



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

July 12, 2001

Docket No. 03005980

License No. 37-00030-02

William E. Lynch
Vice-President
Safety Light Corporation
4150-A Old Berwick Road
Bloomsburg, PA 17815

SUBJECT: SAFETY LIGHT CORPORATION/USR INDUSTRIES, INC. SETTLEMENT AGREEMENT TRUST FUND AND DISPOSAL OF RADIOACTIVE MATERIAL REMOVED FROM UNDERGROUND SILOS

Dear Mr. Lynch:

This letter refers to your letter dated May 10, 2001, and my letters dated February 12 and April 27, 2001 regarding the disposition of funds from your settlement with Allendale Mutual Insurance Company and the completion of the underground silo remediation project.

With respect to the first matter, we maintain that all the funds (\$487,500) received from the Allendale Mutual Insurance Company settlement should be deposited into the NRC-Administered Trust/Escrow Fund. The 1994 NRC Settlement Agreement with Safety Light Corporation requires that a disbursement of not less than 25% be deposited into the NRC-Administered fund for the Safety Light site, in situations where awarded insurance claims involved both the Bloomsburg site and other SLC/USR Companies sites. This situation does not apply to the Allendale settlement. A review of the Allendale Mutual Insurance Company -vs- Safety Light Corporation settlement, dated April 17, 2001, shows that the settlement is exclusive to the Almedia (i.e., the Bloomsburg, Pennsylvania mailing address) site, as opposed to a situation involving more than one site. Therefore, consistent with the 1994 NRC Settlement Agreement, 100% of the Allendale Mutual Insurance Company settlement is required to be transferred to the NRC-Administered Trust /Escrow Fund, to ensure that these funds are used solely for the clean-up of the Bloomsburg site.

Regarding the completion of the underground silo remediation project, we agree to the expenditure of limited funds from your insurance settlement account for the purpose of developing a work plan for the sorting, re-packing and characterization of the stored radioactive and mixed waste to satisfy the requirements of the disposal sites. While we have not reviewed or evaluated the merits of your action against IT Corporation, nevertheless, as requested in your May 10, 2001 letter, we also agree to your use of limited funds to pursue action if appropriate based on your view of the strength of the case. At this time, we believe that no more than \$100,000 from your insurance settlement fund should be spent both to complete the work plan and pursue a remedy from your original contractor.

Because the continuing presence of the stored waste is a concern to NRC as well as the Commonwealth of Pennsylvania, we request that a work plan be submitted within 60 days of the date of this letter. The work plan should address the complex issues with respect to this

project, including: methods and equipment for sorting the waste, while maintaining exposure ALARA; representative sampling and analytical methods for both radiological and other hazardous waste to satisfy disposal site criteria; demonstration that selected methods are acceptable to proposed disposal facilities; and plans for oversight of the primary contractor to demonstrate compliance with applicable federal and state regulations, as well as monitoring of contract requirements and fund expenditure. Your failure to anticipate all of the issues that must be addressed in disposing of silo waste before excavation began last year led to the current situation where waste materials are having, unnecessarily, to be handled a second time. Development of a thorough plan is vital to avoid repeating this mistake and wasting limited resources. To assist in the expeditious and complete review of these materials, we also request that a copy of your work plan be submitted to the Commonwealth of Pennsylvania Department of Environmental Protection, Bureau of Radiation Protection.

After we accept your work plan, we would expect that a detailed plan with associated procedures, schedule, and cost estimate for completion of the silo remediation project be submitted for NRC review and approval as an amendment to your NRC license. We recognize that the entire cost of this activity may involve the release of decommissioning funds from the NRC-Administered Trust/Escrow Fund. Be advised, however, it is expected that the funds from your Insurance Settlement Account will be depleted before the use of any NRC controlled decommissioning funds.

If you have any questions regarding this matter, please contact Marie Miller, Project Manager of the Safety Light site at 610-337-5205.

Thank you for your cooperation.

Sincerely,

Original signed by George Pangburn

George Pangburn, Director
Division of Nuclear Materials Safety

cc:

Larry Harmon, Plant Manager
David Allard, Director, Bureau of Radiation Protection
Robert Maiers, Chief, Decommissioning Division
James Kopenhaver, Radiation Protection Program Manager

W. Lynch
Safety Light Corporation

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cc: J. Parrott, NMSS
S. Lewis, OGC
C. Mullins, OGC

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