

24-02261-03
030-05081

VOID SHEET

TO: License Fee Management Branch

FROM: DIXIE MATEON

SUBJECT: VOIDED APPLICATION

Control Number: 3 00207

Applicant: McDonnell Douglas

Date Voided: 10/9/96

Reason for Void: was was a

decommissioning Financial Assurance
review & no amendment to license
was issued. The review is now complete

[Signature] 10/9/96
Signature Date

Attachment:
Official Record Copy of
Voided Action

FOR LFMB USE ONLY

Final Review ☒ VOID Completed:

- ☐ Refund Authorized and processed
☒ No Refund Due
☐ Fee Exempt or Fee Not Required

Comments: 190034

Log completed ☒
Processed by: _____

di ml
30
SD

(FOR LFMS USE)
INFORMATION FROM LTS

BETWEEN:

LICENSE FEE MANAGEMENT BRANCH, ARM
AND
REGIONAL LICENSING SECTIONS

PROGRAM CODE: 03610
STATUS CODE: 2
FEE CATEGORY: 3L 3E 3P
EXP. DATE: 19950131
FEE COMMENTS: NOT 3G PER RIII
DECOM FIN ASSUR REQD: Y
.....

LICENSE FEE TRANSMITTAL

A. REGION

1. APPLICATION ATTACHED

APPLICANT/LICENSEE: MCDONNELL DOUGLAS CORPORATION
RECEIVED DATE: 941220
DOCKET NO: 3005081
CONTROL NO.: 300207
LICENSE NO.: 24-02261-03
ACTION TYPE: AMENDMENT

2. FEE ATTACHED

AMOUNT: 0
CHECK NO.: 2

3. COMMENTS

Decomm.

SIGNED
DATE

D. Hersey
1-7-95

B. LICENSE FEE MANAGEMENT BRANCH (CHECK WHEN MILESTONE 03 IS ENTERED /__ /)

1. FEE CATEGORY AND AMOUNT: _____

2. CORRECT FEE PAID. APPLICATION MAY BE PROCESSED FOR:

AMENDMENT _____
RENEWAL _____
LICENSE _____

3. OTHER _____

SIGNED
DATE

MCDONNELL DOUGLAS

14 December 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section, Ms. Sandy Frazier
801 Warrenville Road
Lisle, Illinois, 60532

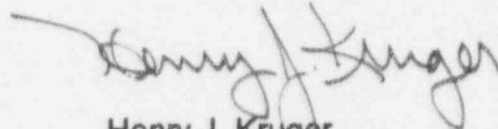
Re: License No. 24-02261-03

Dear Ms. Frazier:

Per your request to Eric Dennison of McDonnell Douglas on 14 December 1994, please find enclosed a copy of the original surety bond package and the accompanying Federal Express receipt indicating the original delivery to your location on 14 November 1994 and receipt by A. Shannon.

Should you require any further information please do not hesitate to contact me at (314) 233-5404.

Sincerely,



Henry J. Kruger
Principal Specialist
EHS Compliance

Enclosure

x/c: E. D. Dennison, M. J. Dwyer, D. R. Summers without enclosures

RECEIVED
DEC 20 1994
REGION III
300207



USE THIS AIRBILL FOR SHIPMENTS WITHIN THE CONTINENTAL U.S.A., ALASKA AND HAWAII.
USE THE INTERNATIONAL AIR WAYBILL FOR SHIPMENTS TO PUERTO RICO AND ALL NON U.S. LOCATIONS.
QUESTIONS? CALL 800-238-5355 TOLL FREE.

PACKAGE
TRACKING NUMBER

0064487735

0146M

0064487735

SENDER'S COPY

SENDER'S FEDERAL EXPRESS ACCOUNT NUMBER 0630-0453-7		Date 11-10-94	
From (Your Name) Please Print Matthew C. Frank		Your Phone Number (Very Important) (314) 233-4044	
Company MC DONNELL DOUGLAS CORP		Department/Floor No. 314	
Street Address MCDONNELL & AIRPORT HDQ BLDG		City ST LOUIS	
State MO		ZIP Required 63134	
To (Recipient's Name) Please Print ATTN: Materials Licensing Section 788		Recipient's Phone Number (Very Important) 829-9500	
Company U.S. Nuclear Regulatory Commission		Department/Floor No.	
Exact Street Address (No Local Deliver to P.O. Boxes or P.O. Lockers) 801 Warrenville Road		City Lisle	
State IL		ZIP Required 60532	
YOUR INTERNAL BILLING REFERENCE INFORMATION (optional) (First 24 characters will appear on invoice.)			
PAYMENT <input checked="" type="checkbox"/> BY Sender <input type="checkbox"/> BY Recipient's FedEx Acct. No. <input type="checkbox"/> BY 3rd Party FedEx Acct. No. <input type="checkbox"/> BY Credit Card		City	
State		ZIP Required	
Exp. Date			
IF HOLD AT FEDEX LOCATION, Print FEDEX Address Here Street Address			
City			
State			
ZIP Required			
Exp. Date			
SERVICE CONDITIONS, DECLARED VALUE AND LIMIT OF LIABILITY			
Use of this airbill constitutes your agreement to the service conditions in our current Service Guide, available upon request. See back of sender's copy of this airbill for information. Service conditions may vary for Government Overnight Service. See U.S. Government Service Guide for details.			
We will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery or misinformation, unless you declare a higher value, pay an additional charge, and document your actual loss for a timely claim. Limitations found in the current Federal Express Service Guide apply. Your right to recover from Federal Express for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the declared value specified to the left. Recovery cannot exceed actual documented loss. The maximum Declared Value for FedEx Letter and FedEx Pak packages is \$500.			
In the event of untimely delivery, Federal Express will at your request and with some limitations refund all transportation charges paid. See Service Guide for further information.			
Sender authorizes Federal Express to deliver this shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from any claims resulting therefrom.			
Release Signature			

The above Federal Express package was delivered on November 14, 1994 at 2:28 pm and signed for by A. Shannon at front desk.

SENDER'S COPY
DROP OFF YOUR PACKAGE AND SAVE

300207

McDonnell Douglas Aerospace

November 9, 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section
801 Warrenville Road
Lisle, Illinois 60532

Re: License No. 24-02261-03

Dear Sir or Madam:

Please find enclosed a copy of a surety bond, recently issued by U. S. Fidelity & Guaranty Company ("USF&G"), in the amount of \$ 75,000. Pursuant to our obligations under 10 C.F.R. Part 30, McDonnell Douglas Corporation ("MDC") has previously obtained, and submitted to the NRC, a surety bond from Safeco Insurance of America, in satisfaction of the Part 30 decommissioning financial assurance requirements. As a result of a change in bonding companies, MDC now requests that you replace the Safeco bond with the enclosed USF&G surety bond.

Should you require any further information to affect this change, please do not hesitate to contact me at (314) 233-0436.

Sincerely,



Michael J. Dwyer, Director
Occupational Safety, Health &
Environmental Compliance

Enclosure

UNITED STATES FIDELITY & GUARANTY COMPANY



(A Stock Company)

No. [REDACTED]

\$ 75,000.00

PAYMENT SURETY BOND

KNOW ALL PERSONS BY THESE PRESENTS, That we, McDonnell Douglas Corporation, a Maryland corporation, as Principal, of P.O. Box 516, St. Louis, MO 63166, holder of NRC license #24-02261-03, and the United States Fidelity & Guaranty Company a Maryland corporation, as Surety, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), as Obligee, in the sum of Seventy Five Thousand Dollars and no cents (\$ 75,000.00) for which sum, well and truly be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part (30, 40, 70, or 72), applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for disposal of approximately one half pound of uranium used for research at the McDonnell Douglas Corporation Engineering Campus Building #33, St. Louis, Missouri.

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully fund the standby trust fund in the amount of \$ 75,000.00, for the above disposal;

Or, if the Principal shall fund the standby trust fund in such amount after an order to begin disposal is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the disposal into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

NON NEGOTIABLE 07

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the NRC.

The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum takes place without the written permission of the NRC.

This bond shall continue in force until November 13 19 99 or until the date of expiration of any Continuation Certificate executed by the Surety.

Sealed with our seals, and dated this 13th day of November 19 94.

MCDONNELL DOUGLAS CORPORATION

Principal

Richard M. Smith

UNITED STATES FIDELITY & GUARANTEE CO.

By *Gerald J. Lux*

Gerald J. Lux, Attorney-in-Fact

NON NEGOTIABLE

300207

UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY



KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, is the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri, its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.

UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By *Robert J. Lamendola*
Senior Vice President

(Signed) By *Paul D. Sims*
Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY, and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said Robert J. Lamendola and Paul D. Sims, were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto in the order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day of March, A.D. 1995.



(Signed) *Angela T. Fabian*
NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 13th day of November, 1994.



Assistant Secretary

NON NEGOTIABLE

300207

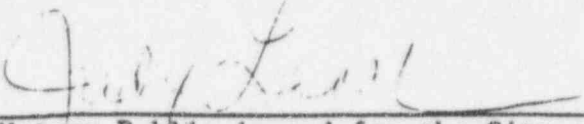
State of Missouri

City of St. Louis

On this 13th day of November, 19 94,

before me, Judy Leach, a Notary Public in and for the said City of
St. Louis, State of Missouri, residing therein, duly commissioned and
sworn, personally appeared Gerald J. Lux

known to me to be the Attorney-in-Fact of the United States Fidelity
& Guaranty Company, the corporation that executed
the within instrument.

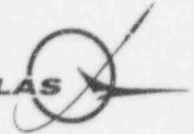


Notary Public in and for the City of
St. Louis, State of Missouri

JUDY LEACH
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS CITY
MY COMMISSION EXPIRES JAN. 18, 1997

NON NEGOTIABLE

300207



30 September 1996

VIA FEDERAL EXPRESS

Ms. Evelyn R. Matson
Nuclear Materials Licensing Section
United States Nuclear Regulatory Commission
Region III
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207 and NRC letter dated 9 August 1996

- Enclosure: (1) USF & G Surety Rider to Bond [REDACTED] signed by
Cynthia L. Hanak, Attorney-In-Fact
(Two signed duplicate copies)
- (2) Letter dated 4 September 1996 signed by William A. Johnson,
Mercantile Bank
(Two signed duplicate copies)

Dear Ms. Matson:

This is in further response to your letter dated 9 August 1996, and our subsequent telephone conversation. As you requested, McDonnell Douglas Corporation (MDC) is providing original duplicates of the following information associated with NRC's request for additional modifications to our St. Louis facility Decommissioning Funding Plan, which was submitted to NRC on July 25, 1995.

Reference NRC letter of 9 August 1996. NRC requested submission of a surety rider demonstrating that United States Fidelity and Guaranty Company, surety bond provider for MDC, had attached the McDonnell Douglas Corporation "Industrial Property Map, St. Louis, MO. Lambert Field & Vicinity", dated 31 October 1994, to the USF & G surety documents. Enclosure (1) will fulfill this item.

RECEIVED

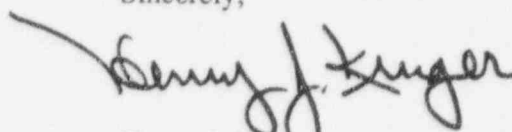
OCT 01 1996

REGION III

Reference NRC letter of 9 August 1996. NRC requested submission of a letter demonstrating that William A. Johnson, vice-president, Mercantile Bank of St. Louis N. A., trust officer for MDC, had attached the McDonnell Douglas Corporation "Industrial Property Map, St. Louis, MO. Lambert Field & Vicinity", dated 31 October 1994 to the Mercantile Bank trust documents. Enclosure (2) will fulfill this item.

Thank you for your assistance with this matter. We trust that NRC now has all of the information it needs to complete its review of our submission and approve our Decommissioning Funding Plan.

Sincerely,

A handwritten signature in dark ink, appearing to read "Henry J. Kruger", with a long horizontal stroke extending to the left.

Henry J. Kruger
Principal Specialist
EHS Compliance

cc	(w/ encl.)	M. J. Dwyer
	(w/o encl.)	M. C. Frank
		C. Hanak
		D. R. Summers

SURETY RIDER

To be attached to and form a part of

Type of Bond: Disposal of Hazardous Material Bond

Bond No: [REDACTED]

dated effective July 10, 1995
(month, day, year)

executed by McDONNELL DOUGLAS CORPORATION, as Principal,
(Principal)

and by UNITED STATES FIDELITY AND GUARANTY COMPANY, as Surety,
(Surety)

in favor of U.S. NUCLEAR REGULATORY COMMISSION
(Obligee)

In consideration of the mutual agreement herein contained the Principal and the Surety hereby consent to

Attaching Property Map of Covered Facilities

(See Enclosure 1)

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider is effective September 6, 1996
(month, day, year)

Signed and Sealed September 6, 1996
(month, day, year)

McDonnell Douglas Corporation

Principal

By: _____ Title

United States Fidelity and Guaranty Company

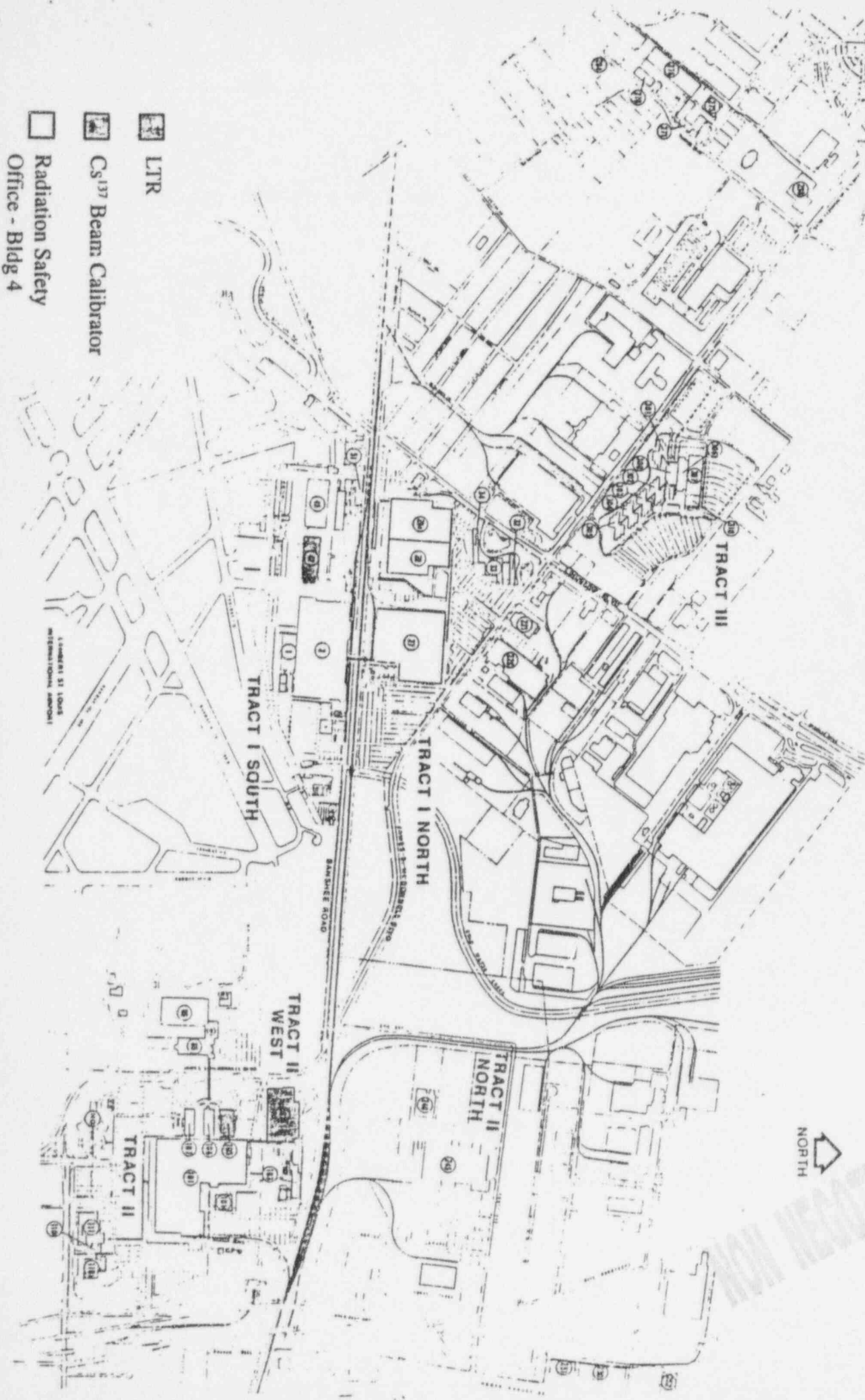
Surety

By: Cynthia L. Hanak
Cynthia L. Hanak Attorney-In-Fact

INDUSTRIAL PROPERTY MAP ST. LOUIS, MO. LAMBERT FIELD & VICINITY

Enclosure (1)
Page 1 of 2
31 October 1994

MCDONNELL DOUGLAS
CORPORATION



MDC Facilities

Metropolitan St. Louis / St. Charles Area

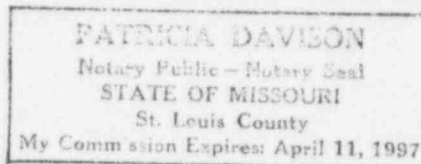


State of Missouri

County of St. Louis

On this 6th day of September, 19 96,
before me, Patricia L. Davison, a Notary Public in and for the said
County of St. Louis, State of Missouri, residing therein, duly commissioned
and sworn, personally appeared Cynthia L. Hanak,
known to me to be the Attorney-in-Fact of the United States Fidelity and
Guaranty Company, the corporation that executed the
written instrument.

Patricia L. Davison
Notary Public in and for the County of
St. Louis, State of Missouri



NON NEGOTIABLE

United States Fidelity and Guaranty Company

Power of Attorney

No. [REDACTED]



Know all men by these presents: That **United States Fidelity and Guaranty Company**, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint **Gerald J. Lux**, **Cynthia L. Hanak**, **Leslie A. Johnson**, **James Prinsen**, **Robert A. Miller** and **David B. Arvola**

of the City of **St. Louis**, State of **Missouri** its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertaking required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said **United States Fidelity and Guaranty Company**, has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Vice President and Assistant Secretary, this **22nd** day of **November**, A.D. 1995.



United States Fidelity and Guaranty Company.

(Signed) By [Signature] Vice President

(Signed) By [Signature] Assistant Secretary

State of Maryland)

Baltimore City)

SS.

On this **22nd** day of **November**, A.D. 1995, before me personally came **Gary A. Wilson**, Vice President of **United States Fidelity and Guaranty Company**, and **Thomas J. Fitzgerald**, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said **Gary A. Wilson** and **Thomas J. Fitzgerald** were respectively the Vice President and the Assistant Secretary of the said **United States Fidelity and Guaranty Company**, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the **1st** day of **August**, A.D. 1998.



(Signed) By [Signature] Notary Public

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the **United States Fidelity and Guaranty Company** on September 24, 1992:

Resolved, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing in and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

Resolved, That Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, **Thomas J. Fitzgerald**, an Assistant Secretary of the **United States Fidelity and Guaranty Company**, do hereby certify that the foregoing are true excerpts from the Resolutions of the said Company as adopted by its Board of Directors on September 24, 1992 and that these Resolutions are in full force and effect.

I, the undersigned Assistant Secretary of the **United States Fidelity and Guaranty Company**, do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the **United States Fidelity and Guaranty Company**, on this **6th** day of **September**, 1996



Assistant Secretary



4 September 1996

Mr. Richard B. Lindley, Trust Officer
Mercantile Bank of St. Louis
Mercantile Tower
P. O. Box 321
St. Louis, MO 63166-0321

Ref.: Stand-By Trust Agreement between Mercantile Bank and McDonnell Douglas Corporation for the U. S. Nuclear Regulatory Commission, License No.: 24-02261-03, Docket No.: 030-05081, Control Number 300207

Enclosure: (1) McDonnell Douglas Corporation "Industrial Property Map St. Louis, MO. Lambert Field & Vicinity", dated 31 October 1994, (2 pages)

Dear Mr. Lindley:

At the direction of Ms. Evelyn R. Matson, Nuclear Materials Licensing Section, United States Nuclear Regulatory Commission, Region III, we are providing you with the enclosed property map showing the covered facilities operated by McDonnell Douglas in St. Louis under NRC License No.: 24-02261-03. This map has been accepted by NRC in our renewal application and fulfills the requirement to provide street addresses of covered facilities. NRC requested that we provide you with the same map showing covered facilities in an effort to ensure that the decommissioning surety bond and the stand-by trust provide the same coverage of facilities as does the license.

Please attach this letter and the enclosed map to the Standby Trust Agreement documents and invite Mr. William A. Johnson, Vice President, Mercantile Bank to acknowledge same by signing below and mailing to the writer. McDonnell Douglas will FEDEX the signed documents to the NRC. Thank you for your assistance and cooperation in this matter.

AGREED:

William A. Johnson
Vice President
Mercantile Bank of St. Louis N. A.

Sincerely,

Henry J. Kruger
Principal Specialist EHS Compliance
McDonnell Douglas Corporation
Mail Code 100 1210

INDUSTRIAL PROPERTY MAP ST. LOUIS, MO. LAMBERT FIELD & VICINITY

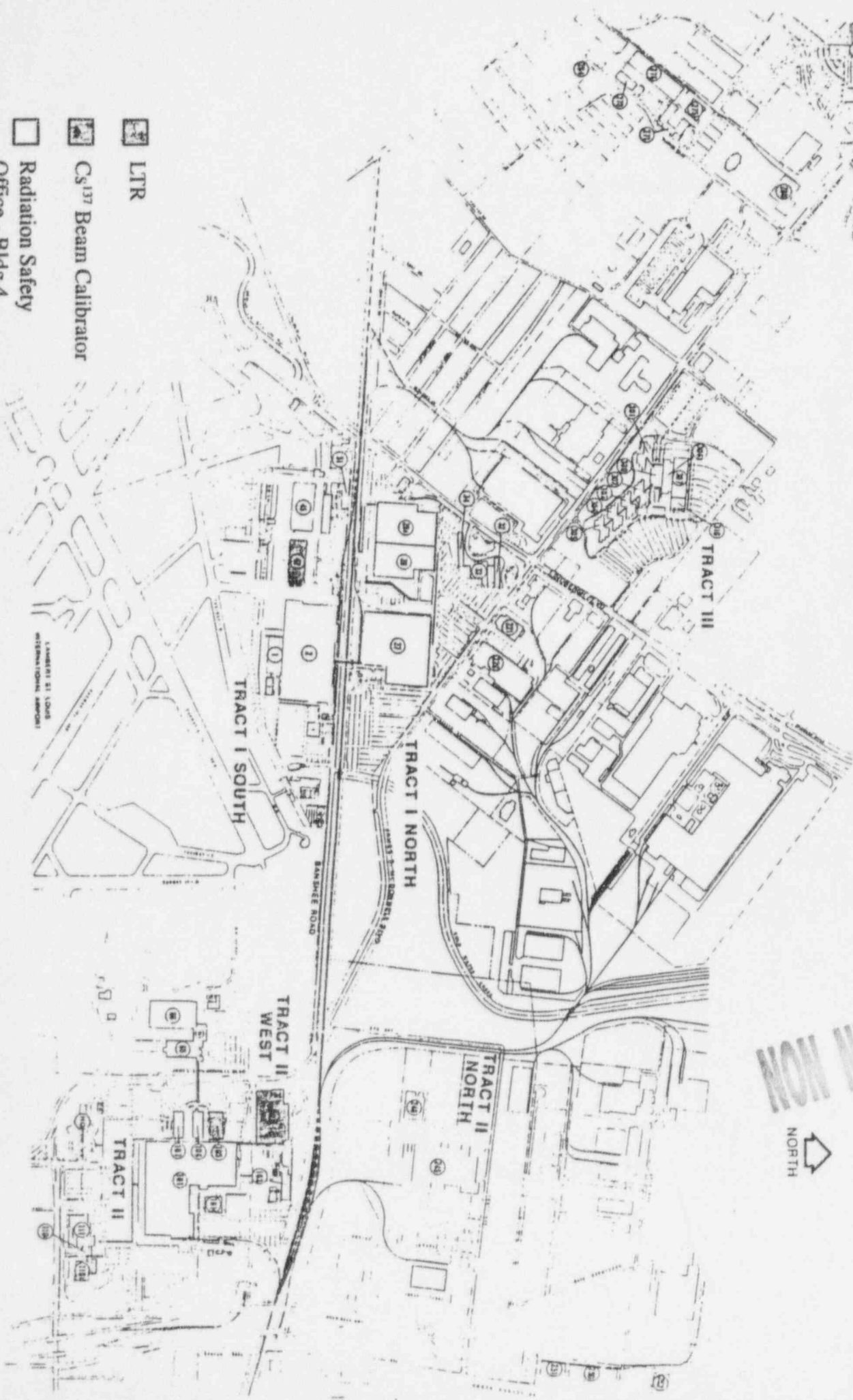
Enclosure (1)
Page 1 of 2
31 October 1994

MC DONNELL DOUGLAS
CORPORATION

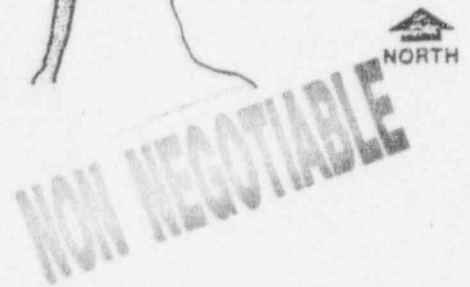
NON NEGOTIABLE



- ☒ LTR
- ☒ Cs¹³⁷ Beam Calibrator
- ☐ Radiation Safety Office - Bldg 4



Metropolitan St. Louis / St. Charles Area



**UNITED STATES NUCLEAR REGULATORY COMMISSION
REGION III
CONVERSATION RECORD**

(X) TELEPHONE (X) OUTGOING () INCOMING () CONVERSATION

TIME: 1:15p

DATE: 8/27/96

NAME OF PERSON(S) CONTACTED:

ORGANIZATION:

TELEPHONE NO.:

Hank Kruger

MCA

314-233-5404

SUBJECT:

How to add the facility maps to the Surety Bond and to the Standby Trust Agreement.

SUMMARY:

The Surety Bond shou'd be modified by adding a Rider that specifies that the attached maps describe the facilities covered by the bond. Submit also the power of attorney and letter of acknowledgment for the person signing the rider.

For the Standby Trust Agreement, a letter requesting the bank to add the maps to Schedule A with a response signature appears to be adequate.

ACTION REQUIRED:

Please respond by September 30, 1996, provide two copies (one must be an originally signed of your response and refer to Control No. 300207.

ACTION TAKEN:

NAME OF PERSON DOCUMENTING CONVERSATION

SIGNATURE

DATE

Evelyn R. Matson

8/27/96

630-829-9822

**UNITED STATES NUCLEAR REGULATORY COMMISSION
REGION III
CONVERSATION RECORD**

(X) TELEPHONE (X) OUTGOING () INCOMING () CONVERSATION

TIME: 2:30p DATE: 8/26/96

NAME OF PERSON(S) CONTACTED: ORGANIZATION: TELEPHONE NO.:

Richard Lindley
Merchantile Bank
314-425-2911

SUBJECT:

McDonnell Douglas Aerospace financial assurance instrument, Standby Trust Agreement, Schedule A.

SUMMARY:

Q: The NRC has determined that Schedule A of the Standby Trust Agreement must contain a description of the covered facilities and that maps of the licensee's facilities are acceptable. What is the proper procedure for adding the maps to the Schedule A?

A: Mr. Lindley stated that if the Schedule A is to be amended that it requires the signature of MDA and NRC signatures. However, he stated that it is acceptable to them that MDA sends a letter to Merchantile Bank stating that they wish to have the maps added as a description of their covered facilities. He stated that the maps will be added and that no amendment or signatures from the NRC is required.

ACTION REQUIRED:

Inform Mr. Kruger that the proposed letter to Merchantile Bank is acceptable.

ACTION TAKEN:

NAME OF PERSON DOCUMENTING CONVERSATION

Evelyn R. Matson

SIGNATURE

DATE

8/26/96

**UNITED STATES NUCLEAR REGULATORY COMMISSION
REGION III
CONVERSATION RECORD**

(X) TELEPHONE (X) OUTGOING () INCOMING () CONVERSATION

TIME: 2pm

DATE: 8/26/96

NAME OF PERSON(S) CONTACTED:

ORGANIZATION:

TELEPHONE NO.:

Cindy Hanak

Willis Corroon Corp.

314-721-8400

SUBJECT:

McDonnell Douglas Aerospace

Surety Bond issued by USF&G for financial assurance.

SUMMARY:

Q: The NRC has decided that including the maps of licensee's facilities will be an acceptable description of the covered facilities and the maps must be added to the Surety Bond. What is an acceptable way to legally add the maps to the bond?

A: Ms. Hanak stated that she can issue a rider to the bond which states that the maps are being added to the bond. She stated that she will also attach her power of attorney and a letter of acknowledgment from a notary public.

ACTION REQUIRED:

Call Mr. Kruger at McDonnell Douglas Aerospace and describe this procedure to him.

ACTION TAKEN:

NAME OF PERSON DOCUMENTING CONVERSATION

SIGNATURE

DATE

Evelyn R. Matson

8/26/96

**UNITED STATES NUCLEAR REGULATORY COMMISSION
REGION III
CONVERSATION RECORD**

(X) TELEPHONE (X) OUTGOING () INCOMING () CONVERSATION

TIME: 11am

DATE: 8/26/96

NAME OF PERSON(S) CONTACTED:

ORGANIZATION:

TELEPHONE NO.:

Steve Lewis-Office of General Counsel
301-415-1684

SUBJECT:

McDonnell Douglas Aerospace

Decommissioning funding instruments and description of facilities contained therein.

SUMMARY:

I asked Steve's opinion of whether or not the attached letter from McDonnell Douglas to their financial institutions is an acceptable means of adding the maps of MDC's facilities to the financial instruments. He responded that the letter sounded acceptable and suggested that I call the banks to gain an understanding of their view of this also. If it was acceptable to them, we could go with it.

ACTION REQUIRED:

Call banks and discuss this method of adding the maps to the financial instruments.

ACTION TAKEN:

NAME OF PERSON DOCUMENTING CONVERSATION

SIGNATURE

DATE

Evelyn R. Matson

8/26/96

AUG 09 1996

Henry J. Kruger
EHS Compliance
McDonnell Douglas Aerospace
P.O. Box 516
Mail Code 100 1048
St. Louis, MO 63166-0516

Dear Mr. Kruger:

We have reviewed your letter dated January 3, 1996, regarding the Decommissioning Funding Plan. Two items need to be addressed before the plan can be approved.

We will accept your proposal to use maps to identify the facilities at McDonnell Douglas Aerospace that are covered by the Surety Bond and the Standby Trust Agreement. However, several issues must be resolved as follows:

- 1.0 The maps submitted in your letter dated January 3, 1996, do not appear to be a complete description of all McDonnell Douglas Aerospace facilities in the greater St. Louis area. It appears that Tracts III, IV, and V are not identified. These tracts were included as potential locations of use of radioactive material in the pending renewal of License No. 24-02261-03 as described by Daniel Driemeyer and Eric Dennison, the Radiation Safety Officer, in their letter dated October 31, 1994, Enclosure 1 (copy enclosed). The maps provided to the surety bond company and the standby trust agreement company must be identical to the facilities that will be authorized in the pending renewal for the license. Therefore, resubmit the maps to the NRC and include the missing information and affirm that these are the maps that the companies issuing the financial instruments will include in the financial mechanisms.
- 2.0 Currently, the surety bond identifies the covered facilities only by license number. The license number is not an adequate descriptor and any mis-specification of the facility address could jeopardize payments. Therefore, for the surety bond, we request that you:
 - 2.1 Revise or amend, as appropriate, the surety bond to identify the covered facilities by including in the bond the maps which show a complete description of McDonnell Douglas Aerospace facilities. Please note that in accordance with *Regulatory Guide 3.66* "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72" (June 1990), pages 4-26 and 4-30, the revised bond must continue to include the licensee name and the license number.

- 2.2 Submit an original, signed copy of the amended/revised bond.
- 2.3 If new signatures are needed for the amended/revised bond, submit a new, original, signed letter of acknowledgment.
- 3.0 Similarly, the submitted Schedule A to the standby trust agreement identifies the address of the licensed facility only as "McDonnell Douglas Corp., P.O. Box 516, St. Louis, MO 63116." A P.O. box is not an adequate facility descriptor. Therefore, for Schedule A of the Standby Trust Agreement, we request that you:
- 3.1 Revise/amend Schedule A to the Standby Trust Agreement to identify the covered facilities by including under "Address of Licensed Activity" the maps which show a complete description of McDonnell Douglas Aerospace facilities. Specifically, the mechanism should carefully identify the full name and address (in i.e., the maps) of each covered facility, as recommended in *Regulatory Guide 3.66* "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72" (June 1990), pages 4-26 and 4-30.
- 3.2 Submit an original, signed, copy of the amended/revised Schedule A.
- 3.3 If new signatures are needed for the amended/revised Schedule A, submit a new original, signed letter of acknowledgment.

We will continue our review when we receive this information. Please reply in duplicate, within 30 days, and refer to Control Number 300207.

If you have any questions or require clarification on any of the information stated above, you may contact me at (630) 829-9822.

Sincerely,

Original Signed By
Evelyn R. Matson
Nuclear Materials Licensing Branch

License No. 24-02261-03
Docket No. 030-05081

Enclosure: Enclosure 1 to McDonnell Douglas
Aerospace ltr dtd 10/31/96

DOCUMENT NAME: M:\03005081.DF6

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures "N" = No copy

OFFICE	DNMS/RIII <i>ALL N</i>								
NAME	ERMATSON:jaw								
DATE	08/9/96								

OFFICIAL RECORD COPY

ACKNOWLEDGEMENT

STATE OF MISSOURI

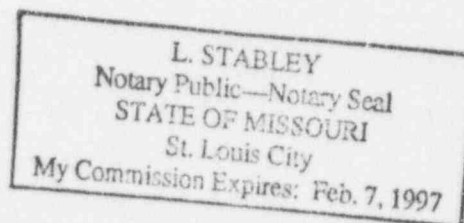
To Wit: _____

CITY OF ST. LOUIS

On this 2nd day of August, before me, a notary public in and for the city and state aforesaid, personally appeared William. A. Johnson and he did depose and say that he is the Vice President of Mercantile Bank of St. Louis National Association, Trustee, which executed the above instrument, that he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that he signed his name thereto by like order.

L. Stabley

My Commission Expires: _____



NON NEGOTIABLE

RECEIVED
AUG 5 - 1996
REGION III

96-06

MAY 09 1996

LIST OF INSTRUCTIONS

MCDONNELL DOUGLAS

In reviewing the comments the reviewer will note that there will be some overlap between ICF and OGC comments. The following comments should be included in the basis for the deficiency letter:

1. ICF comments 1 through *plus last paragraph*
2. All OGC comments.

All other comments and discussions are for reviewer information.

MEMO TO: Louis M. Bykoski, NMSS
FROM: OGC
RE: REVIEW OF NONSTANDARD SUBMITTALS

MCDONNELL - DOUGLAS

NO COMMENTS



CONSULTING GROUP

ICF Incorporated
9300 Lee Highway
Fairfax, VA 22031-1207
703/934-3000 Fax 703-934-9740

March 14, 1996

To: Dr. Lou Bykoski, NMSS/NRC

From: Matt Borick and John Collier, ICF Incorporated

Subject: Review of Surety Bond Submitted by McDonnell Douglas Corporation

McDonnell Douglas Corporation in St. Louis, Missouri, submitted additional materials regarding its surety bond and standby trust agreement.¹ The submission assures decommissioning costs of \$225,000 for license 24-02261-03 issued under 10 CFR Part 30.² The current submission includes a revised page of the surety bond, a letter of acknowledgement to accompany the standby trust agreement, and information on the addresses of the assured facilities. Upon review of the newly submitted materials, ICF recommends that NRC require the licensee to modify the submission as follows:

- Submit a New Letter of Acknowledgement (*Regulatory Guide 3.66*, page 4-27)

The letter of acknowledgement submitted by the licensee follows the wording recommended in *Regulatory Guide 3.66*, page 4-27. However, it substantiates the identity of a representative of the surety company rather than the trustee of the standby trust fund. Thus, as written, the submitted letter of acknowledgement does not verify the trustee's execution of the standby trust agreement and does not corroborate the trustee's signature and authority to enter into the agreement. ICF recommends that NRC require the licensee to submit a new letter of acknowledgement addressing the execution of the trust by the trustee.

Other Issues

In addition to the issues raised above, the following issues are noteworthy:

- (a) The submission includes a single page of surety bond wording that, according to a letter from the licensee to NRC dated January 3, 1996, is

¹ ICF reviewed three previous submissions from the licensee and reported recommendations to NRC in memoranda dated November 12, 1990, March 31, 1995, and October 20, 1995.

² ICF assumes that NRC has verified that the certification amount is accurate under 10 CFR Part 30.35. The amount listed is not one of the three amounts designated in *Regulatory Guide 3.66* for a single license.

a revised Page 2 to Surety Bond No. 70-0110-51076-95-1 (i.e., the bond previously submitted by the licensee). The letter indicates that this page revises the bond's severability provision by adding the word "remaining," as shown below:

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable. (emphasis added)

This letter also states that the revised page "should replace the original page." The original page and the revised page are identical in wording except for the addition of the word "remaining" in the severability provision as described above.

The revised page does not specifically reference Surety Bond No. 70-0110-51076-95-1, however, nor does it show signs of having been executed by the surety company. As a result, the change to the surety bond may not be effective. While the revision is appropriate, ICF believes that the unrevised severability provision is not likely to be misinterpreted. If NRC wishes to ensure that the change is effective and thereby eliminate the possibility that the severability provision may be misinterpreted, NRC could require the licensee to submit a letter signed by an authorized representative of the surety company acknowledging the revision, with the revised page attached.

- (b) The submitted surety bond identifies the facility covered by the bond only by license number. Similarly, the submitted Schedule A to the standby trust agreement identifies the address of the licensed facility only as "McDonnell Douglas Corp., P.O. Box 516, St. Louis, MO 63116." Because each of these mechanisms authorizes payments only for facilities that are specified within the agreement, mis-specification of the facility address could jeopardize payments.

In response to NRC's request to revise the bond and Schedule A to provide more specific addresses for the assured facilities, the licensee submitted to NRC maps of the buildings that make up its licensed facility and, in a letter to NRC dated December 22, 1995, states the following:

The MDC buildings do not have municipal street addresses as they are accessible only from MDC service roads connected to the public streets. Therefore, it is not possible to more specifically identify "each covered facility" with a street address, city, state and zip code.

Thus, while more precise specification of the facility address would be useful, it may not be possible in this case. NRC may wish to request that the licensee provide the surety company and the trustee with the same maps the licensee provided to NRC.

Finally, NRC should ensure that documents submitted by the licensee are originally signed duplicates, as recommended in *Regulatory Guide 3.66*. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanisms are enforceable. Because ICF does not possess the original submissions, we cannot verify compliance with these requirements.

CMD: -----

LICENSE SCREEN # 6 - DECOMMISSIONING FINANCIAL ASSURANCE INFORMATION

DOC#ET: 030-05081 LIC: 24-02261-03 NAME: McDonnell Douglas Corporation

PARTY ISSUING MECHANISM:

NAME: USF&G Company
ADDR1: 910 North 11th Street
ADDR2:
CITY: St. Louis
STATE: MO ZIP: 63101

ASSUR TYPE: CERT
MECH TYPE: SB
MECH AMOUNT: \$225,000
APPROVED? DATE: 0
EXPIRES? DATE: 0
ACTION (A=ADD C=CHG D=DELETE)

PARTY ISSUING MECHANISM:

NAME:
ADDR1:
ADDR2:
CITY:
STATE: ZIP:

ASSUR TYPE: ? CERT
MECH TYPE:
MECH AMOUNT: 0
APPROVED? DATE: 0
EXPIRES? DATE: 0
ACTION (A=ADD C=CHG D=DELETE)

00 000 000 00

B MJ LIU10

NUM

A.8

RS C9

T for Attention. Home to Switch

Casture 044

Numer:

CMD: -----

LTS - FINANCIAL ASSURANCE INFORMATION

VALID MECHANISM TYPE CODES AND THEIR MEANINGS:

MECH TYPE	DESCRIPTION
TR	TRUST FUND
ES	ESCROW ACCOUNT
CD	CERTIFICATE OF DEPOSIT
GF	GOVERNMENT FUND
GS	DEPOSIT OF GOVERNMENT SECURITIES
SB	SURETY BOND
LT	LETTER OF CREDIT
LN	LINE OF CREDIT
PG	PARENT COMPANY GUARANTEE
SI	STATEMENT OF INTENT

PRESS RETURN KEY FOR FINANCIAL ASSURANCE SCREEN:

B MJ LIU10

A.8

R1 C1

T for Attention. Home to Switch

Casture 044

Numer:

96-06

JAN 18 1996

MEMORANDUM TO: Dr. Louis Bykoski, Project Officer
Low-Level Waste and Decommissioning Projects Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

FROM: John R. Madera, Chief
Nuclear Materials Licensing Branch
Division of Nuclear Materials Safety
Region III

SUBJECT: REQUEST FOR ASSISTANCE IN PROCESSING AND REVIEW OF
NON-STANDARD FINANCIAL ASSURANCE SUBMITTAL RELATED TO THE
DECOMMISSIONING RULE

McDonnell Douglas Aerospace, License No. 24-02261-03 has submitted two letters in reply to our deficiency letter dated December 14, 1995, which requested additional changes to their financial assurance instruments. Region III is requesting contractor review of these proposed changes.

We appreciate your expeditious efforts in resolving these issues. If you have any questions, please contact Evelyn Matson or Cassandra Frazier of my staff.

Enclosures: Licensee's letters dated
December 22, 1995 and January 3, 1996

DOCUMENT NAME: M:\03005081.DF6

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure "N" = No copy

OFFICE	DNMS/RIII <i>aim</i>	<input checked="" type="checkbox"/>	DNMS/RIII						
NAME	ERMatson:brt		JRMadera						
DATE	01/17/96		01/17/96						

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MCDONNELL DOUGLAS

22 December 1995

VIA FEDERAL EXPRESS

Ms. Evelyn R. Matson
Nuclear Materials Licensing Section
United States Nuclear Regulatory Commission
Region III
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207 and NRC letter dated 14 December 1995

Enclosure: (1) McDonnell Douglas Corporation-St. Louis Facility Map

Dear Ms. Matson:

This is in response to your letter, dated December 14, 1995, and our subsequent telephone conversation. As you requested, McDonnell Douglas Corporation (MDC) is providing the following comments and concerns associated with NRC's request for additional modifications to our St. Louis facility Decommissioning Funding Plan, which was submitted to NRC on July 25, 1995.

At the outset, I would like to express MDC's concern with the review process to which our Decommissioning Funding Plan has been subjected. As you are aware, by letter dated May 31, 1995, NRC requested considerable additional information from MDC, as well as numerous changes to our surety bond, in order for NRC to complete its review of our Decommissioning Funding Plan. Although MDC believed at the time, and continues to believe, that many of the modifications and information requested were not required by regulation or otherwise, MDC nonetheless complied with each and every request, at the expense of time and money to the corporation, in order to facilitate completion of your review. As you can imagine, we were dismayed to receive yet another round of requests for modifications to our submission. MDC has complied with all of your requests to date, and expects that our responses to this most recent request will allow you to complete your review and approve our plan. We certainly would appreciate any assistance you may be able to provide in this regard.

Item (1): NRC is requesting revision to both the surety bond and schedule A to provide more specific addresses for each facility covered by the mechanisms. The McDonnell Douglas Corporation (MDC) facility in St. Louis encompasses approximately 5,000,000 sq. ft. of buildings across approximately 500 acres in the Missouri municipalities of Berkeley and Hazelwood. The MDC buildings do not have municipal street addresses as they are accessible only from MDC service roads connected to the public streets.

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DEC 26 1995

possible to more specifically identify "each covered facility" with a street address, city, state and zip code. However, we have enclosed map which more specifically identifies the buildings which comprise the relevant MDC facility. We believe that this map should satisfy your request for a more definitive identification of the "covered facility."

Item (2): NRC is requesting submission of a letter of acknowledgment with the standby trust agreement. MDC is perplexed by this request in light of the signatories to the agreement. The MDC standby trust agreement provided with our July 25, 1995 submission was signed by the Vice-President of Mercantile Bank of St. Louis N. A., attested to by the Assistant Secretary, and bears the appropriate corporate seals. The attestation, which is located above the signature blocks on page 7 of the standby trust agreement, reads as follows:

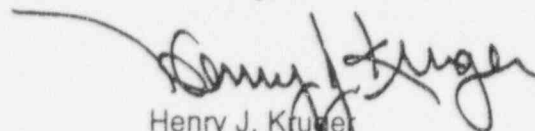
"IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above."

This attestation verifies the authority of the bank's officers to execute this agreement on behalf of the bank. Thus, we fail to understand the utility or need for any further acknowledgment. We request that you review the documents again and verify that the acknowledgment you seek is already included in the body of the agreement.

Item (3): According to NRC, the severability provision in the submitted surety bond failed to state that it is the "remaining" provisions which will remain valid and enforceable in the event any part of the agreement is deemed invalid. The bond is currently being revised to correct this omission. Upon receipt, MDC will forward a copy of this revision to the NRC.

Thank you for your assistance with this matter and your prompt response to our concerns. We trust that NRC now has all of the information it needs to complete its review of our submission and approve our Decommissioning Funding Plan.

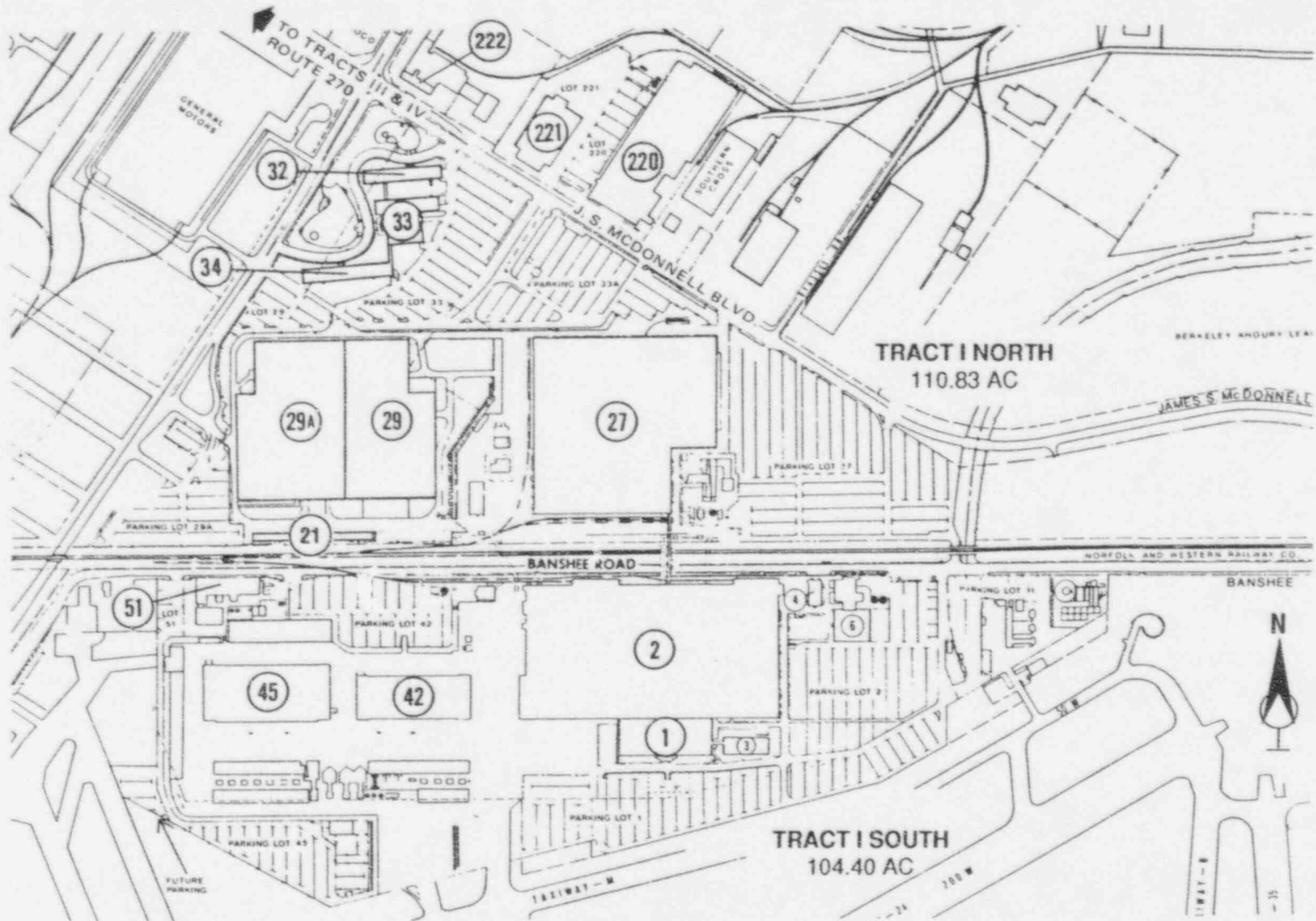
Sincerely,



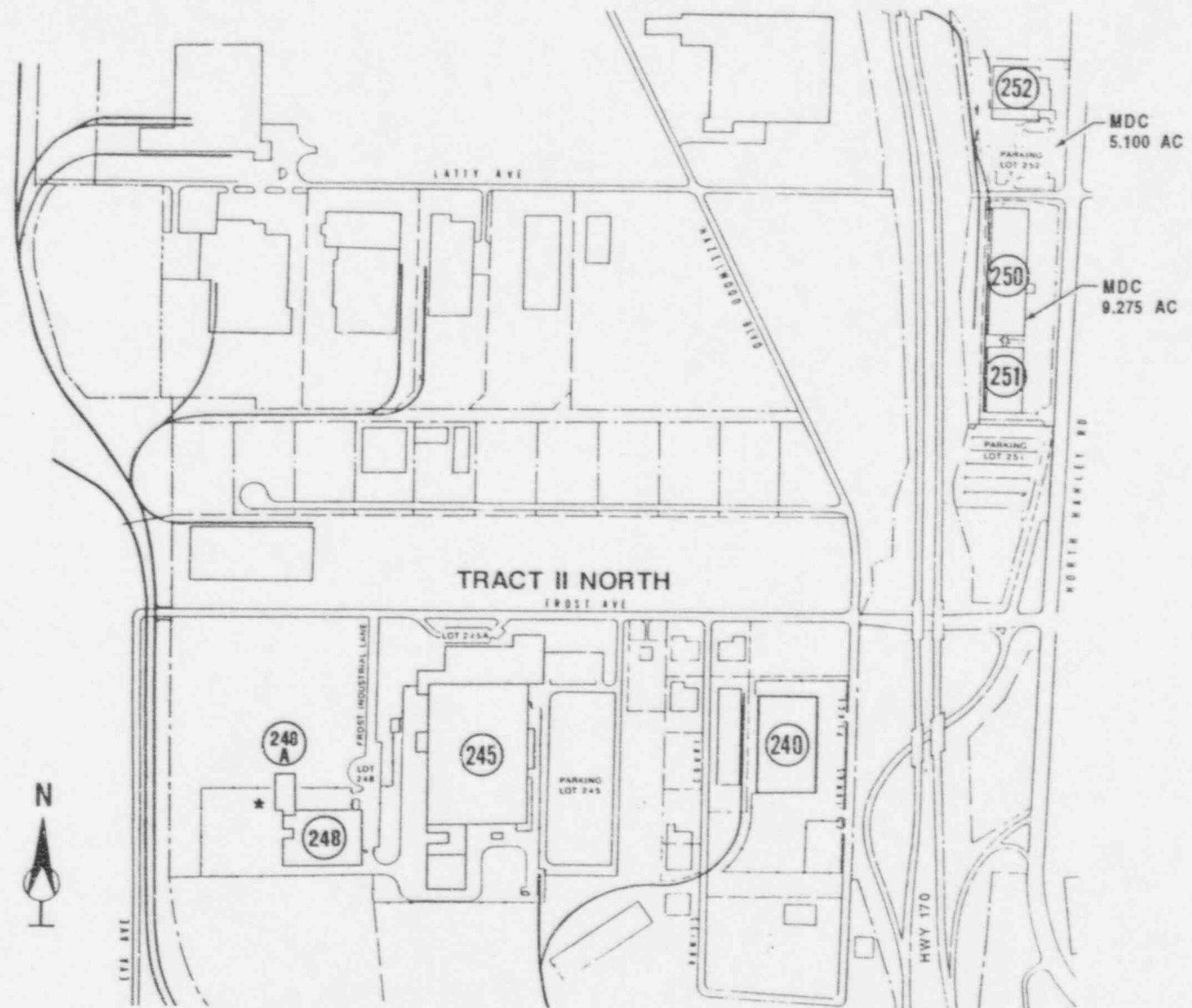
Henry J. Kruger
Principal Specialist
EHS Compliance

cc (w/o encl): M. J. Dwyer
M. C. Frank
C. Hanak
D. R. Summers

MCAIR TRACT I - PLOT PLAN

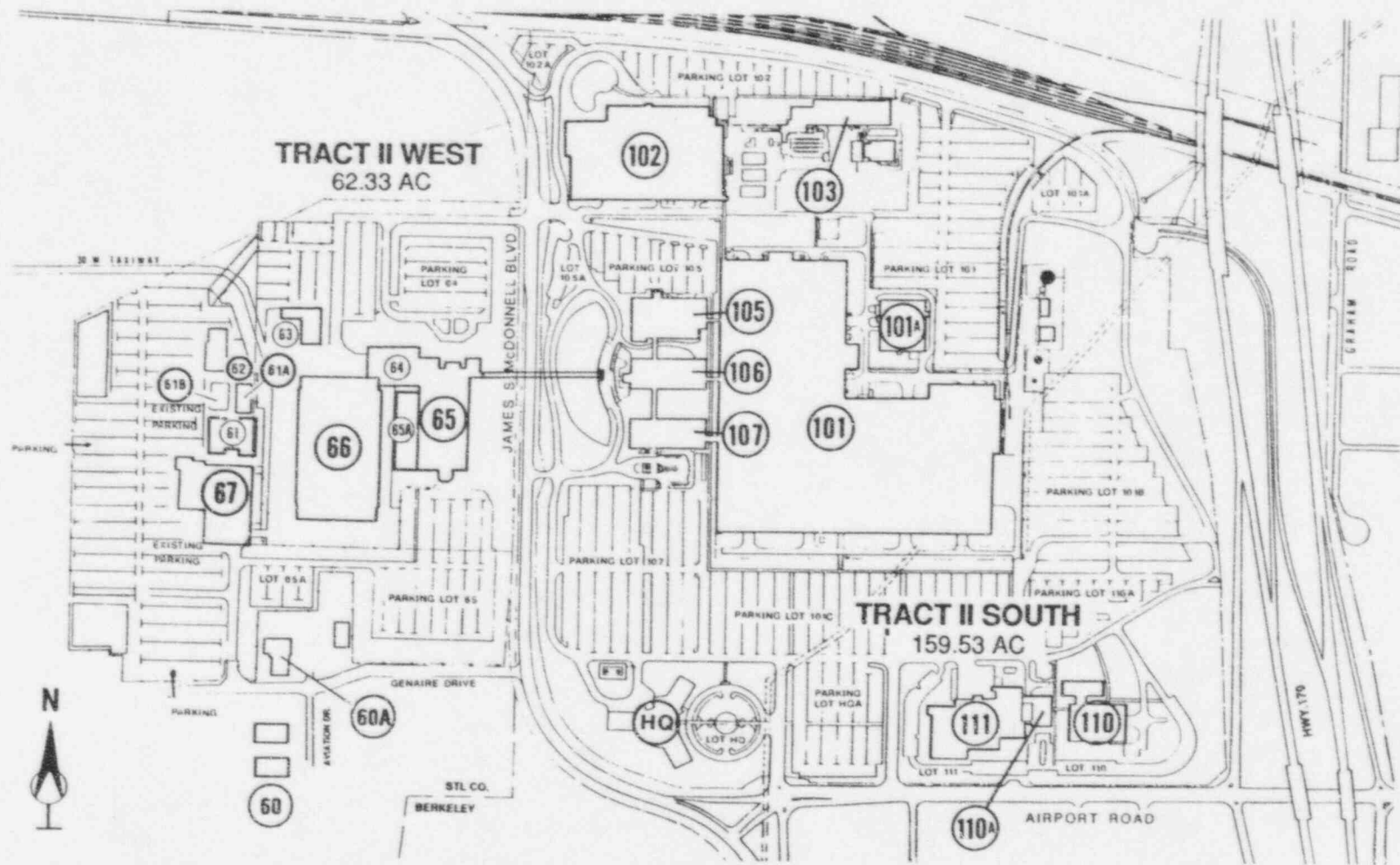


MCAIR TRACT II NORTH - PLOT PLAN



* ADDITION TO BLDG. 248 UNDER CONSTRUCTION

MCAIR TRACT II & TRACT II WEST - PLOT PLAN (1)



(1) Tract II North includes buildings 240–252, plot plan is shown on page 15.

MCDONNELL DOUGLAS

3 January 1996

VIA FEDERAL EXPRESS

Ms. Evelyn R. Matson
Nuclear Materials Licensing Section
United States Nuclear Regulatory Commission
Region III
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207 and NRC letter dated 14 December 1995

Enclosure: (1) Acknowledgment Letter for Mary L. Michaels, Attorney-In-Fact
Two signed duplicate copies

(2) Revised "Page 2" of Surety Bond [REDACTED]
Two duplicate copies

Dear Ms. Matson:

This is in further response to your letter dated December 14, 1995, and our subsequent telephone conversation. As you requested, McDonnell Douglas Corporation (MDC) is providing original duplicates of the following information associated with NRC's request for additional modifications to our St. Louis facility Decommissioning Funding Plan, which was submitted to NRC on July 25, 1995.

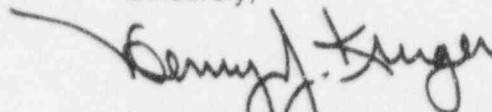
Reference NRC letter of 14 December 1995 Item (2): NRC requested submission of a letter of acknowledgment with the standby trust agreement. Enclosure (1) will fulfill this item.

Reference NRC letter of 14 December 1995 Item (3): The severability provision in the submitted surety bond failed to state that it is the "remaining" provisions which will remain valid and enforceable in the event any part of the agreement is deemed invalid. Enclosure (2) contains the necessary revision and should replace the original page.

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JAN 05 1996
REGION III

Thank you for your assistance with this matter. We trust that NRC now has all of the information it needs to complete its review of our submission and approve our Decommissioning Funding Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry J. Kruger". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Henry J. Kruger
Principal Specialist
EHS Compliance

cc	(w/ encl.):	M. J. Dwyer
	(w/o encl.)	M. C. Frank
		C. Hanak
		D. R. Summers

ACKNOWLEDGEMENT

STATE OF MISSOURI

COUNTY OF ST. LOUIS

On this 10th day of July, 1995, before me, a notary public in and for the county and state aforesaid, personally appeared Mary L. Michaels, and she/he did depose and say that she/he is the Attorney-In-Fact of United States Fidelity and Guaranty Company, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

CLAUDIA A. OKLER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS COUNTY
MY COMMISSION EXPIRES APRIL 28, 1997

Claudia A. Okler
Claudia A. Okler - Notary Public in and
for the County of St. Louis, Missouri

My Commission Expires: April 28, 1997

NON NEGOTIABLE

ACKNOWLEDGEMENT

STATE OF MISSOURI

COUNTY OF ST. LOUIS

On this 10th day of July, 1995, before me, a notary public in and for the county and state
aforesaid, personally appeared Mary L. Michaels, and she/he did depose and say that she/he is
the Attorney-In-Fact of United States Fidelity and Guaranty Company, which executed the above
instrument, that she/he knows the seal of said association; that the seal affixed to such instrument
is such corporate seal; that it was so affixed by order of the association; and that she/he signed
her/his name thereto by like order.

CLAUDIA A. OKLER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS COUNTY
MY COMMISSION EXPIRES APRIL 28, 1997

Claudia A. Okler
Claudia A. Okler - Notary Public in and
for the County of St. Louis, Missouri

My Commission Expires: April 28, 1997

NON NEGOTIABLE

promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

NON NEGOTIABLE

promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

NON NEGOTIABLE

MCDONNELL DOUGLAS

3 January 1996

VIA FEDERAL EXPRESS

Ms. Evelyn R. Matson
Nuclear Materials Licensing Section
United States Nuclear Regulatory Commission
Region III
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207 and NRC letter dated 14 December 1995

Enclosure: (1) Acknowledgment Letter for Mary L. Michaels, Attorney-In-Fact
Two signed duplicate copies

(2) Revised "Page 2" of Surety Bond No. [REDACTED]
Two duplicate copies

Dear Ms. Matson:

This is in further response to your letter dated December 14, 1995, and our subsequent telephone conversation. As you requested, McDonnell Douglas Corporation (MDC) is providing original duplicates of the following information associated with NRC's request for additional modifications to our St. Louis facility Decommissioning Funding Plan, which was submitted to NRC on July 25, 1995.

Reference NRC letter of 14 December 1995 Item (2): NRC requested submission of a letter of acknowledgment with the standby trust agreement. Enclosure (1) will fulfill this item.

Reference NRC letter of 14 December 1995 Item (3): The severability provision in the submitted surety bond failed to state that it is the "remaining" provisions which will remain valid and enforceable in the event any part of the agreement is deemed invalid. Enclosure (2) contains the necessary revision and should replace the original page.

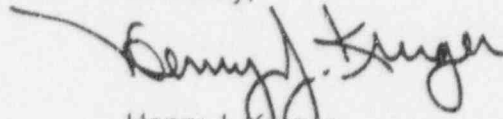
RECEIVED

JAN 05 1996

REGION III

Thank you for your assistance with this matter. We trust that NRC now has all of the information it needs to complete its review of our submission and approve our Decommissioning Funding Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry J. Karger". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Henry J. Karger
Principal Specialist
EHS Compliance

cc	(w/ encl.):	M. J. Dwyer
	(w/o encl.):	M. C. Frank
		C. Hanak
		D. R. Summers

ACKNOWLEDGEMENT

STATE OF MISSOURI

COUNTY OF ST. LOUIS

On this 10th day of July, 1995, before me, a notary public in and for the county and state aforesaid, personally appeared Mary L. Michaels, and she/he did depose and say that she/he is the Attorney-In-Fact of United States Fidelity and Guaranty Company, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

CLAUDIA A. OKLER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS COUNTY
MY COMMISSION EXPIRES APRIL 28, 1997

Claudia A. Okler
Claudia A. Okler - Notary Public in and
for the County of St. Louis, Missouri

My Commission Expires: April 28, 1997

NOT RECORDED

ACKNOWLEDGEMENT

STATE OF MISSOURI

COUNTY OF ST. LOUIS

On this 10th day of July, 1995, before me, a notary public in and for the county and state aforesaid, personally appeared Mar^r Michaels, and she/he did depose and say that she/he is the Attorney-In-Fact of United States Fidelity and Guaranty Company, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

CLAUDIA A. OKLER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS COUNTY
MY COMMISSION EXPIRES APRIL 28, 1997

Claudia A. Okler
Claudia A. Okler - Notary Public in and
for the County of St. Louis, Missouri

My Commission Expires: April 28, 1997

MISSOURI
NOTARY PUBLIC
CLAUDIA A. OKLER
ST. LOUIS COUNTY
APRIL 28, 1997

promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

NON NEGOTIABLE

promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

NON NEGOTIABLE

MCDONNELL DOUGLAS

22 December 1995

VIA FEDERAL EXPRESS

Ms. Evelyn R. Matson
Nuclear Materials Licensing Section
United States Nuclear Regulatory Commission
Region III
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207 and NRC letter dated 14 December 1995

Enclosure: (1) McDonnell Douglas Corporation-St. Louis Facility Map

Dear Ms. Matson:

This is in response to your letter, dated December 14, 1995, and our subsequent telephone conversation. As you requested, McDonnell Douglas Corporation (MDC) is providing the following comments and concerns associated with NRC's request for additional modifications to our St. Louis facility Decommissioning Funding Plan, which was submitted to NRC on July 25, 1995.

At the outset, I would like to express MDC's concern with the review process to which our Decommissioning Funding Plan has been subjected. As you are aware, by letter dated May 31, 1995, NRC requested considerable additional information from MDC, as well as numerous changes to our surety bond, in order for NRC to complete its review of our Decommissioning Funding Plan. Although MDC believed at the time, and continues to believe, that many of the modifications and information requested were not required by regulation or otherwise, MDC nonetheless complied with each and every request, at the expense of time and money to the corporation, in order to facilitate completion of your review. As you can imagine, we were dismayed to receive yet another round of requests for modifications to our submission. MDC has complied with all of your requests to date, and expects that our responses to this most recent request will allow you to complete your review and approve our plan. We certainly would appreciate any assistance you may be able to provide in this regard.

Item (1): NRC is requesting revision to both the surety bond and schedule A to provide more specific addresses for each facility covered by the mechanisms. The McDonnell Douglas Corporation (MDC) facility in St. Louis encompasses approximately 5,000,000 sq. ft. of buildings across approximately 500 acres in the Missouri municipalities of Berkeley and Hazelwood. The MDC buildings do not have municipal street addresses as they are accessible only from MDC service roads connected to the public streets.

RECEIVED

DEC 26 1995

REGION III

possible to more specifically identify "each covered facility" with a street address, city, state and zip code. However, we have enclosed a map which more specifically identifies the buildings which comprise the relevant MDC facility. We believe that this map should satisfy your request for a more definitive identification of the "covered facility."

Item (2): NRC is requesting submission of a letter of acknowledgment with the standby trust agreement. MDC is perplexed by this request in light of the signatories to the agreement. The MDC standby trust agreement provided with our July 25, 1995 submission was signed by the Vice-President of Mercantile Bank of St. Louis N. A., attested to by the Assistant Secretary, and bears the appropriate corporate seals. The attestation, which is located above the signature blocks on page 7 of the standby trust agreement, reads as follows:

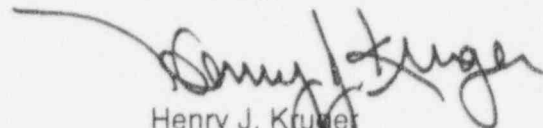
"IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above."

This attestation verifies the authority of the bank's officers to execute this agreement on behalf of the bank. Thus, we fail to understand the utility or need for any further acknowledgment. We request that you review the documents again and verify that the acknowledgment you seek is already included in the body of the agreement.

Item (3): According to NRC, the severability provision in the submitted surety bond failed to state that it is the "remaining" provisions which will remain valid and enforceable in the event any part of the agreement is deemed invalid. The bond is currently being revised to correct this omission. Upon receipt, MDC will forward a copy of this revision to the NRC.

Thank you for your assistance with this matter and your prompt response to our concerns. We trust that NRC now has all of the information it needs to complete its review of our submission and approve our Decommissioning Funding Plan.

Sincerely,

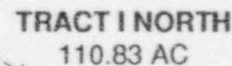


Henry J. Kruger
Principal Specialist
EHS Compliance

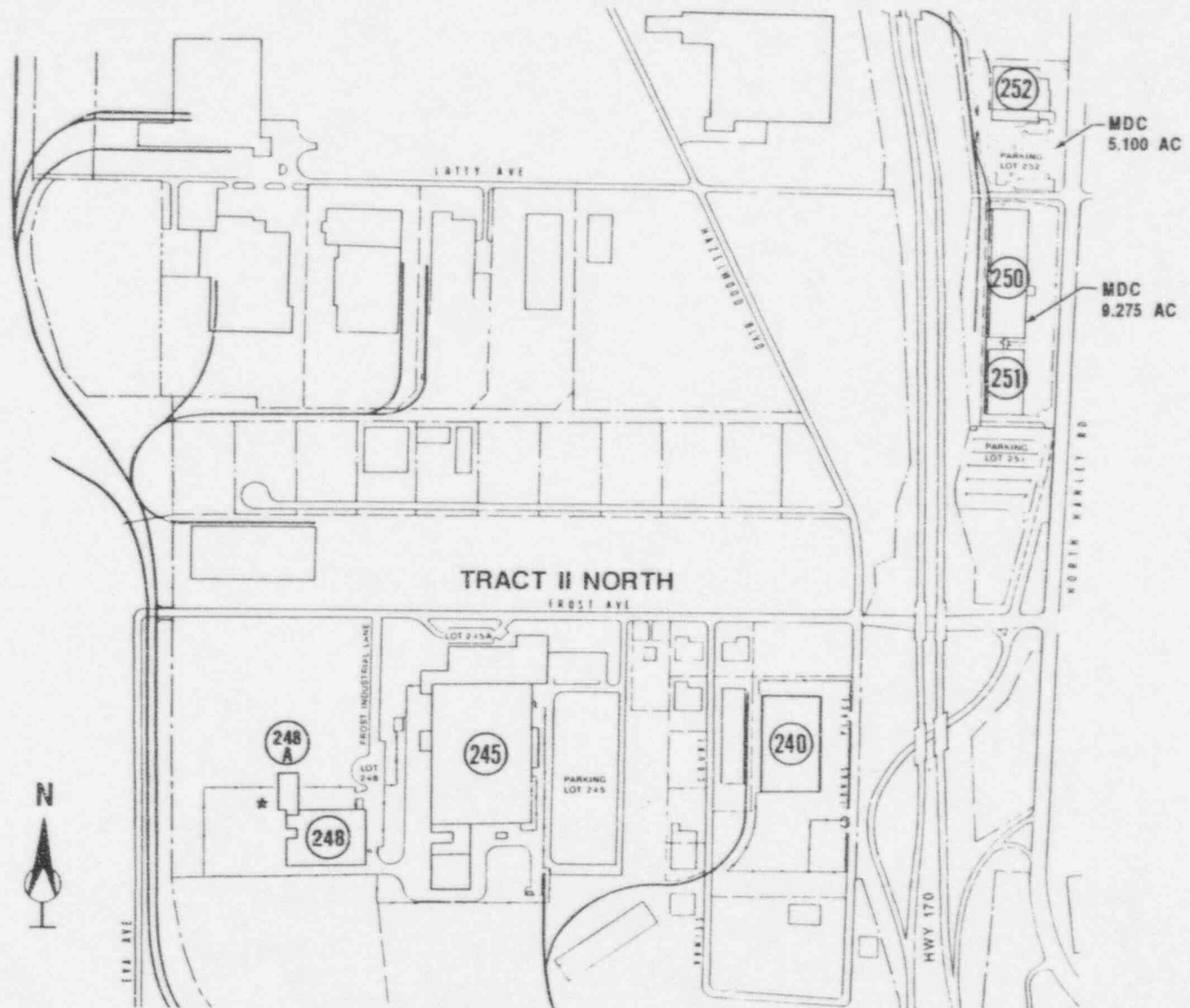
cc (w/o encl): M. J. Dwyer
M. C. Frank
C. Hanak
D. R. Summers

MCAIR

TRACT I - PLOT PLAN

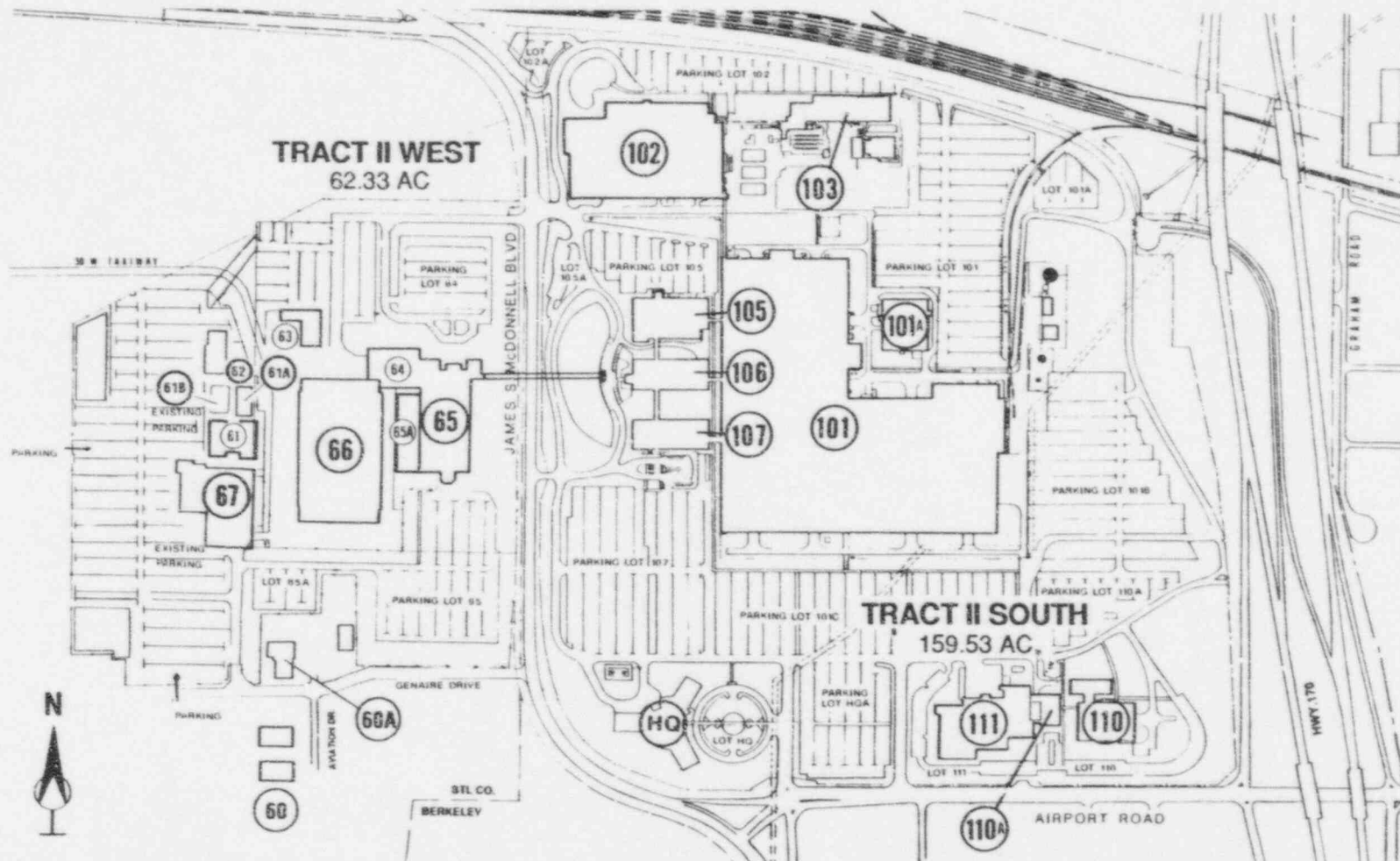


MCAIR TRACT II NORTH - PLOT PLAN



* ADDITION TO BLDG. 248 UNDER CONSTRUCTION

MCAIR TRACT II & TRACT II WEST - PLOT PLAN (1)



(1) Tract II North includes buildings 240-252, plot plan is shown on page 15.

UNITED STATES NUCLEAR REGULATORY COMMISSION
REGION III
CONVERSATION RECORD

(X) TELEPHONE (X) INCOMING () CONVERSATION TIME 1:30pm DATE 12/20/95

NAME OF PERSON(S) CONTACTED ORGANIZATION TELEPHONE NO.
Matthew Frank, Hank Kruger
McDonnell Douglas Aerospace
License No. 24-02261-03
314-233-4044

SUBJECT

NRC deficiency letter dated December 14, 1995 requesting additional information regarding Decommissioning Funding Plan and financial instruments. Control No. 300207.

SUMMARY

Mr. Frank and Mr. Kruger expressed concerns and questions regarding the additional information and changes the NRC requested in the financial instruments.

In summary, I agreed to extend the response due date by 30 days which will allow the licensee to submit their questions, issues and/or proposals for resolution in writing to the NRC. Mr. Frank and Mr. Kruger agreed to this approach.

New due date for Control No. 300207 is January 22, 1996.

ACTION REQUIRED

Update due date.
Fax copy of this conversation record to Mr. Frank.

ACTION TAKEN

NAME OF PERSON DOCUMENTING CONVERSATION
Evelyn R. Matson

SIGNATURE

December 20, 1995

DATE

December 14, 1995

McDonnell Douglas Aerospace
ATTN: Henry J. Kruger
EHS Compliance
P.O. Box 515
Mail Code 100 1048
St. Louis, MO 63166-0516

Dear Mr. Kruger:

We have reviewed your revised Decommissioning Funding Plan dated July 25, 1995. In order to complete our review of your instrument, we will need you to modify the submission in the following ways:

- (1) Revise the Surety Bond and Schedule A to the Standby Trust Agreement to Specify the Complete Address of Each Facility Covered by the Mechanism (*Regulatory Guide 3.66*, pages 4-26 and 4-30).

The submitted surety bond identifies the facility covered by the bond only by license number. Similarly, the submitted Schedule A to the standby trust agreement identifies the address of the licensed facility only as "McDonnell Douglas Corp., P.O. Box 516, St. Louis, MO 63116." Because each of these mechanisms authorizes payments only for facilities that are specified within the agreement, mis-specification of the facility address could jeopardize payments. Therefore, if possible, please identify the facility(ies) more specifically, e.g., by a street address. In addition, revise the mechanisms to specify the complete address of each facility being assured. Specifically, both mechanisms should carefully identify the full name and address (including the street address, city, state, and zip code) of each covered facility, as recommended in *Regulatory Guide 3.66* "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72" (June 1990), pages 4-26 and 4-30.

- (2) Submit a Letter of Acknowledgement with the Standby Trust Agreement (*Regulatory Guide 3.66*, Page 4-27)

The submission did not include a letter of acknowledgement with the standby trust agreement, as recommended by *Regulatory Guide 3.66*, page 4-27. The acknowledgement is needed to verify the execution of the standby trust agreement and to certify the trustee's signature and authority to enter into the agreement. Therefore, submit a letter of acknowledgement with the standby trust agreement.

December 14, 1995

- (3) The severability provision in the submitted surety bond omits the word "remaining" (underlined below) from the following wording recommended in *Regulatory Guide 3.66*, page 4-32:

"If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable" (emphasis added).

Despite the omitted word, in order to eliminate the possibility that the provision might be misinterpreted, please revise the bond to include the omitted word.

- (4) Section 5, paragraph 3 of the submitted standby trust agreement requires NRC to give written notice to the trustee in the event that the grantor defaults on its decommissioning obligations, as well as written directions for making payments from the standby trust fund. According to the *Regulatory Guide 3.66*, page 4-19, written notice is required from NRC for making payments from the fund, but written notice of decommissioning default is not required. The additional written notice may require extra effort on the part of NRC if NRC should need to direct decommissioning of the facility. The required notice is not otherwise detrimental to NRC, however, and will help the trustee ensure that NRC is acting properly in ordering payments from the fund.
- (5) Please ensure that documents submitted are originally signed duplicates, as recommended in *Regulatory Guide 3.66*. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanism is enforceable.

We will continue our review of your application upon receipt of this information. Please reply in duplicate, within 30 days, and refer to Control Number 300207.

If you have any questions or require clarification on any of the information stated above, you may contact us at (708) 829-9887.

Sincerely,

Original Signed By
Evelyn R. Matson
Nuclear Materials Licensing Branch

License No. 24-02261-03
Docket No. 030-05081

DOCUMENT NAME: M:\03005081.DE5

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure
"N" = No copy

OFFICE	DNMS/RIII	N						
NAME	CFFrazier:brt							
DATE	12/14/95							

OFFICIAL RECORD COPY



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

15-41

November 7, 1995

MEMORANDUM TO: John R. Madera, Chief
Materials Licensing Section
Division of Radiation Safety
and Safeguards, Region III

FROM: Louis M. Bykoski *Louis Bykoski*
Materials Decommissioning Section
Low-Level Waste and Decommissioning
Projects Branch
Division of Waste Management, NMSS

SUBJECT: THE OFFICE OF GENERAL COUNSEL AND CONTRACTOR COMMENTS ON
NON-STANDARD FINANCIAL ASSURANCE SUBMITTALS

Our contractor, ICF Incorporated, and the Office of General Counsel (OGC) have reviewed and provided comments on the DATACHEM Laboratories, McDonnell Douglas Corporation, and Minnesota Mining and Manufacturing Company nonstandard financial assurance submittals sent to us for review.

The ICF comments are presented in two parts. The first part deals with specific recommendations to current deficiencies. The second part (Other Issues) provides a discussion of changes to the standard wording that are acceptable and are not considered to be deficiencies. The OGC comments may include additional deficiencies that need to be corrected by the licensee and comments for our internal use.

You should carefully review all the comments before preparing the deficiency letters. We have enclosed both the ICF and OGC comments to assist you in your review.

Attachments: As stated

CONTACT: Louis M. Bykoski, NMSS/DWM
415-6754
Bradley Jones, OGC
415-1628

LIST F INSTRUCTIONS

McDonnell Douglas Corporation

In reviewing the comments the reviewer will note that there will be some overlap between ICF and OGC comments. The following comments should be included in the basis for the deficiency letter:

1. ICF comments 1 through 2 plus last paragraph.
2. All OGC comments.

All other comments and discussions are for reviewer information.

MEMO TO: Louis M. Bykoski, NMSS
FROM: OGC
RE: REVIEW OF NONSTANDARD SUBMITTALS

McDonnell Douglas Corporation

We have no objection to ICF's comments on the Surety Bond and Standby Letter of Credit. Since we will be contacting the licensee with respect to the ICF recommendations, we believe that two items mentioned in the "Other Issues" section of the ICF memorandum should be addressed by the licensee. "Other Issue" (b), which notes the omission of the word "remaining" from one of the standard clauses recommended by Regulatory Guide 3.66 should be corrected by the licensee. We also recommend that, as discussed in "Other Issue" (e), the licensee be requested to conform the language concerning NRC obligation to give the trustee written notice of a licensee default with respect to decommissioning. While we do not object in principal to the concept of giving the trustee notice of such defaults, we believe it could become difficult to assure NRC compliance with notice provisions if we allow individual notice provisions to have varying specific requirements.



CONSULTING GROUP

ICF Incorporated
9300 Lee Highway
Fairfax, VA 22031-1207
703/934-3000 Fax 703-934-9740

October 20, 1995

To: Dr. Lou Bykoski, NMSS/NRC

From: Matt Borick and John Collier, ICF Incorporated

Subject: Review of Surety Bond Submitted by McDonnell Douglas Corporation

McDonnell Douglas Corporation in St. Louis, Missouri, submitted a surety bond in the amount of \$225,000, along with a standby trust fund, to assure decommissioning costs for license 24-02261-03 issued under 10 CFR Part 30.¹ This surety bond was issued by the United States Fidelity & Guaranty Company (USF&G) and replaces an earlier bond issued by the same company.² Upon review of the submission, ICF recommends that NRC require the licensee to modify the submission in the following ways:

- (1) Revise the surety bond and Schedule A to the standby trust agreement to specify the complete address of each facility covered by the mechanism (Regulatory Guide 3.66, pages 4-26 and 4-30); and
- (2) Submit a letter of acknowledgement with the standby trust agreement (Regulatory Guide 3.66, page 4-27).

These recommendations and other issues are discussed below.

- (1) Revise the Surety Bond and Schedule A to the Standby Trust Agreement to Specify the Complete Address of Each Facility Covered by the Mechanism (Regulatory Guide 3.66, pages 4-26 and 4-30).

The submitted surety bond identifies the facility covered by the bond only by license number. Similarly, the submitted Schedule A to the standby trust agreement identifies the address of the licensed facility only as "McDonnell Douglas Corp., P.O. Box 516, St. Louis, MO 63116." Because each of these mechanisms authorizes payments only for facilities that are specified

¹ ICF assumes that NRC has verified that the certification amount is accurate under 10 CFR Part 30.35. The amount listed is not one of the three amounts designated in Regulatory Guide 3.66 for a single license.

² ICF previously reviewed a surety bond submitted by the licensee and reported several recommendations to NRC in a memorandum dated March 31, 1995. ICF has also reviewed a parent company guarantee submission from the licensee and reported recommendations to NRC in a memorandum dated November 12, 1990.

within the agreement, mis-specification of the facility address could jeopardize payments. Therefore, if the licensed facility(ies) can be identified more specifically, e.g., by a street address, ICF recommends that NRC require the licensee to revise the mechanisms to specify the complete address of each facility being assured. Specifically, both mechanisms should carefully identify the full name and address (including the street address, city, state, and zip code) of each covered facility, as recommended in Regulatory Guide 3.66 "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72" (June 1990), pages 4-26 and 4-30.

(2) **Submit a Letter of Acknowledgement with the Standby Trust Agreement**
(Regulatory Guide 3.66, Page 4-27)

The submission does not include a letter of acknowledgement with the standby trust agreement, as recommended by Regulatory Guide 3.66, page 4-27. The acknowledgement is needed to verify the execution of the standby trust agreement and to certify the trustee's signature and authority to enter into the agreement. ICF recommends that NRC require the licensee to submit a letter of acknowledgement with the standby trust agreement.

Other Issues

Apart from editorial and non-substantive changes to the standard wording provided in Regulatory Guide 3.66, the following modifications are noteworthy:

- (a) The licensee's certification statement also does not identify the name and address of the licensed facility, as recommended in Regulatory Guide 3.66, page 1-5. This omission will not be significant assuming that the licensee provides this information in its financial assurance mechanisms (see Recommendation 1).
- (b) The severability provision in the submitted surety bond omits the word "remaining" (underlined below) from the following wording recommended in Regulatory Guide 3.66, page 4-32:

"If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable" (emphasis added).

Despite the omitted word, ICF believes that the submitted wording is likely to be interpreted correctly. If NRC wishes to eliminate the possibility that the provision might be misinterpreted, NRC could require the licensee to revise the bond to include the omitted word.

- (c) Paragraph 1 of the standby trust agreement does not identify the full address of the trustee, as is recommended in Regulatory Guide 3.66. The trustee's full name and address is important in ensuring that NRC will be able to communicate readily with the trustee (e.g., to order payment for required decommissioning activities). However, because the full

name and address of the trustee are stated elsewhere in the submission (in an included copy of a July 15, 1995, letter to the licensee from the trustee), the standby trust agreement does not need to be revised to include the trustee's address in this case.

- (d) The words "or _____ dollars, whichever is greater," have been omitted from Section 5 of the standby trust agreement. Nevertheless, Section 5 appropriately limits withdrawals from the trust to no more than 10 percent of the trust's value, unless NRC's approval has been attached to the withdrawal request.
- (e) Section 5, paragraph 3 of the submitted standby trust agreement requires NRC to give written notice to the trustee in the event that the grantor defaults on its decommissioning obligations, as well as written directions for making payments from the standby trust fund. According to the *Regulatory Guide 3.66*, page 4-19, written notice is required from NRC for making payments from the fund, but written notice of decommissioning default is not required. The additional written notice may require extra effort on the part of NRC if NRC should need to direct decommissioning of the facility. The required notice is not otherwise detrimental to NRC, however, and will help the trustee ensure that NRC is acting properly in ordering payments from the fund.
- (f) In the recommended wording for standby trust funds in *Regulatory Guide 3.66*, page 4-20, Section 6 ("Trust Management"), part (c) states the following:

"For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon."

The submitted standby trust fund, however, has replaced this wording with the following wording:

"The Trustee is authorized to invest cash, awaiting investment or distribution, in a commingled short-term investment fund of the Trustee invested principally [sic] in Federal Government Securities. Uninvested cash should be kept to a minimum."

Since this wording does not confer powers to the trustee that are not already conferred upon the trustee in Sections 6 and 7 of both the submitted agreement and the recommended wording in *Regulatory Guide 3.66*, the modified wording is acceptable.

- (g) Part (b) of Section 7 is omitted from the standby trust agreement. This section would empower the trustee to invest the trust at its discretion into assets of investment companies created, managed, underwritten, or advised by the trustee. Deleting this part does not significantly inhibit prudent management of the fund, although it does narrow the range of investments available to the trustee.

- (h) Schedule A of the standby trust includes the line "The cost estimated here was last adjusted and approved by the NRC on _____," but does not include the actual date. This statement is intended to assist the trustee in evaluating the information in Schedule A but is not critical to the trust's effectiveness.
- (i) The standby trust agreement does not include a Schedule C stating the trustee's compensation for serving as trustee. The agreement states (in Section 12) that "The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor (See Schedule C)." Schedule C, called for by *Regulatory Guide 3.66*, would provide written evidence of the fee arrangement. Nevertheless, adequate assurance that the compensation is reasonable and its effect on the trust is limited is provided by the annual valuation provision (see Section 10) in combination with Section 12. The annual valuation provision requires the trustee to provide NRC and the licensee with an annual valuation of the fund. If the value of the fund has fallen below the required amount for any reason, including an excessive fee taken by the trustee, the licensee would be required to make up the difference; if the loss is found to have been caused by payment of excessive compensation to the trustee, the licensee and/or NRC would have recourse under Section 12 to pursue reimbursement of the excessive amount.
- (j) The submission includes evidence (dated September 14, 1993) that the vice president/treasurer of the licensee is authorized to establish surety bonds, letters of credit, and bank guarantees in favor of unaffiliated parties. ICF believes this evidence adequately indicates that the party (James F. Palmer, the vice president-treasurer) signing the surety bond on July 10, 1995, is authorized to enter into the bond agreement for the licensee. In addition, ICF believes this evidence adequately (but not definitively) suggests that the party (William M. Austin, the vice president-treasurer) signing the standby trust agreement on November 13, 1991, is authorized to enter into the standby trust agreement for the licensee, given that the purpose of the standby trust is ancillary to that of the surety bond, and may itself qualify as a "bank guarantee." If NRC seeks greater assurance that the execution of the standby trust was authorized, it may wish to request from the licensee evidence that explicitly mentions trust agreements, and that was clearly in effect on November 13, 1991.

Finally, NRC should ensure that documents submitted by the licensee are originally signed duplicates, as recommended in *Regulatory Guide 3.66*. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanism is enforceable. Because ICF does not possess the original submissions, we cannot verify compliance with these requirements.

attachments

APPENDIX A
CHECKLIST FOR DECOMMISSIONING FINANCIAL ASSURANCE

NAME OF LICENSEE OR APPLICANT

McDonnell Douglas Corporation

MAILING ADDRESS

P.O. Box 516

St. Louis, MO 63166-0516

A. Licensee Part (check one of the following):

- ☒ Part 30 Licensee or Applicant ☐ Part 70 Licensee or Applicant
☐ Part 40 Licensee or Applicant ☐ Part 72 Licensee or Applicant

B. Check appropriate item in each category (if applicable)

1. July 25, 1995 Date of Financial Assurance Submission Bond executed July 10, 1995
Effective Date July 10, 1995
2. ☐ Public Entity
☒ Private Entity
3. ☒ Certification of Financial Assurance (statement included, amount \$225,000)
Not pre-set amount.
☐ Decommissioning Funding Plan
4. (a) ☐ Prepayment Option (See Appendix B)
 - ☐ Trust Fund
 - ☐ Escrow Account
 - ☐ Certificate of Deposit
 - ☐ Government Fund
 - ☐ Deposit of Government Securities(b) ☒ Surety/Insurance/Other Guarantee (See Appendix C) \$7,250,000.00
 - ☒ Surety bond Premium → \$3,000.00, Trustee fee schedule not included
 - ☐ Letter of Credit
 - ☐ Line of Credit
 - ☐ Parent Company Guarantee/Financial Test*(c) ☐ External Sinking Fund, Sinking Account and Surety/Insurance (See Appendix D)
 - ☐ Trust Fund
 - ☐ Escrow Account
 - ☐ Certificate of Deposit
 - ☐ Government Fund
 - ☐ Deposit of Government Securities
 - ☐ Surety Bond
 - ☐ Letter of Credit
 - ☐ Line of Credit(d) ☐ Statement of Intent (public entities only)

*May not be used in combination with any other instrument.

APPENDIX C

CHECKLIST FOR SUBMISSION OF SURETY/INSURANCE/PARENT COMPANY GUARANTEE

A. Check Appropriate Form of Surety/Insurance/Guarantee

- ☒ Surety Bond
- ☐ Letter of Credit
- ☐ Line of Credit
- ☐ Parent Company Guarantee/Financial Test*
- ☐ Insurance

B. Check Documents Submitted for Surety/Insurance/Guarantee

1. Surety Bond
 - ☒ Surety Bond
 - ☒ Standby Trust Agreement
 - ☒ Acknowledgement
2. Letter of Credit
 - ☐ Letter of Credit
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
3. Line of Credit
 - ☐ Verification
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
4. Parent Company Guarantee
 - ☐ Letter from Chief Executive Officer of Applicant or Licensee
 - ☐ Letter from Chief Financial Officer of Parent Company
 - ☐ Financial Test: Alternative [I or II]
 - ☐ Auditor's Special Report and Attached Schedule
 - ☐ Corporate Guarantee
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
5. Insurance
 - ☐ Certificate of Insurance
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement

May not be used in combination with any other instrument.

EXHIBIT 3-6

CHECKLIST OF CRITERIA FOR REVIEW OF SURETY BONDS

- ✓ • Copy of corporate by-laws or other evidence indicating that parties signing the financial instrument (for the applicant) are authorized to represent the organization in the transaction.
- NRC to
check • Evidence that the financial instrument is an originally signed duplicate (e.g., an executed copy of the instrument).
- ✓ • Copy of Circular 570 of the U.S. Department of Treasury.
- ✓ • Copy of broker/agent's power of attorney authorizing the broker/agent to issue bonds.
- Missing • Signed statement from applicant indicating that they will notify NRC if the surety company intends to cancel or go bankrupt.
- ✓ • Date of execution of bond and effective date.
- ✓ • Name and address of licensee (principal).
- ✓ • Type of business organization; State of incorporation, if appropriate.
- No name and
address of
licensed facility
No costs • NRC license number, identification of licensed facility(ies), decommissioning costs.
- ✓ • Identification of corporate or individual surety(ies).
 1. Name;
 2. State of incorporation;
 3. Qualification in jurisdiction where facility covered by the surety bond is located.

EXHIBIT 3-6 (Continued)

- ✓ • Designation of obligee (NRC or State regulatory agency).
- ✓ • Recitation of consideration (fee paid for surety bond).
- ✓ • Liability of surety.
 - 1. Penal sum
 - 2. Limitation of liability
 - 3. Condition(s) of liability
 - 4. Statement of joint and several liability
- ✓ • Statement of licensee's or applicant's regulatory obligations as reason for bond.
- ✓ • Scope and duration of bond.
 - 1. Restricted to single obligation
 - 2. Continuing
 - 3. Provisions for renewal
 - 4. Payable to a standby trust fund.
- ✓ • Termination.
 - 1. By surety
 - 2. By principal
 - 3. Effective date of termination or revocation
- ✓ • Adjustment of penal sum.
- ✓ • Date.
- ✓ • Signatures.
- ✓ • Premium. \$ 3,000

EXHIBIT 3-5

CHECKLIST OF CRITERIA FOR REVIEW OF TRUST AGREEMENTS^a

- ✓ • Copy of corporate by-laws or other evidence indicating that parties signing the financial instrument (for the applicant) are authorized to represent the organization in the transaction.

different VP-Treasurer
signed the standby
trust agreement

NAC to check •

- Evidence that the financial instrument is an originally signed duplicate (e.g., an executed copy of the instrument).

- ✓ • Evidence that the financial institution has authority to act as a trustee.

- ✓ • Purpose of trust ("whereas" clauses).

1. Description

- ✓ • Grantor or grantors (introductory paragraph).

No addresses

1. Names
2. Addresses

- ✓ • Trustee or trustees.

No addresses

1. Names and addresses
2. Bank or corporate trustee (introductory paragraph)

- ✓ • Identification of facilities and cost estimates (Section 2).^b

Schedule A)

6 Box
only

^a Adapted from 17A Am Jur Legal Forms 2d (Rev) §251.94.
^b References are to recommended wording for trust agreements provided in Section 4.

EXHIBIT 3-5 (continued)

✓ • Words of transfer, conveyance, and delivery in trust (Section 3).

✓ • Payments constituting the trust fund (Section 4).

✓ • Duration of trust. *Until terminated*

✓ • Description of trust property.

1. Property described in attached schedule (Schedule B)

2. Cash

3. Stock and other securities

✓ • Additions to trust.

✓ • Distribution of trust principal (Section 5).

1. Disbursement to licensee upon proper certification

2. Payment for activities at NRC's direction in writing

3. Refund to grantor at NRC's specification in writing after completion of decommissioning activities

4. Withdrawal provisions must not exceed 10%.

✓ • Trust management (Sections 6-8).

1. Discretionary powers

2. Fiduciary duty

3. Commingling and investment *Missing bullet (b)*

4. Sale or exchange of trust property

5. Scope of investments

6. Express powers of trustee

7. Borrowing money and encumbering trust assets

• (Optional provisions)

EXHIBIT 3-5 (continued)

- 8. Insurance
- 9. Operation of business
- 10. Compromise of claims

✓ • Taxes and expenses (Section 9).

✓ • Annual valuation (Section 10).

*standard
ending* ✓ • Advice of counsel (Section 11).

✓ • Authority, compensation, and tenure of trustees (Sections 12-14).

- 1. Trustee compensation
- 2. Successor trustee
- 3. Instructions to trustee

✓ • Amendment of agreement (Section 15).

✓ • Irrevocability and termination (Section 16).

✓ • Immunity and indemnification (Section 17).

✓ • Law to govern construction and operation of trust (Section 18).

*standard
ending* ✓ • Interpretation and severability (Section 19).

No • Date (signature block).
(date given in introduction)

✓ • Signatures (signature block).

No • Acknowledgements, seals or attestations, if necessary or desired
(witness by notary public).

No • Acceptance of trust by trustee or trustees (acknowledgment).

CMD: -----

LICENSE SCREEN * * - DECOMMISSIONING FINANCIAL ASSURANCE INFORMATION

DOCKET: 030-05081 LIC: McDunnell Douglas Corporation NAME: 24-02261-03

PARTY ISSUING MECHANISM:

NAME: United States Fidelity & Guaranty Company
ADDR1: 910 N. 11th Street
ADDR2:
CITY: St. Louis
STATE: MO ZIP: 63101

ASSUR TYPE: ? CERT
MECH TYPE: 08
MECH AMOUNT: 0 225,000
APPROVED? - DATE: 0
EXPIRES ? - DATE: 0
ACTION (A=ADD C=CHG D=DELETE)

PARTY ISSUING MECHANISM:

NAME: -----
ADDR1: -----
ADDR2: -----
CITY: -----
STATE: ----- ZIP: -----

ASSUR TYPE: ? CERT
MECH TYPE: -----
MECH AMOUNT: 0
APPROVED? - DATE: 0
EXPIRES ? - DATE: 0
ACTION (A=ADD C=CHG D=DELETE)

*** 000 000 ***

B NJ LIU10

NUM

A.2

RS C9

T for Attention. Home to Switch

Capture Off

1 Numeri:

CMD: -----

LTS - FINANCIAL ASSURANCE INFORMATION

VALID MECHANISM TYPE CODES AND THEIR MEANINGS:

MECH TYPE	DESCRIPTION
TR	TRUST FUND
ES	ESCROW ACCOUNT
CD	CERTIFICATE OF DEPOSIT
GF	GOVERNMENT FUND
GS	DEPOSIT OF GOVERNMENT SECURITIES
SB	SURETY BOND
LT	LETTER OF CREDIT
LN	LINE OF CREDIT
PG	PARENT COMPANY GUARANTEE
SI	STATEMENT OF INTENT

PRESS RETURN KEY FOR FINANCIAL ASSURANCE SCREEN:

B NJ LIU10

A.2

R1 C1

T for Attention. Home to Switch

Capture Off

1 Numeri:

AUG 17 1995

95-41

MEMORANDUM FOR: Dr. Louis Bykoski, Project Officer, Low-Level Waste
and Decommissioning Projects Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

FROM: John R. Madera, Chief, Materials Licensing Section
Nuclear Material Safety Branch
Division of Radiation Safety and Safeguards
Region III

SUBJECT: REQUEST FOR ASSISTANCE IN PROCESSING AND REVIEW
OF NONSTANDARD FINANCIAL ASSURANCE SUBMITTALS RELATED
TO THE DECOMMISSIONING RULE

Enclosed for your review are responses to NRC request for additional information from Region III licensees regarding Financial Assurance. The licensees are as follows:

Minnesota Mining & Manufacturing	License Nos. 22-00057-07 and 22-00057-61;
Data Chem Laboratories	License No. 34-26556-01;
McDonnell Douglas Corporation	License No. 24-02261-03; and
WIL Research Laboratories	License No. 34-20070-01.

They have submitted additional information which requires contractor review.

We appreciate your efforts in resolving these issues. If you have any questions please contact Gidget Watson of my staff at (708) 829-9815.

Enclosure: Licensee Submittals

DOCUMENT NAME: M:\03004952.DE5

To receive a copy of this document, indicate in the box: "C" = Copy without attachment/enclosure "E" = Copy with attachment/enclosure
"N" = No copy

OFFICE	DRSS/RIII								
NAME	GWatson:brt								
DATE	08/14/95 <i>GW</i>								

OFFICIAL RECORD COPY

MCDONNELL DOUGLAS

25 July 1995

VIA FEDERAL EXPRESS

United States Nuclear Regulatory Commission
Region III
ATTN.: Nuclear Materials Licensing Section,
Ms. Gidget M. Watson
801 Warrenville Road
Lisle, Illinois, 60532-4351

Ref.: License No.: 24-02261-03
Docket No.: 030-05081
Control Number 300207

Enclosure: (1) MDC Delegation of Authority - M. R. Bradford Memo No. MRB-95-057
(2) Certification Statement for 10 CFR 30.35
(3) [REDACTED]
(4) Stand-by Trust Agreement for 10 CFR 30.35(f)(2)(ii)

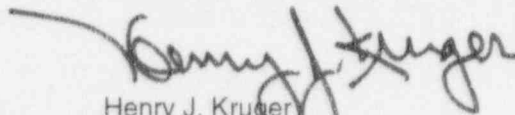
Dear Ms. Watson:

Per your request for additional information from McDonnell Douglas on 31 May 1995 please find the enclosed originally signed duplicates of the needed documents.

At the request of United States Fidelity & Guaranty Company, please return all copies of the previous bond No. [REDACTED] replaced by enclosure (2) USF & G [REDACTED]

Should you require any further information please do not hesitate to contact me at (314) 233-5404.

Sincerely,



Henry J. Kruger
Principal Specialist
EHS Compliance
McDonnell Douglas Corporation

P. O. Box 516
St. Louis, Missouri 63166-0516
Mail code 100 1048

x/c: M. J. Dwyer, M. L. Michaels, D. R. Summers, without enclosures

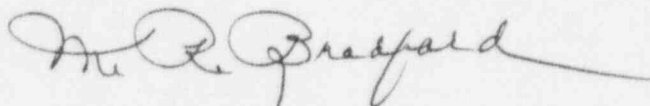
RECEIVED
JUL 26 1995
REGION III

INTEROFFICE MEMO

Memo No. MRB-95-057
24 July 1995

To: H. J. Kruger
From: M. R. Bradford
XC: A. M. Bailey, F. W. Hill
Subject: Authority to Bind - Surety Bonds
Enclosure: MDC Policy 4 and Appendix 1, page 7

1. Enclosed is MDC Policy 4, Delegation of Authority, dated 14 September 1993. This policy is currently in effect. Paragraph 1 of the policy sets forth a general delegation to the senior officers of the corporation "to approve and execute agreements and contracts and incur obligations on behalf of MDC...in their respective areas of responsibility."
2. In addition, Appendix 1 lists transactions that are delegated to specific officers. Item 4.6 of Appendix 1 specifies that the VP-Treasurer is authorized to establish surety bonds in favor of unaffiliated parties, without restriction.
3. Where a specific transaction is delegated to an officer, ascending levels of management in the chain of command have the same authority delegated to the subordinate. Prior to 24 July 1995, J. F. Palmer was the VP-Treasurer of McDonnell Douglas Corporation. Effective 24 July 1995 J. F. Palmer is the Chief Financial Officer and acting VP-Treasurer of McDonnell Douglas Corporation.
4. This memorandum may be provided to the Nuclear Regulatory Commission in response to a recent letter from that agency in regard to financial assurance for decommissioning costs.



M. R. Bradford
Manager MDC Policy

Policy

TITLE:

DELEGATION OF AUTHORITY

1. McDonnell Douglas Corporation is committed to delegating authority throughout the Corporation to the lowest practical level. Except for restrictions on transactions contained in the Appendix, authority is delegated, with authority to redelegate, to approve and execute agreements and contracts and incur obligations on behalf of MDC from the Chairman & CEO to the members of the MDC Executive Council in their respective areas of responsibility. Except as otherwise indicated, transactions requiring approval of Headquarters may be approved by the Chairman & CEO or President & COO.
2. The following MDC Councils have responsibility for establishing MDC strategy, policy and the assessment of operational performance in their respective areas of responsibility and are delegated responsibility as set forth in Appendix 1.
 - a. Office of the Chairman is the senior management council for strategic business decisions. The Office of the Chairman consists of J. F. McDonnell, G. A. Johnston, H. J. Lanese, J. P. Capellupo, and K. A. Francis.
 - R b. MDC Executive Council is the senior management council for establishing policies and processes which affect MDC corporate-wide. It is comprised of the five members of the Office of the Chairman plus R. H. Hood, F. M. Kuhlmann, and J. H. MacDonald.
- R 3. Authority to approve and execute documents which legally bind the Corporation must be specified in writing. The appendix sets forth transactions requiring specified approvals and coordinations for which authority may be redelegated unless otherwise stated. Approvals in Appendix 1 which specify "jointly with" require the approval of both principals. Delegation memos should specify required coordinations. The delegation memo should be forwarded to the MDC Policy Function, M. R. Bradford, Dept. H015, MC 100-1530.
 - a. This policy will be reviewed and updated annually in May. Major changes and additions will be handled as necessary throughout the year; all other changes will be handled in the annual May review. Redelegation will be revalidated/updated within one month after the issuance of the annual update.
4. While authority with respect to transactions is intended to be delegated to the lowest practical level, ultimate responsibility remains with the delegator. In order for the one with responsibility to properly delegate authority, he/she must ensure that there are clear policies, trained personnel, adequate information, and compliance with MDC's contractual and other legal obligations. Therefore, cognizant principals have the right and the duty to request pertinent information and coordination relative to their functional areas where they have delegated authority to others. Such requested information, e.g., printed reports, is to be kept to the minimum necessary to satisfy managerial responsibilities.
5. Employees to whom authority is delegated are expected to exercise that authority in the overall best interests of the Corporation and, in the event significant conflicting organizational or business interests may arise within the Corporation, to consult with ascending levels of management as required to resolve any such conflicts.

DELEGATION OF AUTHORITY MATRIX

SPECIFIC AUTHORITY:	BOARD OF DIRECTORS	HEADQUARTERS	FURTHER DELEGATIONS
<u>Treasury, Accounting, and Taxes</u> (Cont'd) 4.5 Establishment of letters of credit and bank guarantees in favor of unaffiliated parties			VP Treasurer
4.6 Establishment of surety bonds and bid bonds in favor of unaffiliated parties			VP Treasurer
<i>R</i> 4.7 Loans, excluding employee loans and those in connection with customer financing	Over \$25 million	\$25 million per transaction	VP Treasurer, up to \$25 million per loan and unlimited re loans to wholly-owned and/or consolidated subsidiaries
<i>R</i> 4.8 Short-term (one year or less) borrowings from unaffiliated parties, excluding debt assumed in acquisitions of businesses or real estate and borrowings authorized by MDC Board resolutions.	Over \$100 million per borrowing	\$100 million per transaction	VP Treasurer, up to \$100 million per borrowing; unlimited regarding borrowings of MDFS, MDRC, and their subsidiaries or partnerships when authorized by their respective Boards of Directors

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: McDonnell Douglas Corporation
P. O. Box 516
St. Louis, MO 63166-0516

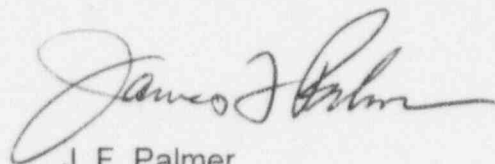
NRC License Number: 24-02261

Issued To: U. S. Nuclear Regulatory Commission

This is to certify that McDonnell Douglas Corporation is licensed to possess byproduct material in the following amounts,

- A. Any byproduct material with Atomic Numbers 1 through 83, inclusive. Not to exceed 1 millicurie per radionuclide, 83 millicuries total.
- B. Any byproduct material with Atomic Numbers 1 through 83, inclusive. No single source to exceed 10 millicuries, 1 curie total.
- C. Cesium-137, 1.5 curies.
- D. Cesium-137. No single source to exceed 8 microcuries.
- E. Americium-241. No single source to exceed 10 microcuries, 100 microcuries total.

and that financial assurance in the amount prescribed in 10 CFR Part 30, \$225,000.00 has been obtained for the purpose of decommissioning.



J. F. Palmer
Chief Financial Officer
25 July 1995

Corporate Seal.

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Bond [REDACTED]

This bond replaces previously issued bond [REDACTED]

PAYMENT SURETY BOND

Date bond executed: July 10, 1995

Effective date: July 10, 1995

Principal: McDonnell Douglas Corporation, P.O. Box 516, St. Louis, MO 63166-0516

Type of organization: Corporation

State of incorporation: Maryland

NRC license number, name and address of facility, and amount(s) for decommissioning activity guaranteed by this bond: 24-02261-03

Surety(ies) [name(s) and business address(es)] United States Fidelity & Guaranty Company, 910 N. 11th St., St. Louis, MO 63101

Type of organization: Corporation

State of incorporation: Maryland

Surety's qualification in jurisdiction where licensed facility(ies) is (are) located.

Surety's bond number: [REDACTED]

total penal sum of bond: \$ 225,000.00

Know all persons by these presents, That we, the Principal and Surety(ies) hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the U.S. Nuclear Regulatory commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has

NON NEGOTIABLE

promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the provisions which will remain valid and enforceable.

In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

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The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal McDonnell Douglas Corporation

[Signature(s)]

[Name(s)]

James F. Palmer

[Title(s)]

Vice President-Treasurer

[Corporate seal]

Corporate Surety(ies)

United States Fidelity and Guaranty Company

[Name and address]

910 N. 11th St., St. Louis, MO 63101

State of incorporation:

Maryland

Liability limit:

\$ 100% of Bond Amount

[Signature(s)]

[Name(s) and title(s)]

Mary L. Michaels, Attorney-in-Fact

[Corporate seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety(ies) above.]

Bond premium: \$ 3,000.00

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UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY
NO. [REDACTED]

KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.



UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By [Signature]
Senior Vice President

(Signed) By [Signature]
Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said Robert J. Lamendola and Paul D. Sims were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day in March, A.D. 1995.



(Signed) [Signature]
NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 10th day of July, 1995.



[Signature]
Assistant Secretary

State of Missouri

County of St. Louis

On this 10th day of July, 1995,

before me, Patricia L. Davison, a Notary Public in and for the said
County of St. Louis, State of Missouri, residing therein, duly commissioned
and sworn, personally appeared Mary L. Michaels,
known to me to be the Attorney-in-Fact of the United States Fidelity and
Guaranty Company, the corporation that executed the
written instrument.

Patricia L. Davison

Notary Public in and for the County of
St. Louis, State of Missouri

NOTARY PUBLIC

Mercantile Bank
of St. Louis N.A.

Mercantile Tower
P.O. Box 321
St. Louis, MO 63166-0321

**MERCANTILE
BANK**

CORPORATE TRUST

July 15, 1995

S. G. Beussink
McDonnell Douglas
Corporate Treasury
M/C 1001280, Department H321 Building HQ
P O Box 516
St. Louis, MO 63166-0516

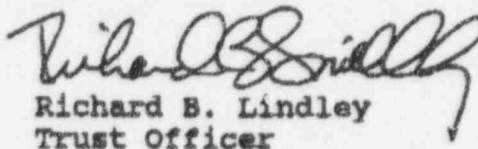
Re: Standby Trust Agreement between McDonnell Douglas
Corporation and the U. S. Government MCDNLDGOUGESF

Ladies and Gentlemen:

The enclosed Standby Trust Agreement is a true copy of the Standby Trust Agreement entered into as of November 13, 1991 by and between McDonnell Douglas Corporation, a Maryland Corporation, referred to as the "Grantor," and Mercantile Bank of St. Louis N. A., the "Trustee." The above-referenced trust agreement is in full force and effect.

Very truly yours,

Mercantile Bank of St. Louis N.A. as
Trustee


Richard B. Lindley
Trust Officer

(314) 435-2911

encl.

STANDBY TRUST AGREEMENT

This STANDBY TRUST AGREEMENT, the "Agreement" is entered into as of November 13, 1991 by and between McDonnell Douglas Corporation, a Maryland Corporation, herein referred to as the "Grantor," and Mercantile Bank of St. Louis N.A. the "Trustee."

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 30. These regulations, applicable to the Grantor, require that a holder of, or an applicant for a Part 30 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a "surety bond" to provide "all" of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a "surety bond", the Trust created by this Agreement shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as Trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means McDonnell Douglas Corporation, the NRC licensee and any of its successors or assigns.
- (b) The term "Trustee" means Mercantile Bank of St. Louis N.A. and any successor Trustee.
- (c) The term "Fund" means the trust created by this Agreement.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number 24-02261-03 issued pursuant to 10 CFR Part 30 as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

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Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary or Assistant Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and
- b. A certificate by either the Grantor or the NRC attesting to the following conditions;
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan.
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and
 - (3) that the NRC has been given 30 days' prior notice of the Grantor's intent to withdraw funds from the escrow fund.

No withdrawal from the Fund can exceed 10 percent of the outstanding balance of the Fund, unless NRC approval is attached.

In the event that the Trustee receives written notice from the NRC of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may, from time to time, communicate in writing to the Trustee subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the NRC and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal Government, and in obligations of the Federal Government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated A- or higher by Standard and Poors or A3 or higher by Moody's Investment Services; and
- (c) The Trustee is authorized to invest cash, awaiting investment or distribution, in a commingled short-term investment fund of the Trustee invested principally in Federal Government Securities. Uninvested cash should be kept to a minimum.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion to transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;

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- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other reasonable expenses incurred by the Trustee in connection with the administration of this Agreement and the Fund including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this Fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund.

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The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13. Successor Trustee. Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the Funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the Fund in a writing sent to the Grantor, the NRC and the present Trustee by certified mail 10 days before such change becomes effective. Any reasonable expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the grantor's orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions.

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The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, the NRC, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instruction from the Grantor and/or the NRC except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC or by the Trustee and the NRC if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this Fund shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC or by the Trustee and the NRC, if the Grantor ceases to exist. Upon termination of the Fund, all remaining Fund property, less final Fund administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Fund, or in carrying out any directions by the Grantor or the NRC issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of Missouri.

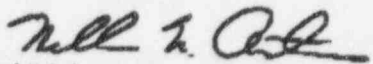
NON NEGOTIABLE

Section 12. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

McDonnell Douglas Corporation

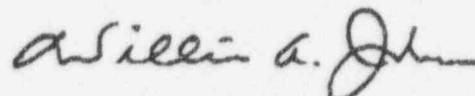
ATTEST:


William M. Austin
Vice President-Treasurer


Assistant Secretary

Mercantile Bank of St. Louis N.A.

ATTEST:


William A. Johnson
Vice President


Assistant Secretary

NON NEGOTIABLE

Mercantile Bank of St. Louis, N.A.
7th & Washington, 17th Floor
St. Louis, MO 63101

Attention: Corporate Trust

Gentlemen:

In accordance with the terms of the Agreement with you dated _____, I, _____, Secretary/Assistant Secretary of McDonnell Douglas Corporation, hereby certify that the following events have occurred:

1. McDonnell Douglas Corporation is required to commence the decommissioning of its facility located at P.O. Box 516, St. Louis, Missouri (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____. (Copy of approval attached).
3. The Board of Directors of McDonnell Douglas Corporation has adopted the attached resolution authorizing the commencement of the decommissioning.

Secretary/Assistant Secretary
of McDonnell Douglas Corporation

Date

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I, _____, do hereby certify that I am Secretary/Assistant Secretary of McDonnell Douglas Corporation, a Maryland Corporation, and that the resolution listed below was duly adopted at a meeting of this Corporation's Board of Directors on _____, 19__.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this _____ day of _____, 19__.

Secretary/Assistant Secretary

RESOLVED, that this Board of Directors hereby authorized the President, or such other employee of the Company as he may designate, to commence decommissioning activities at McDonnell Douglas Corporation in accordance with the terms and conditions described to this Board of Directors at this meeting and with such other terms and conditions as the President shall approve with and upon the advice of Counsel.

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TRUST AGREEMENT SCHEDULE

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

U.S. NUCLEAR REGULATORY
COMMISSION LICENSE NUMBER

24-02261-03

NAME AND ADDRESS OF
LICENSEE

McDonnell Douglas Corp.
P.O. Box 516
St. Louis, MO 63166

ADDRESS OF LICENSED ACTIVITY

McDonnell Douglas Corp.
P.O. Box 516
St. Louis, MO 63166

COST ESTIMATES FOR REGULATORY
ASSURANCES DEMONSTRATED BY
THIS AGREEMENT

\$225,000.00

The cost estimated listed here was last adjusted and approved by the NRC on _____.

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SCHEDULE B

AMOUNT \$225,000.00

AS EVIDENCED BY Surety Bond

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CERTIFICATION OF FINANCIAL ASSURANCE

Principal: McDonnell Douglas Corporation
P. O. Box 516
St. Louis, MO 63166-0516

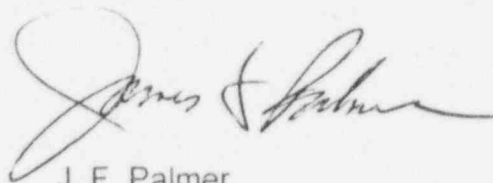
NRC License Number: 24-02261

Issued To: U. S. Nuclear Regulatory Commission

This is to certify that McDonnell Douglas Corporation is licensed to possess byproduct material in the following amounts,

- A. Any byproduct material with Atomic Numbers 1 through 83, inclusive. Not to exceed 1 millicurie per radionuclide, 83 millicuries total.
- B. Any byproduct material with Atomic Numbers 1 through 83, inclusive. No single source to exceed 10 millicuries, 1 curie total.
- C. Cesium-137, 1.5 curies.
- D. Cesium-137. No single source to exceed 8 microcuries.
- E. Americium-241. No single source to exceed 10 microcuries, 100 microcuries total.

and that financial assurance in the amount prescribed in 10 CFR Part 30, \$225,000.00 has been obtained for the purpose of decommissioning.



J. F. Palmer
Chief Financial Officer
25 July 1995

Corporate Seal.

Bond # [REDACTED]

This bond replaces previously issued bond [REDACTED]

PAYMENT SURETY BOND

Date bond executed: July 10, 1995

Effective date: July 10, 1995

Principal: McDonnell Douglas Corporation, P.O. Box 516, St. Louis, MO 63166-0516

Type of organization: Corporation

State of incorporation: Maryland

NRC license number, name and address of facility, and amount(s) for decommissioning activity guaranteed by this bond: 24-02261-03

Surety(ies) [name(s) and business address(es)] United States Fidelity & Guaranty Company, 910 N. 11th St., St. Louis, MO 63101

Type of organization: Corporation

State of incorporation: Maryland

Surety's qualification in jurisdiction where licensed facility(ies) is (are) located.

Surety's bond number: [REDACTED]

total penal sum of bond: \$ 225,000.00

Know all persons by these presents, That we, the Principal and Surety(ies) hereto, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the U.S. Nuclear Regulatory commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has

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promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part [30, 40, 70, or 72], applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that they be available when needed for facility decommissioning;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin facility decommissioning is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date of a notice of cancellation from the Surety(ies) is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to Surety(ies) 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination to the bond from the NRC.

The Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

If any part of this agreement is invalid, it shall not affect the provisions which will remain valid and enforceable.

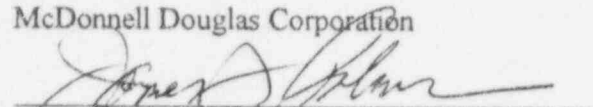
In Witness Whereof, the Principal and Surety(ies) have executed this financial guarantee bond and have affixed their seals on the date set forth above.

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The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal McDonnell Douglas Corporation

[Signature(s)]



[Name(s)]

James F. Palmer

[Title(s)]

Vice President-Treasurer

[Corporate seal]

Corporate Surety(ies)

United States Fidelity and Guaranty Company

[Name and address]

910 N. 11th St., St. Louis, MO 63101

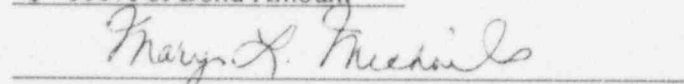
State of incorporation:

Maryland

Liability limit:

\$ 100% of Bond Amount

[Signature(s)]



[Name(s) and title(s)]

Mary L. Michaels, Attorney-in-Fact

[Corporate seal]

[For every co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety(ies) above.]

Bond premium: \$ 3,000.00

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UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY

NO. [REDACTED]



KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri, its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.



UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By [Signature] Senior Vice President

(Signed) By [Signature] Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said Robert J. Lamendola and Paul D. Sims were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day in March, A.D. 1995.



(Signed) [Signature] NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 10th day of July, 1995.



[Signature]

Assistant Secretary

NON NEGOTIABLE

State of Missouri

County of St. Louis

On this 10th day of July, 1995,
before me, Patricia L. Davison, a Notary Public in and for the said
County of St. Louis, State of Missouri, residing therein, duly commissioned
and sworn, personally appeared Mary L. Michaels,
known to me to be the Attorney-in-Fact of the United States Fidelity and
Guaranty Company, the corporation that executed the
written instrument.

Patricia L. Davison
Notary Public in and for the County of
St. Louis, State of Missouri

NON NEGOTIABLE

MAY 31 1995

McDonnell Douglas Corporation
ATTN: Henry J. Kruger
Principal Specialist
EHS Compliance
P.O. Box 516
Banshee Road
St. Louis, MO 63166-0516

Dear Mr. Kruger:

We have reviewed your letters dated December 14, 1994, December 15, 1994 and December 21, 1994, regarding your surety bond and find that we will need additional information as follows:

- (1) **Submit a Certification Statement or a Decommissioning Cost Estimate (10 CFR 30.35, and *Regulatory Guide 3.66*, pages 1-3 through 1-10)**

Under 10 CFR 30.35, a licensee is required to submit either a certification statement or a decommissioning cost estimate. Your submission does not include either a cost estimate or a certification statement. Consequently, it is not possible to determine whether the amount of financial assurance provided by you is sufficient. Submit a certification statement or a decommissioning cost estimate in compliance with the regulations, and to follow the guidance in NRC's *Regulatory Guide 3.66* "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72," June 1990, pages 1-3 through 1-10 and Appendix F.

- (2) **Revise the Surety Bond to Identify the Address of the Surety Issuing the Bond (*Regulatory Guide 3.66*, pages 4-30)**

Regulatory Guide 3.66, page 4-30, indicates that a surety bond should identify the full name and street address of the surety issuing the bond. The submitted surety bond states that the surety is "a Maryland Corporation," but does not identify the surety's address. The surety's full address is important in (1) allowing NRC to determine whether the company is a qualified surety company under NRC regulations, and (2) ensuring that NRC will be able to communicate readily with the surety (e.g., to draw on the bond). Revise the surety bond to include the surety's full address (e.g., street address and zip code).

- (3) **Revise the Surety Bond to Assure All Decommissioning Activities at the Facility (*Regulatory Guide 3.66*, pages 4-30 through 4-32)**

The surety bond agreement submitted by you makes several references to funds being assured for disposal of uranium, but the bond does not identify any other decommissioning activities as being assured by the bond. Disposal of uranium does not adequately detail the full range of facility decommissioning activities for which NRC requires financial assurance. Consequently, the surety bond may not guarantee funds for all decommissioning activities that may be required. Revise the bond to replace references to disposal with terminology relating to facility decommissioning, as recommended in *Regulatory Guide 3.66*, pages 4-30 through 4-32.

- (4) **Revise the Surety Bond to Incorporate Omitted Language in Paragraph 3 (*Regulatory Guide 3.66*, page 4-31)**

Paragraph 3 of the submitted surety bond omits some of the wording (underlined below) that is recommended in *Regulatory Guide 3.66*, pages 4-31:

"Now, therefore, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund... then this obligation shall be null and void."

The recommended provision prevents NRC from drawing on the surety bond until the licensee has been given a reasonable opportunity to fund the standby trust from its own resources. The underlined phrase establishes the limit on the amount of time that NRC must wait for the licensee to fund the trust. Because this phrase has been omitted from the licensee's bond, NRC could be subjected to an indefinite waiting period before it can draw on the bond. Revise the bond to incorporate the omitted language (indicated above), which is recommended in *Regulatory Guide 3.66*.

- (5) **Revise the Surety Bond to Incorporate Omitted Language Regarding Annual Adjustment of the Penal Sum (*Regulatory Guide 3.66*, pages 4-31)**

The surety bond includes a provision that allows for annual adjustment of the penal sum, as recommended in *Regulatory Guide 3.66*, page 4-31. However, the bond omits a portion of the recommended wording (underlined below):

"The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year and no decrease in the penal sum takes place without the written permission of the NRC."

Without the underlined phrase, the provision allows the penal sum of the bond to be reduced without NRC's knowledge and consent. Consequently, NRC has less assurance that the bond will provide adequate funds to pay for decommissioning. Revise the bond by including the missing phrase, indicated above, as recommended in *Regulatory Guide 3.66*.

(6) Revise the Surety Bond to Include a Severability Provision (*Regulatory Guide 3.66*, pages 4-32)

The submitted surety bond does not include a severability provision, such as the one recommended in *Regulatory Guide*, pages 4-32:

"If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable."

The purpose of a severability provision is to ensure that one or more invalid part(s) of the surety bond will not invalidate other portions of the bond. ICF recommends that NRC require the licensee to revise the surety bond to incorporate the severability provision.

(7) Revise the Surety Bond to Include Automatic Renewal and Notification of Non-Renewal Provisions (10 CFR 30.35(f)(2)(i))

10 CFR 30.35(f)(2)(i) requires surety bonds to be "open-ended, or if written for a specified term, such as five years, must be renewed automatically unless 90 days or more prior to the renewal date, the issuer notifies the Commission, the beneficiary, and the licensee of its intention not to renew."

The submitted surety bond is written for a definite term of five years (expiring on November 13, 1999), but it does not include provisions for automatic renewal and for notification of non-renewal. The automatic renewal provision is important to ensure continual financial assurance, while the non-renewal notification provision ensures that the mechanism does not expire without being drawn upon by NRC or replaced by another mechanism. Add these provisions to the surety bond in order to comply with NRC regulations and ensure continual financial assurance.

- (8) Submit Evidence that the Party Signing the Surety Bond for the Licensee is Authorized to Represent the Company (*Regulatory Guide 3.66*, page 3-17)

The submission does not include evidence that the party signing the surety bond and rider for you is authorized to represent you in the agreement, as recommended in *Regulatory Guide 3.66*, page 3-17. This omission is particularly significant given that the submitted surety bond omits the following sentence, recommended in *Regulatory Guide 3.66*, page 4-32, from the conclusion of the bond:

"The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety."

Evidence of authority to represent you is necessary to ensure the validity and enforceability of the mechanism. Submit a copy of the corporate by-laws or other evidence indicating that the party signing the surety bond for the licensee is authorized to do so. The surety bond does not need to be revised to include the omitted sentence, however, because NRC will have more meaningful evidence (e.g., by-laws) of the signatory's authority to represent you.

- (9) Submit a Standby Trust Agreement (10 CFR 30.35(f)(2)(ii))

Under 10 CFR 30.35(f)(2)(ii), a surety method of assurance, such as a surety bond, "must be payable to a trust established for decommissioning costs." The submitted surety bond requires that funds paid under the bond must be deposited into a standby trust fund, but your submission does not include a standby trust agreement. Therefore, funds cannot be withdrawn under the payment surety bond until a standby trust has been established. This delay may prevent decommissioning from taking place in a timely manner. Moreover, if it is not possible to establish a trust fund at the time the bond is drawn upon (e.g., if you no longer exists), funds drawn from the bond may be unavailable to pay for decommissioning activities. Therefore, the NRC Submit a standby trust agreement and related documents, as recommended in *Regulatory Guide 3.66*, pages 4-18 through 4-27.

Finally, documents submitted must be originally signed duplicates. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanisms are enforceable.

We will continue our review of your letter upon receipt of this information. Please reply in duplicate, within 30 days, and refer to Control Number 300207.

McDonnell Douglas Corporation

-5-

If you have any questions or require clarification on any of the information stated above, you may contact us at (708) 879-9887.

Sincerely,

Original Signed By
Gidget M. Watson
Nuclear Materials Licensing Section

License No.: 24-02261-03
Docket No.: 030-05081

DOCUMENT NAME: M:\03005081.DF5

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures "N" = No copy

OFFICE	DRSS/RIII		DRSS/RIII						
NAME	GWATSON:jaw		DrCFRAZIER						
DATE	05/31/95 jaw		05/31/95						

OFFICIAL RECORD COPY



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

95-01

April 18, 1995

MEMORANDUM TO: John R. Madera, Chief
Materials Licensing Section
Division of Radiation Safety
and Safeguards, Region III

FROM: Louis M. Bykoski *Louis M. Bykoski*
Materials Decommissioning Section
Low-Level Waste and Decommissioning
Projects Branch
Division of Waste Management, NMSS

SUBJECT: THE OFFICE OF GENERAL COUNSEL AND CONTRACTOR COMMENTS ON
STANDARD FINANCIAL ASSURANCE SUBMITTALS

Our contractor, ICF Incorporated, and the Office of General Counsel (OGC) have reviewed and provided comments on four Region III nonstandard financial assurance submittal sent to us for review.

1. McDonnell Douglas
2. Wil Research
3. Minnesota Mining & Manufacturing and
4. Data Chem Laboratories

The ICF comments are presented in two parts. The first part deals with specific recommendations to current deficiencies. The second part (Other Issues) provides a discussion of changes to the standard wording that are acceptable and are not considered to be deficiencies. The OGC comments include additional deficiencies that need to be corrected by the licensee and comments for our internal use.

You should carefully review all the comments before preparing the deficiency letter. We have enclosed both the ICF and OGC comments to assist you in your review.

Should you have any further questions with regard to the comments, please call me on (301) 415-6754 or Bradley Jones of OGC on (301) 504-1628.

Enclosures: As stated



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

April 18, 1995

MEMORANDUM TO: John R. Madera, Chief
Materials Licensing Section
Division of Radiation Safety
and Safeguards, Region III

FROM: Louis M. Bykoski *Louis M. Bykoski*
Materials Decommissioning Section
Low-Level Waste and Decommissioning
Projects Branch
Division of Waste Management, NMSS

SUBJECT: THE OFFICE OF GENERAL COUNSEL AND CONTRACTOR COMMENTS ON
STANDARD FINANCIAL ASSURANCE SUBMITTALS

Our contractor, ICF Incorporated, and the Office of General Counsel (OGC) have reviewed and provided comments on four Region III nonstandard financial assurance submittal sent to us for review.

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The ICF comments are presented in two parts. The first part deals with specific recommendations to current deficiencies. The second part (Other Issues) provides a discussion of changes to the standard wording that are acceptable and are not considered to be deficiencies. The OGC comments include additional deficiencies that need to be corrected by the licensee and comments for our internal use.

You should carefully review all the comments before preparing the deficiency letter. We have enclosed both the ICF and OGC comments to assist you in your review.

Should you have any further questions with regard to the comments, please call me on (301) 415-6754 or Bradley Jones of OGC on (301) 504-1628.

Enclosures: As stated

LIST OF INSTRUCTIONS

McDonnell Douglas

In reviewing the comments the reviewer will note that there will be some overlap between ICF and OGC comments. The following comments should be included in the basis for the deficiency letter:

1. ICF comments 1 through 99 plus last paragraph.
2. All OGC comments.

All other comments and discussions are for reviewer information.

MEMO TO: Louis M. Bykoski, NMSS
FROM: OGC
RE: REVIEW OF NONSTANDARD SUBMITTALS

McDonnell Douglas

We have no legal objection to ICF's comments on McDonnell Douglas.



CONSULTING GROUP

ICF Incorporated
9300 Lee Highway
Fairfax, VA 22031-1207
703/934-3000 Fax 703-934-9740

March 31, 1995

TO: Dr. Lou Bykoski, NMSS/NRC

FROM: John Collier, ICF Incorporated

SUBJECT: Review of Surety Bond Submitted by McDonnell Douglas

McDonnell Douglas Corporation in St. Louis, Missouri, submitted a surety bond along with a surety rider, both issued by the United States Fidelity & Guaranty Company (USF&G). The bond, which has a penal sum of \$225,000 (increased from \$75,000 by the rider), is intended to replace an earlier surety bond (in the amount of \$75,000) issued by Safeco Insurance of America.¹ The submission assures decommissioning costs for license 24-02261-03, issued under 10 CFR Part 30.

Upon review of the submission, ICF recommends that NRC require the licensee to modify the submission in the following ways:

- (1) Submit a certification statement or a decommissioning cost estimate (10 CFR 30.35, and *Regulatory Guide 3.66*, pages 1-3 through 1-10);
- (2) Revise the surety bond to identify the address of the surety issuing the bond (*Regulatory Guide 3.66*, page 4-30);
- (3) Revise the surety bond to assure all decommissioning activities at the facility (*Regulatory Guide 3.66*, pages 4-30 through 4-32);
- (4) Revise the surety bond to incorporate omitted language in paragraph 3 (*Regulatory Guide 3.66*, page 4-31);
- (5) Revise the surety bond to incorporate omitted language regarding annual adjustment of the penal sum (*Regulatory Guide 3.66*, page 4-31);
- (6) Revise the surety bond to include a severability provision (*Regulatory Guide 3.66*, page 4-32);

¹ ICF reviewed a previous parent company guarantee submission from the licensee and reported several recommendations to NRC in a memorandum dated November 12, 1990. NRC did not provide ICF with the Safeco bond for review.

- (7) Revise the surety bond to include automatic renewal and notification of non-renewal provisions (10 CFR 30.35(f)(2)(i));
- (8) Submit evidence that the party signing the surety bond for the licensee is authorized to represent the company (Regulatory Guide 3.66, page 3-17); and
- (9) Submit a standby trust agreement (10 CFR 30.35(f)(2)(ii)).

These recommendations and other issues are discussed below.

- (1) **Submit a Certification Statement or a Decommissioning Cost Estimate** (10 CFR 30.35, and *Regulatory Guide 3.66*, pages 1-3 through 1-10)

Under 10 CFR 30.35, a licensee is required to submit either a certification statement or a decommissioning cost estimate. The applicant's submission does not include either a cost estimate or a certification statement. Consequently, it is not possible to determine whether the amount of financial assurance provided by the applicant is sufficient. ICF recommends that NRC require the licensee to submit a certification statement or a decommissioning cost estimate in compliance with the regulations, and to follow the guidance in NRC's *Regulatory Guide 3.66 "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72,"* June 1990, pages 1-3 through 1-10 and Appendix F.

- (2) **Revise the Surety Bond to Identify the Address of the Surety Issuing the Bond** (*Regulatory Guide 3.66*, page 4-30)

Regulatory Guide 3.66, page 4-30, indicates that a surety bond should identify the full name and street address of the surety issuing the bond. The submitted surety bond states that the surety is "a Maryland Corporation," but does not identify the surety's address. The surety's full address is important in (1) allowing NRC to determine whether the company is a qualified surety company under NRC regulations, and (2) ensuring that NRC will be able to communicate readily with the surety (e.g., to draw on the bond). ICF recommends that NRC require the licensee to revise the surety bond to include the surety's full address (e.g., street address and zip code).

- (3) **Revise the Surety Bond to Assure All Decommissioning Activities at the Facility** (*Regulatory Guide 3.66*, pages 4-30 through 4-32)

The surety bond agreement submitted by the licensee makes several references to funds being assured for disposal of uranium, but the bond does not identify any other decommissioning activities as being assured by the bond. Disposal of uranium does not adequately detail the full range of facility decommissioning activities for which NRC requires financial assurance. Consequently, the surety bond may not guarantee funds for all decommissioning activities that may be required. ICF recommends that NRC

require the licensee to revise the bond to replace references to disposal with terminology relating to facility decommissioning, as recommended in *Regulatory Guide 3.66*, pages 4-30 through 4-32.

(4) **Revise the Surety Bond to Incorporate Omitted Language in Paragraph 3**
(*Regulatory Guide 3.66*, page 4-31)

Paragraph 3 of the submitted surety bond omits some of the wording (underlined below) that is recommended in *Regulatory Guide 3.66*, page 4-31:

"Now, therefore, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of decommissioning of each facility identified above, fund the standby trust fund... then this obligation shall be null and void." (emphasis added)

The recommended provision prevents NRC from drawing on the surety bond until the licensee has been given a reasonable opportunity to fund the standby trust from its own resources. The underlined phrase establishes the limit on the amount of time that NRC must wait for the licensee to fund the trust. Because this phrase has been omitted from the licensee's bond, NRC could be subjected to an indefinite waiting period before it can draw on the bond. ICF recommends that NRC require the licensee to revise the bond to incorporate the omitted language (indicated above), which is recommended in *Regulatory Guide 3.66*.

(5) **Revise the Surety Bond to Incorporate Omitted Language Regarding Annual Adjustment of the Penal Sum** (*Regulatory Guide 3.66*, page 4-31)

The surety bond includes a provision that allows for annual adjustment of the penal sum, as recommended in *Regulatory Guide 3.66*, page 4-31. However, the bond omits a portion of the recommended wording (underlined below):

"The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum does not increase by more than 20 percent in any one year and no decrease in the penal sum takes place without the written permission of the NRC." (emphasis added)

Without the underlined phrase, the provision allows the penal sum of the bond to be reduced without NRC's knowledge and consent. Consequently, NRC has less assurance that the bond will provide adequate funds to pay for decommissioning. ICF recommends that NRC require the licensee to revise the bond by including the missing phrase, indicated above, as recommended in *Regulatory Guide 3.66*.

- (6) Revise the Surety Bond to Include a Severability Provision (*Regulatory Guide 3.66*, page 4-32)

The submitted surety bond does not include a severability provision, such as the one recommended in *Regulatory Guide*, page 4-32:

"If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable."

The purpose of a severability provision is to ensure that one or more invalid part(s) of the surety bond will not invalidate other portions of the bond. ICF recommends that NRC require the licensee to revise the surety bond to incorporate the severability provision.

- (7) Revise the Surety Bond to Include Automatic Renewal and Notification of Non-Renewal Provisions (10 CFR 30.35(f) (2) (i))

10 CFR 30.35(f) (2) (i) requires surety bonds to be "open-ended, or if written for a specified term, such as five years, must be renewed automatically unless 90 days or more prior to the renewal date, the issuer notifies the Commission, the beneficiary, and the licensee of its intention not to renew."

The submitted surety bond is written for a definite term of five years (expiring on November 13, 1999), but it does not include provisions for automatic renewal and for notification of non-renewal. The automatic renewal provision is important to ensure continual financial assurance, while the non-renewal notification provision ensures that the mechanism does not expire without being drawn upon by NRC or replaced by another mechanism. ICF recommends that NRC require the licensee to add these provisions to the surety bond in order to comply with NRC regulations and ensure continual financial assurance.

- (8) Submit Evidence that the Party Signing the Surety Bond for the Licensee is Authorized to Represent the Company (*Regulatory Guide 3.66*, page 3-17)

The submission does not include evidence that the party signing the surety bond and rider for the licensee is authorized to represent the licensee in the agreement, as recommended in *Regulatory Guide 3.66*, page 3-17. This omission is particularly significant given that the submitted surety bond omits the following sentence, recommended in *Regulatory Guide 3.66*, page 4-32, from the conclusion of the bond:

"The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety."

Evidence of authority to represent the licensee is necessary to ensure the validity and enforceability of the mechanism. (Evidence of the authority of

the surety company's signatory is also important, but was provided in the submission.) ICF recommends that NRC require the licensee to submit a copy of the corporate by-laws or other evidence indicating that the party signing the surety bond for the licensee is authorized to do so. The surety bond does not need to be revised to include the omitted sentence, however, because NRC will have more meaningful evidence (e.g., by-laws) of the signatory's authority to represent the licensee.

(9) **Submit a Standby Trust Agreement (10 CFR 30.35(f)(2)(ii))**

Under 10 CFR 30.35(f)(2)(ii), a surety method of assurance, such as a surety bond, "must be payable to a trust established for decommissioning costs." The submitted surety bond requires that funds paid under the bond must be deposited into a standby trust fund, but the licensee's submission does not include a standby trust agreement. Therefore, funds cannot be withdrawn under the payment surety bond until a standby trust has been established. This delay may prevent decommissioning from taking place in a timely manner. Moreover, if it is not possible to establish a trust fund at the time the bond is drawn upon (e.g., if the licensee no longer exists), funds drawn from the bond may be unavailable to pay for decommissioning activities. ICF recommends that NRC require the licensee to submit a standby trust agreement and related documents, as recommended in *Regulatory Guide 3.66*, pages 4-18 through 4-27.

Other Issues

Apart from editorial and non-substantive changes to the standard wording provided in *Regulatory Guide 3.66*, the following modifications are noteworthy:

- (a) The surety bond and rider (from USF&G) in the current submission are intended to replace another surety bond issued by Safeco Insurance of America. NRC did not provide ICF with the Safeco bond for review or indicate whether it met NRC requirements. ICF recommends, however, that NRC not allow the Safeco bond to be terminated until the USF&G bond has been revised to address the recommendations discussed above.
- (b) The surety bond does not indicate an effective date. In lieu of an explicit effective date, however, the execution date will serve as the issue date. (In the submitted bond, the execution date appears at the end of the bond, immediately before the signatures.)
- (c) The opening of the submitted surety bond uses a different format than the format recommended in *Regulatory Guide 3.66*. Because all necessary information is included within the bond, however, the altered format does not diminish the assurance provided by the bond. (However, see Other Issue d, below.)
- (d) The submitted surety bond identifies the licensed facility as "the McDonnell Douglas Corporation Engineering Campus Building #33,

St. Louis, Missouri." This facility identification does not appear, however, at the beginning of the bond, as is anticipated by Regulatory Guide 3.66, page 4-30. (See Other Issue c, above.) Instead, the reference is placed at the end of the second paragraph. If NRC requires the licensee to revise the bond to address Recommendation 3, above, this facility identification could easily be eliminated (as it would, for example, if the licensee were to replace the second paragraph of the bond with the corresponding paragraph recommended in Regulatory Guide 3.66). Because a specific identification of the licensed facility (ideally, the full name and street address of the facility) is an important provision of the bond, NRC may wish to request that the licensee revise the beginning of the bond to identify the full name and street address of the licensed facility, as recommended in Regulatory Guide 3.66.

- (e) Paragraph 1 of the submitted surety bond omits the following wording recommended in Regulatory Guide 3.66, page 4-30:

"...provided that, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety; but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum."

This wording applies when more than one surety is sharing liability for the bond. Because only one surety is providing the bond, the modified text in the submitted bond is acceptable.

- (f) Paragraph 4 of the submitted surety bond mistakenly refers to NRC as "NCR." Although it is unlikely that this error would impact any provision of the bond, NRC may wish to have the licensee revise the reference along the other changes discussed above.
- (g) The surety bond does not specify a "liability limit" as recommended by the Regulatory Guide 3.66, page 4-32. This omission does not detract from the protection provided by the mechanism, however, because the surety's liability limit is equal to the penal sum of the bond, which is clearly specified in the surety bond and rider.
- (h) The rider to the surety bond increases the coverage provided by the bond from \$75,000 to \$225,000. The bottom of the surety rider, which already displays executory signatures for both the licensee and the surety company, includes a blank line under the phrase "Accepted:"; this blank line may anticipate the signature of an NRC representative. Under the terms of the bond, however,

NRC's acceptance is required only for decreases in the amount of the bond.

Finally, the Region should ensure that documents submitted by the licensee are originally signed duplicates, as recommended in Regulatory Guide 3.66. Unless the documents have been properly signed, NRC cannot be certain that the financial assurance mechanism is enforceable. Because ICF does not possess the original submissions, we cannot verify compliance with these requirements.

attachments

APPENDIX A
CHECKLIST FOR DECOMMISSIONING FINANCIAL ASSURANCE

NAME OF LICENSEE OR APPLICANT

MAILING ADDRESS

McDennell Douglas

P.O. Box 516

Saint Louis, MO 63166-0516

A. Licensee Part (check one of the following):

- ☒ Part 30 Licensee or Applicant ☐ Part 70 Licensee or Applicant
☐ Part 40 Licensee or Applicant ☐ Part 72 Licensee or Applicant

B. Check appropriate item in each category (if applicable)

1. 12-20-94 Date of Financial Assurance Submission

12-23-94 - Second Submission: Amendment

2. ☐ Public Entity

☒ Private Entity

3. ☒ Certification of Financial Assurance ~~(See Appendix B)~~

☐ Decommissioning Funding Plan

(Expires 11/13/99)

no cert
or C. E.

4. (a) ☐ Prepayment Option (See Appendix B)

- ☐ Trust Fund
☐ Escrow Account
☐ Certificate of Deposit
☐ Government Fund
☐ Deposit of Government Securities

(b) ☒ Surety/Insurance/Other Guarantee (See Appendix C) (\$75,000; later increased to \$225,000)

- ☒ Surety bond
☐ Letter of Credit
☐ Line of Credit
☐ Parent Company Guarantee/Financial Test*

(c) ☐ External Sinking Fund, Sinking Account and Surety/Insurance (See Appendix D)

- ☐ Trust Fund
☐ Escrow Account
☐ Certificate of Deposit
☐ Government Fund
☐ Deposit of Government Securities
☐ Surety Bond
☐ Letter of Credit
☐ Line of Credit

(d) ☐ Statement of Intent (public entities only)

*May not be used in combination with any other instrument.

APPENDIX C

CHECKLIST FOR SUBMISSION OF SURETY/INSURANCE/PARENT COMPANY GUARANTEE

A. Check Appropriate Form of Surety/Insurance/Guarantee

- ☒ Surety Bond
- ☐ Letter of Credit
- ☐ Line of Credit
- ☐ Parent Company Guarantee/Financial Test*
- ☐ Insurance

B. Check Documents Submitted for Surety/Insurance/Guarantee

1. Surety Bond
 - ☒ Surety Bond
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
2. Letter of Credit
 - ☐ Letter of Credit
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
3. Line of Credit
 - ☐ Verification
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
4. Parent Company Guarantee
 - ☐ Letter from Chief Executive Officer of Applicant or Licensee
 - ☐ Letter from Chief Financial Officer of Parent Company
 - ☐ Financial Test: Alternative [I or II]
 - ☐ Auditor's Special Report and Attached Schedule
 - ☐ Corporate Guarantee
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement
5. Insurance
 - ☐ Certificate of Insurance
 - ☐ Standby Trust Agreement
 - ☐ Acknowledgement

May not be used in combination with any other instrument.

EXHIBIT 3-6

CHECKLIST OF CRITERIA FOR REVIEW OF SURETY BONDS

*Don't
miss*

- Copy of corporate by-laws or other evidence indicating that parties signing the financial instrument (for the applicant) are authorized to represent the organization in the transaction.

*Region
to check*

- Evidence that the financial instrument is an originally signed duplicate (e.g., an executed copy of the instrument).

✓

- Copy of Circular 570 of the U.S. Department of Treasury.

✓

- Copy of broker/agent's power of attorney authorizing the broker/agent to issue bonds.

- Signed statement from applicant indicating that they will notify NRC if the surety company intends to cancel or go bankrupt.

✓

- Date of execution of bond and effective date. *(see other issues)*

✓

- Name and address of licensee (principal).

✓

- Type of business organization; State of incorporation, if appropriate.

✓

- NRC license number, identification of licensed facility(ies), decommissioning costs. *(see other issues)*

✓

- Identification of corporate or individual surety(ies).

✓

1. Name;

✓

2. State of incorporation;

3. Qualification in jurisdiction where facility covered by the surety bond is located.

EXHIBIT 3-6 (Continued)

- Close to standard wording*
- ✓ • Designation of obligee (NRC or State regulatory agency).
 - ✓ • Recitation of consideration (fee paid for surety bond).
 - ✓ • Liability of surety.
 - ✓ 1. Penal sum
 - ✓ 2. Limitation of liability
 - ✓ 3. Condition(s) of liability
 - NA 4. Statement of joint and several liability
 - ✓ • Statement of licensee's or applicant's regulatory obligations as reason for bond.
 - ✓ • Scope and duration of bond.
 - ✓ 1. Restricted to single obligation
 - ✓ 2. Continuing
 - x 3. Provisions for renewal
 - ✓ 4. Payable to a standby trust fund
 - ✓ • Termination.
 - ✓ 1. By surety
 - ✓ 2. By principal
 - ✓ 3. Effective date of termination or revocation
 - ✓ • Adjustment of penal sum. — missing text — see rec.
 - ✓ • Date.
 - ✓ • Signatures.
 - x • Premium.

CMD:

LICENSE SCREEN * 4 - DECOMMISSIONING FINANCIAL ASSURANCE INFORMATION

DOCKET: 030-05081 LIC: 24-02261-03 NAME: McDONNELL DOUGLAS

PARTY ISSUING MECHANISM:

NAME: United States Fidelity & Guaranty Company
ADDR1:
ADDR2:
CITY:
STATE: -- ZIP: --

ASSUR TYPE: ? CERT
MECH TYPE: SB
MECH AMOUNT: 0 225,000
APPROVED? DATE: 0
EXPIRES ? DATE: 0 11-13-99
ACTION (A=ADD C=CHG D=DELETE)

PARTY ISSUING MECHANISM:

NAME:
ADDR1:
ADDR2:
CITY:
STATE: -- ZIP: --

ASSUR TYPE: ? CERT
MECH TYPE: -
MECH AMOUNT: 0
APPROVED? DATE: 0
EXPIRES ? DATE: 0
ACTION (A=ADD C=CHG D=DELETE)

00 000 000 00

B MJ LIU10

NUM

A.8

R5 C9

T for Attention. Home to Switch

Capture Off

1 Numeric

CMD:

LTS - FINANCIAL ASSURANCE INFORMATION

VALID MECHANISM TYPE CODES AND THEIR MEANINGS:

MECH TYPE	DESCRIPTION
TR	TRUST FUND
ES	ESCROW ACCOUNT
CD	CERTIFICATE OF DEPOSIT
GF	GOVERNMENT FUND
GS	DEPOSIT OF GOVERNMENT SECURITIES
SB	SURETY BOND
LT	LETTER OF CREDIT
LN	LINE OF CREDIT
PG	PARENT COMPANY GUARANTEE
SI	STATEMENT OF INTENT

PRESS RETURN KEY FOR FINANCIAL ASSURANCE SCREEN:

B MJ LIU10

A.8

R1 C1

T for Attention. Home to Switch

Capture Off

1 Numeric

CMD:

LICENSE SCREEN * 6 - DECOMMISSIONING FINANCIAL ASSURANCE INFORMATION

DOCKET: 030-05081 LIC: 24-02261-03 NAME: McDONNELL DOUGLAS

PARTY ISSUING MECHANISM:

NAME: United States Fidelity & Guaranty Company

ADDR1:

ADDR2:

CITY:

STATE:

ZIP:

ASSUR TYPE: ? CERT

MECH TYPE: SB

MECH AMOUNT: 0 225,000

APPROVED? DATE: 0

EXPIRES? DATE: 011-13-91

ACTION (A=ADD C=CHG D=DELETE)

PARTY ISSUING MECHANISM:

NAME:

ADDR1:

ADDR2:

CITY:

STATE:

ZIP:

ASSUR TYPE: ? CERT

MECH TYPE: ?

MECH AMOUNT: 0

APPROVED? DATE: 0

EXPIRES? DATE: 0

ACTION (A=ADD C=CHG D=DELETE)

000 000

B MJ LIU10

T for Attention. Home to Switch

NUM

A.6

RS C9

Casture 044

Numeri

CMD:

LTD - FINANCIAL ASSURANCE INFORMATION

VALID MECHANISM TYPE CODES AND THEIR MEANINGS:

MECH TYPE

DESCRIPTION

TR

TRUST FUND

ES

ESCROW ACCOUNT

CD

CERTIFICATE OF DEPOSIT

GF

GOVERNMENT FUND

GS

DEPOSIT OF GOVERNMENT SECURITIES

SB

SURETY BOND

LT

LETTER OF CREDIT

LN

LINE OF CREDIT

PG

PARENT COMPANY GUARANTEE

SI

STATEMENT OF INTENT

PRESS RETURN KEY FOR FINANCIAL ASSURANCE SCREEN:

B MJ LIU10

T for Attention. Home to Switch

A.6

R1 C1

Casture 044

Numeri



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION III
801 WARRENVILLE ROAD
LISLE, ILLINOIS 60532-4351

January 20, 1995

95-01

MEMORANDUM TO: Dr. Louis Bykoski, Project Officer
Low-Level Waste and Decommissioning Projects Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

FROM: John R. Madera, Chief
Nuclear Materials Licensing Section
Nuclear Materials Safety Branch
Division of Radiation Safety and Safeguards,
Region III

SUBJECT: REQUEST FOR ASSISTANCE IN PROCESSING AND REVIEW OF
NONSTANDARD FINANCIAL ASSURANCE SUBMITTALS RELATED
TO THE DECOMMISSIONING RULE

Enclosed for your review is one financial assurance submittal from a Region III licensee. The licensee is McDonnell Douglas, License Number 24-02261-03. They have submitted a new Surety Bond and an amended bond to provide for financial assurance (enclosed) which requires contractor review.

Also, in reference to a telephone conversation on January 5, 1995 between you and Cassandra F. Frazier of my staff, we have enclosed letter dated December 15, 1994 requesting clarification on the cancellation of a surety bond from SAFECO Insurance Companies (terminated surety bond).

We appreciate your efforts in resolving these issues. If you have any questions, please contact Cassandra Frazier of my staff at (708) 829-9830.

License No.: 24-02261-03
Docket No.: 030-05081

Enclosure: Licensee ltrs dtd 12/14/94
12/15/94 & 12/21/94

MCDONNELL DOUGLAS

14 December 1994

VIA FEDERAL EXPRESS

A
030-05081
1-31-95
3-1 3E, 3P
V=

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section, Ms. Sandy Frazier
801 Warrenville Road
Lisle, Illinois, 60532

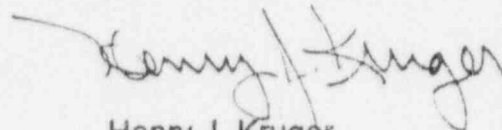
Re: License No. 24-02261-03

Dear Ms. Frazier:

Per your request to Eric Dennison of McDonnell Douglas on 14 December 1994, please find enclosed a copy of the original surety bond package and the accompanying Federal Express receipt indicating the original delivery to your location on 14 November 1994 and receipt by A. Shannon.

Should you require any further information please do not hesitate to contact me at (314) 233-5404.

Sincerely,



Henry J. Kruger
Principal Specialist
EHS Compliance

Enclosure

300207

x/c: E. D. Dennison, M. J. Dwyer, D. R. Summers without enclosures

RECEIVED
DEC 20 1994
REGION III

300207



EXPRESS

TRACKING NUMBER

000000000000

0146M 00644489935

FROM: Matthew G. Frank MC DONNELL DOUGLAS CORP MC DONNELL & AIRPORT HDQ BLDG ST LOUIS MO 63134		TO: U.S. Nuclear Regulatory Commission U.S. Nuclear Regulatory Commission 801 Warrenville Road Lisle IL 60532	
DATE: 11-10-94		YOUR PHONE NUMBER (VERY IMPORTANT): (314) 233-4044	
FROM (YOUR NAME) PLEASE PRINT: Matthew G. Frank		TO (RECIPIENT'S NAME) PLEASE PRINT: U.S. Nuclear Regulatory Commission	
STREET ADDRESS: MC DONNELL & AIRPORT HDQ BLDG		STREET ADDRESS: 801 Warrenville Road	
CITY: ST LOUIS		CITY: Lisle	
STATE: MO		STATE: IL	
ZIP REQUIRED: 63134		ZIP REQUIRED: 60532	
YOUR INTERNAL BILLING REFERENCE INFORMATION (OPTIONAL) (FIRST 24 CHARACTERS WILL APPEAR ON INVOICE):			
PAYMENT: <input checked="" type="checkbox"/> CASH <input type="checkbox"/> CREDIT CARD			
DELIVERY AND SPECIAL HANDLING (CHECK SERVICES REQUIRED): 1 <input type="checkbox"/> HOLD AT FEDEX LOCATION WEEKDAY (IF A IN SECTION 1B) 2 <input type="checkbox"/> DELIVER WEEKDAY 3 <input type="checkbox"/> HOLD AT FEDEX LOCATION SATURDAY (IF A IN SECTION 1B) 4 <input type="checkbox"/> DELIVER SATURDAY 5 <input type="checkbox"/> SATURDAY PICK-UP (IF A IN SECTION 1B) 6 <input type="checkbox"/> DANGEROUS GOODS (EXTRA CHARGE) 7 <input type="checkbox"/> DRY ICE (EXTRA CHARGE) 8 <input type="checkbox"/> HOLIDAY DELIVERY (IF ALLOWED) (EXTRA CHARGE)			
SERVICES (CHECK ONLY ONE BOX): 11 <input type="checkbox"/> OTHER PACKAGING 12 <input type="checkbox"/> FEDEX LETTER 13 <input type="checkbox"/> FEDEX PAK 14 <input type="checkbox"/> FEDEX BOX 15 <input type="checkbox"/> FEDEX TUBE 16 <input type="checkbox"/> FEDEX LETTER 17 <input type="checkbox"/> FEDEX PAK 18 <input type="checkbox"/> FEDEX BOX 19 <input type="checkbox"/> FEDEX TUBE 20 <input type="checkbox"/> ECONOMY 21 <input type="checkbox"/> FEDEX LETTER 22 <input type="checkbox"/> FEDEX PAK 23 <input type="checkbox"/> FEDEX BOX 24 <input type="checkbox"/> FEDEX TUBE 25 <input type="checkbox"/> FEDEX LETTER 26 <input type="checkbox"/> FEDEX PAK 27 <input type="checkbox"/> FEDEX BOX 28 <input type="checkbox"/> FEDEX TUBE 29 <input type="checkbox"/> FEDEX LETTER 30 <input type="checkbox"/> FEDEX PAK 31 <input type="checkbox"/> FEDEX BOX 32 <input type="checkbox"/> FEDEX TUBE 33 <input type="checkbox"/> FEDEX LETTER 34 <input type="checkbox"/> FEDEX PAK 35 <input type="checkbox"/> FEDEX BOX 36 <input type="checkbox"/> FEDEX TUBE 37 <input type="checkbox"/> FEDEX LETTER 38 <input type="checkbox"/> FEDEX PAK 39 <input type="checkbox"/> FEDEX BOX 40 <input type="checkbox"/> FEDEX TUBE 41 <input type="checkbox"/> FEDEX LETTER 42 <input type="checkbox"/> FEDEX PAK 43 <input type="checkbox"/> FEDEX BOX 44 <input type="checkbox"/> FEDEX TUBE 45 <input type="checkbox"/> FEDEX LETTER 46 <input type="checkbox"/> FEDEX PAK 47 <input type="checkbox"/> FEDEX BOX 48 <input type="checkbox"/> FEDEX TUBE 49 <input type="checkbox"/> FEDEX LETTER 50 <input type="checkbox"/> FEDEX PAK 51 <input type="checkbox"/> FEDEX BOX 52 <input type="checkbox"/> FEDEX TUBE 53 <input type="checkbox"/> FEDEX LETTER 54 <input type="checkbox"/> FEDEX PAK 55 <input type="checkbox"/> FEDEX BOX 56 <input type="checkbox"/> FEDEX TUBE 57 <input type="checkbox"/> FEDEX LETTER 58 <input type="checkbox"/> FEDEX PAK 59 <input type="checkbox"/> FEDEX BOX 60 <input type="checkbox"/> FEDEX TUBE 61 <input type="checkbox"/> FEDEX LETTER 62 <input type="checkbox"/> FEDEX PAK 63 <input type="checkbox"/> FEDEX BOX 64 <input type="checkbox"/> FEDEX TUBE 65 <input type="checkbox"/> FEDEX LETTER 66 <input type="checkbox"/> FEDEX PAK 67 <input type="checkbox"/> FEDEX BOX 68 <input type="checkbox"/> FEDEX TUBE 69 <input type="checkbox"/> FEDEX LETTER 70 <input type="checkbox"/> FEDEX PAK 71 <input type="checkbox"/> FEDEX BOX 72 <input type="checkbox"/> FEDEX TUBE 73 <input type="checkbox"/> FEDEX LETTER 74 <input type="checkbox"/> FEDEX PAK 75 <input type="checkbox"/> FEDEX BOX 76 <input type="checkbox"/> FEDEX TUBE 77 <input type="checkbox"/> FEDEX LETTER 78 <input type="checkbox"/> FEDEX PAK 79 <input type="checkbox"/> FEDEX BOX 80 <input type="checkbox"/> FEDEX TUBE 81 <input type="checkbox"/> FEDEX LETTER 82 <input type="checkbox"/> FEDEX PAK 83 <input type="checkbox"/> FEDEX BOX 84 <input type="checkbox"/> FEDEX TUBE 85 <input type="checkbox"/> FEDEX LETTER 86 <input type="checkbox"/> FEDEX PAK 87 <input type="checkbox"/> FEDEX BOX 88 <input type="checkbox"/> FEDEX TUBE 89 <input type="checkbox"/> FEDEX LETTER 90 <input type="checkbox"/> FEDEX PAK 91 <input type="checkbox"/> FEDEX BOX 92 <input type="checkbox"/> FEDEX TUBE 93 <input type="checkbox"/> FEDEX LETTER 94 <input type="checkbox"/> FEDEX PAK 95 <input type="checkbox"/> FEDEX BOX 96 <input type="checkbox"/> FEDEX TUBE 97 <input type="checkbox"/> FEDEX LETTER 98 <input type="checkbox"/> FEDEX PAK 99 <input type="checkbox"/> FEDEX BOX 100 <input type="checkbox"/> FEDEX TUBE			
DIM SHIPMENT (CHARGEABLE WEIGHT): L x W x H 1 x 1 x 1			
FEDERAL EXPRESS USE: Base Charges Declared Value Charge Other 1 Other 2 Total Charge			
REVISION DATE 3/94 PAINT 415201 FROM 5/94 FORMAT #158 158 PRINTED IN U.S.A.			

The above Federal Express package was delivered on November 14, 1994 at 2:28 pm and signed for by A. Shannon at front desk.

300207

MCDONNELL DOUGLAS

McDonnell Douglas Aerospace

November 9, 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section
801 Warrenville Road
Lisle, Illinois 60532

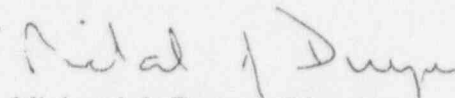
Re: License No. 24-02261-03

Dear Sir or Madam:

Please find enclosed a copy of a surety bond, recently issued by U. S. Fidelity & Guaranty Company ("USF&G"), in the amount of \$ 75,000. Pursuant to our obligations under 10 C.F.R. Part 30, McDonnell Douglas Corporation ("MDC") has previously obtained, and submitted to the NRC, a surety bond from Safeco Insurance of America, in satisfaction of the Part 30 decommissioning financial assurance requirements. As a result of a change in bonding companies, MDC now requests that you replace the Safeco bond with the enclosed USF&G surety bond.

Should you require any further information to affect this change, please do not hesitate to contact me at (314) 233-0436.

Sincerely,



Michael J. Dwyer, Director
Occupational Safety, Health &
Environmental Compliance

Enclosure

UNITED STATES FIDELITY & GUARANTY COMPANY



(A Stock Company)

No. _____

\$ 75,000.00

PAYMENT SURETY BOND

KNOW ALL PERSONS BY THESE PRESENTS, That we, McDonnell Douglas Corporation, a Maryland corporation, as Principal, of P.O. Box 516, St. Louis, MO 63166, holder of NRC license #24-02261-03, and the United States Fidelity & Guaranty Company a Maryland corporation, as Surety, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), as Obligee, in the sum of Seventy Five Thousand Dollars and no cents (\$ 75,000.00) for which sum, well and truly be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part (30, 40, 70, or 72), applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for disposal of approximately one half pound of uranium used for research at the McDonnell Douglas Corporation Engineering Campus Building #33, St. Louis, Missouri.

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully fund the standby trust fund in the amount of \$ 75,000.00, for the above disposal;

Or, if the Principal shall fund the standby trust fund in such amount after an order to begin disposal is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the disposal into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

NON NEGOTIABLE 207

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the NRC.

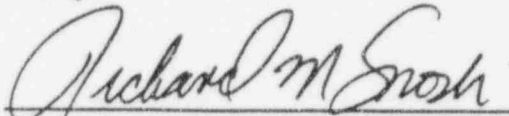
The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum takes place without the written permission of the NRC.

This bond shall continue in force until November 13, 19 99 or until the date of expiration of any Continuation Certificate executed by the Surety.

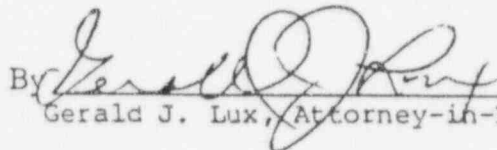
Sealed with our seals, and dated this 13th day of November, 19 94.

MCDONNELL DOUGLAS CORPORATION

Principal



UNITED STATES FIDELITY & GUARANTEE CO.

By 

Gerald J. Lux, Attorney-in-Fact

NON NEGOTIABLE

300207

UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY
NO. [REDACTED]

KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint:

Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri, its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.

UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By: [Signature] Senior Vice President

(Signed) By: [Signature] Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said Robert J. Lamendola and Paul D. Sims, were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto in like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day of March, A.D. 1995.



(Signed)

NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 13th day of November, 1994.



Assistant Secretary

NON NEGOTIABLE

State of Missouri

City of St. Louis

On this 13th day of November, 1994,

before me, Judy Leach, a Notary Public in and for the said City of
St. Louis, State of Missouri, residing therein, duly commissioned and
sworn, personally appeared Gerald J. Lux

known to me to be the Attorney-in-Fact of the United States Fidelity
& Guaranty Company, the corporation that executed
the within instrument.



Notary Public in and for the City of
St. Louis, State of Missouri

JUDY LEACH
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS CITY
MY COMMISSION EXPIRES JAN. 18, 1997

NON NEGOTIABLE
NON NEGOTIABLE

300207

MCDONNELL DOUGLAS

21 December 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section, Ms. Sandy Frazier
801 Warrenville Road
Lisle, Illinois, 60532


Re: License No. 24-02261-03

Dear Ms. Frazier:

On review of our most recent bond submission we believe we should increase the bond amount to \$225,000.00. We have enclosed a copy of the amended bond with an effective date of December 1, 1994 for your records.

Should you require any further information please do not hesitate to contact me at (314) 233-0436.

Sincerely,


Michael J. Dwyer, Director
Occupational Safety, Health &
Environmental Compliance

Enclosure

x/c: E. D. Dennison, H. J. Kruger without enclosures

300207

RECEIVED
DEC 23 1994
REGION III

UNITED STATES FIDELITY AND GUARANTY COMPANY



(A Stock Company)

RIDER

To be attached to and become a part of Bond Number [REDACTED] issued by
UNITED STATES FIDELITY AND GUARANTY COMPANY, as Surety, on behalf of McDonnell
Douglas Corporation, as Principal,
in favor of U.S. Nuclear Regulatory Commission, as Oblige.

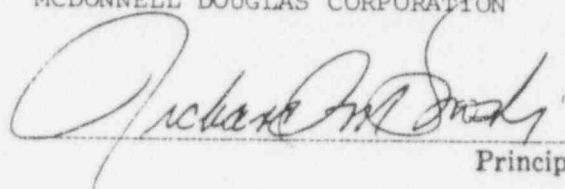
IT IS HEREBY AGREED that the above mentioned bond is increased/decreased to the sum of
\$ 225,000.00 effective the 1st day of December 1994 ;

PROVIDED, HOWEVER, that the liability of UNITED STATES FIDELITY AND GUARANTY
COMPANY for act or acts occurring prior to the 1st day of December 1994,
shall not exceed \$ 75,000.00 , and that its liability for act or acts occurring after said date shall not
exceed \$ 225,000.00 , but in no event shall the aggregate liability of UNITED STATES FIDELITY
AND GUARANTY COMPANY on account of any and all act or acts exceed the larger amount.

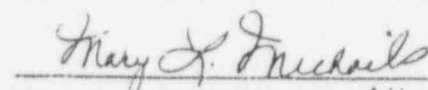
Signed, sealed and dated:

December 19, 1994

MCDONNELL DOUGLAS CORPORATION

 (Seal)
Principal

UNITED STATES FIDELITY AND GUARANTY COMPANY


Mary L. Michaels Attorney-in-fact

Accepted:

NON NEGOTIABLE

UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY
NO. [REDACTED]

KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, is the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.



UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By [Signature]
Senior Vice President

(Signed) By [Signature]
Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said Robert J. Lamendola and Paul D. Sims were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day in March, A.D. 1995.



(Signed) [Signature]
NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 19th day of December, 1994.



Assistant Secretary

NON NEGOTIABLE

SAFECO

SAFECO INSURANCE COMPANIES
Surety Department
P.O. Box 461
St. Louis, MO 63166

Telephone 314-965-0400
Fax 314-957-4582

December 15, 1994

U.S. Nuclear Regulatory Commission Region 3 (NRC)
799 Roosevelt Rd.
Glen Ellyn, IL 60135

Attention Ms. Cassandra Frazier

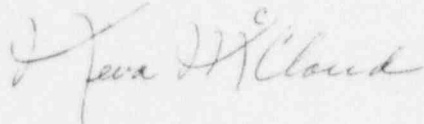
Re: Bond No. [REDACTED]
Principal: McDonnell Douglas Corporation

Dear Ms. Frazier:

In response to your telephone call yesterday regarding the cancellation notice sent to your office on the above bond, we will need either the cancellation notice acknowledged and a copy returned or an explanation why it can't be cancelled so it can be kept active in our file.

I am enclosing a self addressed envelope for your convenience.

Sincerely,



Neva McCloud
Surety

NON NEGOTIABLE



SAFECO INSURANCE COMPANY OF AMERICA
SAFECO LIFE INSURANCE COMPANY
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY OF AMERICA
SAFECO NATIONAL INSURANCE COMPANY
SAFECO NATIONAL LIFE INSURANCE COMPANY
SAFECO INSURANCE COMPANY OF ILLINOIS

RECEIVED

DEC 29 1994

REGION III

300207

MCDONNELL DOUGLAS

21 December 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section, Ms. Sandy Frazier
801 Warrenville Road
Lisle, Illinois, 60532

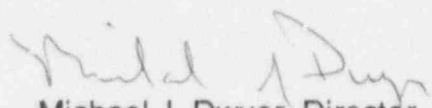
Re: License No. 24-02261-03

Dear Ms. Frazier:

On review of our most recent bond submission we believe we should increase the bond amount to \$225,000.00. We have enclosed a copy of the amended bond with an effective date of December 1, 1994 for your records.

Should you require any further information please do not hesitate to contact me at (314) 233-0436.

Sincerely,


Michael J. Dwyer, Director
Occupational Safety, Health &
Environmental Compliance

Enclosure

x/c: E. D. Dennison, H. J. Kruger without enclosures

300207

RECEIVED
DEC 23 1994
REGION III

UNITED STATES FIDELITY AND GUARANTY COMPANY



(A Stock Company)

RIDER

To be attached to and become a part of Bond Number [REDACTED] issued by
UNITED STATES FIDELITY AND GUARANTY COMPANY, as Surety, on behalf of McDonnell
Douglas Corporation, as Principal,
in favor of U.S. Nuclear Regulatory Commission, as Obligee.

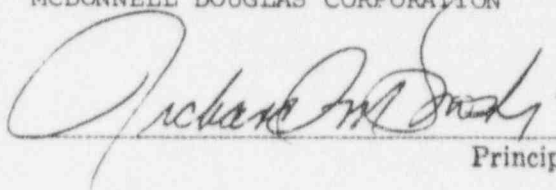
IT IS HEREBY AGREED that the above mentioned bond is increased/decreased to the sum of
\$ 225,000.00 effective the 1st day of December 1994 ;

PROVIDED, HOWEVER, that the liability of UNITED STATES FIDELITY AND GUARANTY
COMPANY for act or acts occurring prior to the 1st day of December, 1994,
shall not exceed \$ 75,000.00, and that its liability for act or acts occurring after said date shall not
exceed \$ 225,000.00, but in no event shall the aggregate liability of UNITED STATES FIDELITY
AND GUARANTY COMPANY on account of any and all act or acts exceed the larger amount.

Signed, sealed and dated:

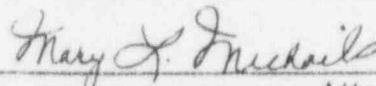
December 19, 1994

MCDONNELL DOUGLAS CORPORATION


Principal

(Seal)

UNITED STATES FIDELITY AND GUARANTY COMPANY


Mary L. Michaels Attorney-in-fact

Accepted:

NON NEGOTIABLE

UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY

NO. [REDACTED]



KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri, its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.



UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By [Signature] Senior Vice President

(Signed) By [Signature] Assistant Secretary

STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said, that they, the said Robert J. Lamendola and Paul D. Sims were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day in March, A.D. 1995.



(Signed) [Signature] NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 19th day of December, 1994.



[Signature]

Assistant Secretary

NON NEGOTIABLE

SAFECO

SAFECO INSURANCE COMPANIES
Surety Department
P.O. Box 461
St. Louis, MO 63166

Telephone 314-965-0400
Fax 314-957-4582

December 15, 1994

U.S. Nuclear Regulatory Commission Region 3 (NRC)
799 Roosevelt Rd.
Glen Ellyn, IL 60135

Attention Ms. Cassandra Frazier

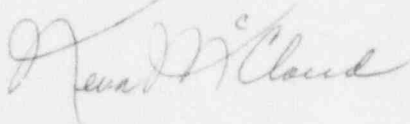
Re: Bond No. [REDACTED]
Principal: McDonnell Douglas Corporation

Dear Ms. Frazier:

In response to your telephone call yesterday regarding the cancellation notice sent to your office on the above bond, we will need either the cancellation notice acknowledged and a copy returned or an explanation why it can't be cancelled so it can be kept active in our file.

I am enclosing a self addressed envelope for your convenience.

Sincerely,



Neva McCloud
Surety

1/18/95 I have not received the above information back and I am enclosing another return envelope to have either the acknowledged cancellation notice or explanation why bond can not be cancelled returned to me. I am also enclosing another copy of the cancellation notice.

Neva McCloud



SAFECO INSURANCE COMPANY OF AMERICA
SAFECO LIFE INSURANCE COMPANY
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY OF AMERICA
SAFECO NATIONAL INSURANCE COMPANY
SAFECO NATIONAL LIFE INSURANCE COMPANY
SAFECO INSURANCE COMPANY OF ILLINOIS



NOTICE OF BOND
CANCELLATION

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

CC: MCDONNELL DOUGLAS CORPORATION
ALEXANDER & ALEXANDER, INC. 30-0578

(OBLIGEE'S NAME/ADDRESS)

TO: U.S. NUCLEAR REGULATORY COMMISSION REGION 3 (NRC)
799 ROOSEVELT RD.
GLEN ELLYN IL 60135

You are hereby notified that

SAFECO INSURANCE COMPANY OF AMERICA

Surety upon

Type of Bond: BOND FOR DISPOSAL OF HAZARDOUS MATERIAL.

Bond No. [REDACTED]

dated effective 11/13/1991

(MONTH, DAY, YEAR)

on behalf of (PRINCIPAL'S NAME/ADDRESS)
MCDONNELL DOUGLAS CORPORATION
P.O. BOX 516
ST. LOUIS MO 63166

desires to cancel and does hereby cancel said bond in accordance with the cancellation provisions contained therein or in applicable laws or regulations. This notice is

mailed to you on 8/11/94

(MONTH, DAY, YEAR)

and is effective 11/13/94

PLEASE ACKNOWLEDGE DATE OF CANCELLATION.

SAFECO INSURANCE COMPANY OF AMERICA

By: Patricia L. Fields
Patricia L. Fields - (ATTORNEY-IN-FACT)

Cancellation Acknowledged: (PLEASE SIGN AND RETURN THE DUPLICATE OF THIS NOTICE)

By: _____

Dated: _____
(MONTH, DAY, YEAR)

CANCEL REASON: CANCEL PER AGENT. NO LONGER SAFECO ACCOUNT. (NMC)



MCDONNELL DOUGLAS

14 December 1994

VIA FEDERAL EXPRESS

A
030-05081
1-31-95
3L, 3E, 3P
NF

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section, Ms. Sandy Frazier
801 Warrenville Road
Lisle, Illinois, 60532

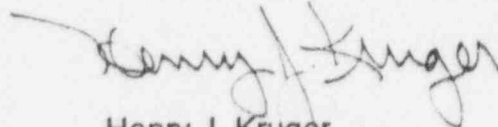
Re: License No. 24-02261-03

Dear Ms. Frazier:

Per your request to Eric Dennison of McDonnell Douglas on 14 December 1994, please find enclosed a copy of the original surety bond package and the accompanying Federal Express receipt indicating the original delivery to your location on 14 November 1994 and receipt by A. Shannon.

Should you require any further information please do not hesitate to contact me at (314) 233-5404.

Sincerely,



Henry J. Kruger
Principal Specialist
EHS Compliance

Enclosure

300207

x/c: E. D. Dennison, M. J. Dwyer, D. R. Summers without enclosures

RECEIVED

DEC 20 1994

REGION III

300207

SENDERS COPY

770078 8 FEDERAL EXPRESS ACCOUNT NUMBER
 0630-0453-7
 Date 11-10-84
 Your Name Please Print
 Your Phone Number (Very Important)
 To (Recipient's Name) Please Print
 Recipient's Phone Number (Very Important)

0630-0453-7	11-10-84	Your Phone Number (Very Important)	To (Recipient's Name) Please Print	Recipient's Phone Number (Very Important)
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Matthew C. Frank	233-6044	ATTN: Materials Licensing Section 798	829-9300
Company	Department/Floor No.	Company	Department/Floor No.
	314		

MC DONNELL DOUGLAS CORP

MCDONNELL & AIRPORT HDQ BLDG
801 Warrenville Road

ST LOUIS	Day	1	2	3	4	5	6	7	8	9	10	11	12
57	60	61	62	63	64	65	66	67	68	69	70	71	72

Address

☐ Cash ☐ Check ☐ New Credit Card No. ☐ Exp. Date ☐

(Check only one box)	(Check services required)	Is House Only	Is House and Office
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

[illegible]

2	<input type="checkbox"/> FEDEX PAK*	52	<input type="checkbox"/> FEDEX PAK*	31	<input type="checkbox"/> HOLD AT FEDEX LOCATION SATURDAY (fill in Section 14)
---	-------------------------------------	----	-------------------------------------	----	--

4	<input type="checkbox"/> FEDEX TUBE	
54	<input type="checkbox"/> FEDEX TUBE	
9	<input type="checkbox"/> SATURDAY PICK-UP (Extra charge)	/
		to all locations

☐ ECONOMY[®] ☐ GOVT LETTER ☐ DANGEROUS GOODS (extra charge) ☐

Finght Service

(No packages over 150 lbs.)

By air to US \$65 X kg \$85 95

Received At _____

X A

Sender authorizes Federal Express to deliver his shipment without obtaining a delivery signature and shall indemnify and hold harmless Federal Express from all claims resulting therefrom.

EXPRESS
FEDERAL EXPRESS CORPORATION
15,177 MILLIKEN DRIVE
INDIANAPOLIS, INDIANA 46240-1517

☐ 12 **HOLIDAY DELIVERY (if added)**
 (Extra charge)

Declared Value Limit \$500
 *Call to deliver schedule

Release Signature

5/1/2005

11/00 Lufthansa

The above Federal Express package was delivered on November 14, 1994 at 2:28 pm

The above Federal Express package was delivered on November 14, 1994 at 2:28 pm and signed for by A. Shannon at front desk.

300207

November 9, 1994

VIA FEDERAL EXPRESS

U. S. Nuclear Regulatory Commission
ATTN: Materials Licensing Section
801 Warrenville Road
Lisle, Illinois 60532

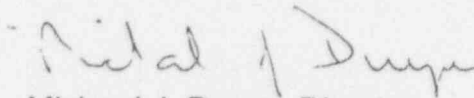
Re: License No. 24-02261-03

Dear Sir or Madam:

Please find enclosed a copy of a surety bond, recently issued by U. S. Fidelity & Guaranty Company ("USF&G"), in the amount of \$ 75,000. Pursuant to our obligations under 10 C.F.R. Part 30, McDonnell Douglas Corporation ("MDC") has previously obtained, and submitted to the NRC, a surety bond from Safeco Insurance of America, in satisfaction of the Part 30 decommissioning financial assurance requirements. As a result of a change in bonding companies, MDC now requests that you replace the Safeco bond with the enclosed USF&G surety bond.

Should you require any further information to affect this change, please do not hesitate to contact me at (314) 233-0436.

Sincerely,



Michael J. Dwyer, Director
Occupational Safety, Health &
Environmental Compliance

Enclosure

UNITED STATES FIDELITY & GUARANTY COMPANY



(A Stock Company)

No. [REDACTED]

\$ 75,000.00

PAYMENT SURETY BOND

KNOW ALL PERSONS BY THESE PRESENTS, That we, McDonnell Douglas Corporation, a Maryland corporation, as Principal, of P.O. Box 516, St. Louis, MO 63166, holder of NRC license #24-02261-03, and the United States Fidelity & Guaranty Company a Maryland corporation, as Surety, are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), as Oblige, in the sum of Seventy Five Thousand Dollars and no cents (\$ 75,000.00) for which sum, well and truly be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the U.S. Nuclear Regulatory Commission, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part (30, 40, 70, or 72), applicable to the Principal, which require that a license holder or an applicant for a facility license provide financial assurance that funds will be available when needed for disposal of approximately one half pound of uranium used for research at the McDonnell Douglas Corporation Engineering Campus Building #33, St. Louis, Missouri.

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully fund the standby trust fund in the amount of \$ 75,000.00, for the above disposal;

Or, if the Principal shall fund the standby trust fund in such amount after an order to begin disposal is issued by the NRC or a U.S. district court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance and obtain the written approval of the NRC of such assurance, within 30 days after the date a notice of cancellation from the Surety is received by both the Principal and the NRC, then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the NRC that the Principal has failed to perform as guaranteed by this bond, the Surety shall place funds in the amount guaranteed for the disposal into the standby trust fund.

The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

NON NEGOTIABLE
300207

The Surety may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the NRC and to the Surety 90 days prior to the proposed date of termination, provided, however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the NRC.

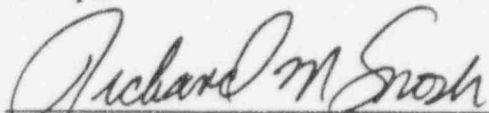
The Principal and Surety hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new amount, provided that the penal sum takes place without the written permission of the NRC.

This bond shall continue in force until November 13 19 99 or until the date of expiration of any Continuation Certificate executed by the Surety.

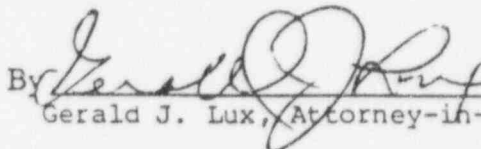
Sealed with our seals, and dated this 13th day of November, 19 94.

MCDONNELL DOUGLAS CORPORATION

Principal



UNITED STATES FIDELITY & GUARANTEE CO.

By 

Gerald J. Lux, Attorney-in-Fact

NON NEGOTIABLE

300207

UNITED STATES FIDELITY AND GUARANTY COMPANY

POWER OF ATTORNEY
NO. ~~XXXXXX~~

KNOW ALL MEN BY THESE PRESENTS: That UNITED STATES FIDELITY AND GUARANTY COMPANY, a corporation organized and existing under the laws of the State of Maryland and having its principal office at the City of Baltimore, in the State of Maryland, does hereby constitute and appoint Judy Leach, Gerald J. Lux, Mary L. Michaels and Robert A. Miller

of the City of St. Louis, State of Missouri, its true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Company in its business of guaranteeing the fidelity of persons; guaranteeing the performance of contracts; and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, the said UNITED STATES FIDELITY AND GUARANTY COMPANY has caused this instrument to be sealed with its corporate seal, duly attested by the signatures of its Senior Vice President and Assistant Secretary, this 18th day of March, A.D. 1994.

UNITED STATES FIDELITY AND GUARANTY COMPANY

(Signed) By Robert J. Lamendola
Senior Vice President

(Signed) By Paul D. Sims
Assistant Secretary



STATE OF MARYLAND)

SS:

BALTIMORE CITY)

On this 18th day of March, A.D. 1994, before me personally came Robert J. Lamendola, Senior Vice President of the UNITED STATES FIDELITY AND GUARANTY COMPANY and Paul D. Sims, Assistant Secretary of said Company, with both of whom I am personally acquainted, who being by me severally duly sworn, said that they, the said Robert J. Lamendola and Paul D. Sims, were respectively the Senior Vice President and the Assistant Secretary of the said UNITED STATES FIDELITY AND GUARANTY COMPANY, the corporation described in and which executed the foregoing Power of Attorney; that they each knew the seal of said corporation; that the seal affixed to said Power of Attorney was such corporate seal, that it was so affixed by order of the Board of Directors of said corporation, and that they signed their names thereto by like order as Senior Vice President and Assistant Secretary, respectively, of the Company.

My Commission expires the 11th day of March, A.D. 1995.



(Signed) Angela T. Fabian
NOTARY PUBLIC

This Power of Attorney is granted under and by authority of the following Resolutions adopted by the Board of Directors of the UNITED STATES FIDELITY AND GUARANTY COMPANY on September 24, 1992:

RESOLVED, that in connection with the fidelity and surety insurance business of the Company, all bonds, undertakings, contracts and other instruments relating to said business may be signed, executed, and acknowledged by persons or entities appointed as Attorney(s)-in-Fact pursuant to a Power of Attorney issued in accordance with these resolutions. Said Power(s) of Attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman, or the President, or an Executive Vice President, or a Senior Vice President, or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the foregoing officers and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Attorney(s)-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and, unless subsequently revoked and subject to any limitations set forth therein, any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is validly attached.

RESOLVED, that Attorney(s)-in-Fact shall have the power and authority, unless subsequently revoked and, in any case, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company to any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by such Attorney(s)-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested to by the Secretary of the Company.

I, Paul D. Sims, an Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY, do hereby certify that the foregoing is a true excerpt from the Resolution of the said Company as adopted by its Board of Directors on September 24, 1992 and that this Resolution is in full force and effect.

I, the undersigned Assistant Secretary of the UNITED STATES FIDELITY AND GUARANTY COMPANY do hereby certify that the foregoing Power of Attorney is in full force and effect and has not been revoked.

In Testimony Whereof, I have hereunto set my hand and the seal of the UNITED STATES FIDELITY AND GUARANTY COMPANY on this 13th day of November, 1994.



Assistant Secretary

NON NEGOTIABLE
300207

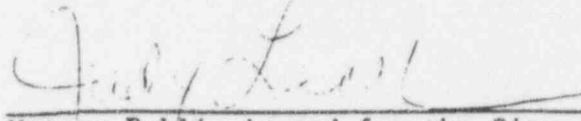
State of Missouri

City of St. Louis

On this 13th day of November, 19 94,

before me, Judy Leach, a Notary Public in and for the said City of
St. Louis, State of Missouri, residing therein, duly commissioned and
sworn, personally appeared Gerald J. Lux

known to me to be the Attorney-in-Fact of the United States Fidelity
& Guaranty Company, the corporation that executed
the within instrument.



Notary Public in and for the City of
St. Louis, State of Missouri

JUDY LEACH
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI, ST. LOUIS CITY
MY COMMISSION EXPIRES JAN. 18, 1997

NON NEGOTIABLE

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