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September 20, 2001

United States Nuclear Regulatory Commission - Region 1
475 Allendale Road
King of Prussia, Pa. 19406-1415
Attention: Mr. George Pangburn, Director

Reference: Docket #03005980 License #37-00030-02 – Your letter of July 12, 2001

Dear Mr. Pangburn,

Pursuant to a further review of our 1994 NRC Settlement Agreement and the advise of counsel, we agree to deposit the full amount of the proceeds (\$487,500) from our recent settlement with Allendale Mutual Insurance Company into a new account to be established and controlled by the NRC. Based on our reading of Paragraph 8 of the above mentioned Settlement Agreement, these funds should be put into a new account and not be intermingled with our current NRC Administered Trust / Escrow Fund. We await your transfer instructions.

We do this with the understanding that these funds will be available to us, subject to your approval, as required to pay expenses related to the remediation of our Bloomsburg site. It continues to be our position that these expenses should include necessary legal expenses, such as our current expenses related to our lawsuit against IT Corporation, in particular where such expenses are directed to recoup additional monies for the remediation of the property. As always, we will try our utmost to use our available funds judiciously in order to achieve maximum benefit.

While we recognize that you would like us to first deplete our Insurance Settlement Account before allowing us to use the funds under your control, we remind you that we have an ongoing obligation under a Consent Order filed in Kentucky Federal Court to expend funds for the remediation of the Maxey Flats Site in Morehead, Kentucky. At present, we believe it prudent to reserve \$300,000 for this purpose. This payment obligation was recognized and provided for in the Limited Ability to Pay Settlement and resulting Consent Order filed in New Jersey Federal Court for resolution of Safety Light's liability at the US Radium Superfund sites in New Jersey. Therefore, we will continue to use our Insurance Settlement Funds until such time as we reach a \$300,000 balance, at which time we will then request, as necessary, the use of monies from the Escrow Fund or the new Fund to be established with the proceeds from the Allendale Settlement.

Switching topics, as indicated earlier, we have retained John Frazier of Auxier and Associates to work with us on the completion of the underground silo project. With his

help, we have developed a Scope of Work, which has been provided to all potential remediation contractors. We believe that all of the concerns addressed in your letter are outlined in this document (copy attached). With this document as our guide, we have developed a grading system to evaluate the various contractor proposals, which we are now reviewing. We are now in the final stages of this selection process. As soon as we have finalized our decision, we will forward the selected contractor's proposal including their proposed schedule and cost estimates. We expect to send this to you shortly.

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

Regards,


William E. Lynch Jr.
Vice President

CC:

Marie Miller, NRC Project Manager for Safety Light
David Allard, Director, Bureau of Radiation Protection
Robert Maiers, Chief, Decommissioning Division
James Kopenhaver, Radiation Protection Program Manager

REMEDIATION SUPPORT SERVICES

**Safety Light Corporation
Bloomsburg, Pennsylvania**

SCOPE OF WORK

Safety Light Corporation is seeking a contractor to provide services in support of remediation of low-level radioactive and mixed wastes at its manufacturing facility in Bloomsburg, Pennsylvania. The wastes are contained in 195 drums and 26 B25 metal boxes but need to be segregated, characterized, and packaged for disposal at suitable licensed disposal facilities. The following tasks comprise the scope of work for remediation support services for this project:

1. Prepare a Work Plan that describes the tasks to be performed, the technical approach for performing these tasks, the qualifications and experience of the named personnel who will actually perform the work, and a detailed schedule for the work.
2. Obtain and review the current Waste Acceptance Criteria (WAC) for each prospective disposal facility.
3. Identify the specific waste categories into which the wastes must be segregated, as determined from the WAC for the disposal facilities.
4. Identify the specific waste disposal facilities that will receive each category of waste. Secure a written commitment/agreement from the disposal facility(ies) to which the specific wastes will be shipped and the conditions for their acceptance of the specific waste.
5. Construct/assemble/prepare a waste segregation facility that will:
 - a. control emissions of radioactive materials from waste segregation/packaging operations to levels allowed by Pennsylvania and Federal regulations,
 - b. allow for efficient segregation of waste into each category, and
 - c. provide radiological protection of onsite and offsite personnel to levels that are as low as reasonably achievable and allowed by Pennsylvania and federal regulations.
6. Segregate and containerize the wastes into the categories identified for proper disposal. Use containers that meet all applicable state and Federal transportation regulations and that meet the WAC for disposal of the specific waste categories
7. Characterize each waste category following the methods, frequency (number of samples for the number of waste categories/containers), and analytical measurement methods required by the respective disposal facilities.

8. Prepare all documentation necessary for certifying, transporting, and disposing of the wastes including preparing the waste shipment manifest and the scheduling of the transportation to the various waste disposal sites to be used so that at the conclusion of the project all wastes meet the relevant WAC and state and Federal regulatory requirements and may be shipped without delay to the respective disposal facilities by the winning bidder.
9. Prepare and submit to Safety Light Corporation a summary report that describes all work performed on the project and includes all project-related documents, including but not limited to the following: waste characterization records, radiological protection and control records, waste certification documentation, waste container descriptions and certifications (as appropriate), and copies of all written communications with the waste disposal facilities selected to receive the wastes.