



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

OCT 09 1978

PDR ✓

DOCKET NO.: 70-1201
APPLICANT: Babcock & Wilcox Co.
FACILITY: Commercial Nuclear Fuel Plant
Lynchburg, Virginia
SUBJECT: REVIEW OF LICENSE AMENDMENT APPLICATION DATED
FEBRUARY 17, 1978 AND SUPPLEMENTS DATED JANUARY 20,
1978, MARCH 13, 1978, APRIL 3, 1978 AND JUNE 30, 1978

I. Introduction

Babcock & Wilcox, Commercial Nuclear Fuel Plant (CNFP), by application dated February 17, 1978, has submitted a plan for the future decontamination of the places of use and sites authorized by Materials License No. SNM-1168 so that they can be released for unrestricted use. The submittal contained a section classified by the licensee as containing proprietary information. By supplement dated June 30, 1978 the licensee authorized the NRC to release the entire application to the public. The plan includes an estimate of the costs involved and the financial arrangements that have been made to insure that adequate funds will be available to cover the costs at the time of decommissioning. Although not yet constructed, the plan includes the planned UF₆ to UO₂ conversion facility and the expansion of the pelletizing area.

II. Decontamination Plan and Costs

The decontamination plan concerns all areas in which unclad fuel is handled in the form of solids or solutions. Prior to decontamination a radiological presurvey will be made of contaminated areas in order to assess the extent of decontamination involved. The presurvey will be reviewed with the NRC.

The plan includes criteria for the disposition of equipment and facilities in the following categories:

1. For sale to other fuel cycle facilities.
2. For sale to non-nuclear facilities.
3. For burial in an approved burial ground.

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Equipment sold for use at another fuel cycle facility will have all its exterior surfaces cleaned to levels permissible for restricted areas. Equipment to be released for unrestricted use will be decontaminated in accordance with appropriate NRC guidelines.

Equipment disposed of by burial will not be decontaminated to levels appropriate to unrestricted use but will be cleaned in a manner comparable to that performed in preparation for a physical inventory. All facilities and equipment to remain at the site will be decontaminated to levels within the NRC guidelines for unrestricted use.

The estimated cost for facility and equipment decontamination and burial is approximately 3.3 million dollars. The staff concluded the plan and estimated cost are reasonable and adequate.

Upon completion of the decontamination of the CNFP to levels acceptable to unrestricted use, a survey report will be prepared and submitted to the NRC. Release of the facility to unrestricted use will be made after approval by the NRC.

III. Financial Plan

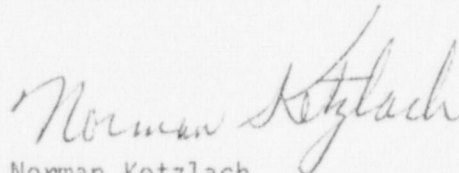
The Babcock & Wilcox Company (A New Jersey Corporation) by letter dated March 13, 1978, submitted a proposed financial decommissioning plan to assure that adequate funds will be available for decontamination of the CNFP and four of their other SNM licensed facilities. The Babcock and Wilcox Company (hereinafter called the "Company") will notify the NRC after the close of each fiscal year whenever the Company has not met all of its obligations and the covenants and conditions of Promissory Note Agreements or whenever the working capital falls below the current estimated cost of decommissioning all their SNM licensed facilities. Whenever either of the above conditions exists, the Company will provide an alternative financial plan satisfactory to the NRC.

Since the financial plan was submitted, the Babcock & Wilcox Company (the New Jersey corporation) has merged with J. Ray McDermott & Company, Inc. Babcock and Wilcox is now a wholly-owned subsidiary of McDermott and has retained its name but changed its state of incorporation from New Jersey to Delaware. By letter dated January 20, 1978 (prior to the merger) the presidents of both companies declared that (1) the merger will not affect any substantive change in the obligations and responsibilities of Babcock New Jersey with respect to licenses; (2) all the obligations and liabilities of Babcock New Jersey in existence prior to the merger (March 31, 1978) will become the obligations and liabilities of Babcock Delaware after the merger, including, without limitation, any indemnification agreements entered into by Babcock New Jersey with the NRC; and (3) the financial condition and resources of Babcock New Jersey will not be changed as a result of the merger.

The staff has evaluated the Company's financial plan and conditions of the merger agreement associated with the SNM licenses and finds that although it does not contain a financial surety arrangement that would guarantee decommissioning funds, it offers the assurance of corporate officials that adequate funds will be available when needed for decommissioning. With this commitment and considering the Company's resources to implement and finance the plan, the staff finds that the estimated cost of decontaminating the CNFP (3.3 million dollars) is a small fraction of the cash flow.

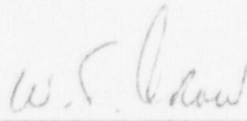
IV. Conclusion

The Babcock and Wilcox Company CNFP plan for the future decontamination of the places of use and sites authorized by their license, the release of equipment to unrestricted use, and the financial arrangements to ensure that adequate funds will be available to cover the costs at the time of decommissioning provide satisfactory assurance that health and safety of the operating personnel, the public and the environment will be protected.



Norman Ketzlach
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Division of Fuel Cycle and
Material Safety

Approved by



W. T. Crow