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July 10, 2000

United States Nuclear Regulatory Agency
475 Allendale Road
King of Prussia, Pa. 19406
Attention: John Kinneman

Re: Letter from Judith Joustra dated May 9, 2000 concerning License Condition 19 of License No. 37-00030-08

Dear Mr. Kinneman,

As you are aware, upon receipt of the above-mentioned letter we requested a meeting with your office. This meeting was held on Monday, June 26, 2000. The purpose of the meeting was to bring all interested parties up to date with the status of the current silo remediation project, pending litigation with Allendale Insurance, and to discuss how to respond to this letter.

At the present time we do not know how we will be able to fund the requirement of License Condition 19. Our previous estimate to dispose of this waste was approximately \$750,000. This figure is again being analyzed in conjunction with our current effort to estimate the cost to decommission our tritium facility as required by License Condition 20.B. This cost estimate is being prepared by GTS Duratech and will be completed before December 31, 2000. Nevertheless, irrespective of what the new estimate for the disposal of this old waste is, there are presently no funds in place set aside for this specific expense.

The funds to comply with this License Condition 19 can only come from the following:

1. Existing Insurance Settlement Funds
2. Escrow Funds which are generated from ongoing profitability of Safety Light Corporation
3. Potential Funds which may result from ongoing litigation with Allendale Insurance.

It has been our intention to use the Existing Settlement Funds and Escrow Funds for the clean-up of the site. Based upon the fact that our funds are limited, we have prioritized our clean-up activities based upon the perceived threat to the health and safety of the general public. As you are aware, the first project undertaken was the remediation of the underground silos. After completion of this project, which we anticipate will include

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the off-site disposal of the waste from the silos, we will then address where next to proceed.

If it is agreed that the tritium waste referenced in License Condition 19 is a bigger threat than others on site or if it is determined that there may only be enough funds remaining to satisfy this Condition 19, we may then request the use of the remaining funds for this purpose. The only other known source of potential funds would be a successful result in our litigation with Allendale Insurance.

Please contact me if you have any questions concerning the above.

Sincerely,


William E. Lynch Jr.
Vice-President