be dropping their letter of credit and converting to a Trust Fund. Ms. Huffman verified that this is their intent. She also questioned if they could substitute their current Standby Trust Agreement for the Trust Fund. After reviewing the recommended wording for a Trust Fund in the Reg. Guide, I informed her that there are some subtle differences between wording for the Standby Trust Agreement and the Trust Fund. I told her that I felt Sterigenics should resubmit a Trust Fund in accord with the Reg. Guide, but I would verify this with HQ.

A telecon. on 11/30/92 with Dave Futoma of OGC in HQ verified that the licensee should resubmit a Trust Fund in accord with wording of the Reg. Guide.

All of the above was discussed with M. McCann. It was agreed that the licensee must submit the Trust Fund NLT 12/4/92. This information was passed on to Ms. Huffman. She was not confident that their bank could fulfill this, but stated she would inquire.

Ms. Huffman called back on 12/1 and informed me that they could not submit a Trust Fund by 12/4. As a result they have elected to replace their letter of credit with a certificate of deposit. I stated that this must be submitted NLT 12/4. This info. was passed on to M. McCann.

ACTION REQUIRED

Await Cert. of Deposit.

NAME OF PERSON DOCUMENTING CONVERSATION

SIGNATURE

DATE

Kevin G. Null
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ACTION TAKEN

SIGNATURE

TITLE

DATE