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February 10, 2003

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Karen D. Cyr, Esq.  
General Counsel  
United States Nuclear Regulatory Commission  
Room 17D23  
One White Flint North Building  
11555 Rockville Pike  
Rockville, MD 20582

Re: Stevens et al. v. Verizon Communications Inc., No. 02 CV 2543 (EDNY);  
Schwinger et al. v. Verizon Communications Inc., No. 02 CV 2017 (EDNY);  
Demand for Indemnity - Filing of Amended Complaints and Further Contract  
Information

Dear Ms. Cyr:

As you know, this firm represents GTE Operations Support Incorporated ("GTEOSI"), and certain affiliates and predecessors (the "Sylvania Entities") in the above referenced litigation matters and with regard to certain investigation and remediation activities which GTEOSI has undertaken. These matters all relate to a site in Hicksville, New York (the "Hicksville Facility") at which certain of the Sylvania Entities conducted uranium fuel manufacturing activities under contract with the Atomic Energy Commission (the "AEC").

On June 14, 2002, by letter from William Barr, Executive Vice President and General Counsel of Verizon Communications Inc., our clients gave notice to NRC, as the successor agency to the AEC, of their demand for defense and indemnity under the Price Andersen Act. By separate letter from me dated July 16, 2002, our clients gave further notice to NRC, as the AEC successor agency, of their demand for indemnity and contribution under the relevant contracts and applicable law. By letter dated July 19, 2002, we provided NRC with certain additional contract information we had obtained.

In the letters, we indicated that as our review of records continued, we would provide NRC with any additional information we received concerning the contracts. We have obtained additional information, which is described in this letter, and copies of which are attached. We confirm that review is continuing and we reserve the right to provide further or additional information, and request that NRC provide the information in its possession regarding the contracts that may be applicable.

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Karen D. Cyr, Esq.  
General Counsel  
February 5, 2003  
Page 2

## I. Filing of Amended Complaints

We had previously provided you with copies of each complaint originally filed in the above actions. Subsequently, on September 13, 2002, the *Schwinger* plaintiffs filed an amended complaint, adding certain additional individual plaintiffs and increasing the damages. Similarly, on September 17, 2002, the *Stewers* plaintiffs filed an amended complaint, adding certain additional claims.

Thereafter, on December 3, 2002, the court requested that the plaintiffs refile the actions, on or before December 13, so as to limit the active parties in the *Schwinger* case to three plaintiffs claiming bodily injury, and in the *Stewers* case to one plaintiff claiming damage to property. All other claims and plaintiffs have been placed in an inactive status. The court indicated its intention to try the refiled actions at the end of 2003.

The Plaintiffs timely refiled claims as directed by the court. *Schwinger, et al. v Verizon, Inc.*, Civil Action CV 02 6530(LDW)(ARL) (E.D. NY) and *Astuto v Verizon, Inc.*, Civil Action CV 02 6529 (LDW)(ARL) (EDNY). The parties exchanged initial disclosures as required by the Federal Rules of Civil Procedure, and have entered into a discovery schedule and plan designed to meet the court's intent to try the actions starting in December 2003.

We note that the plaintiffs in the *Schwinger* action have given notice of and apparently served on the Nuclear Regulatory Commission certain discovery requests.

Copies of each amended complaint are provided herewith. We also provide copies of the Sylvania Entities motion to dismiss the refiled actions filed on January 27, 2003; and the discovery schedule currently in effect. We renew the demand, as made in Mr. Barr's letter of June 14, 2002 and my letter of July 16, 2002, for defense and indemnity, under the Price Andersen Act and/or under the relevant contracts and applicable law. Please inform of us of the status of your consideration of this request. It is particularly important that NRC make its determination on indemnification given the court's intent to try the case this year.

## II. Investigation and Remediation at the Site

In addition to the litigation activities described above, GTEOSI has undertaken to conduct soil remediation activities at the site, in order to address soils where residual radionuclide levels exceed background concentrations. This remediation activity is undertaken pursuant to a Soil Remediation Program Work Plan, prepared by GTEOSI and its contractors. The Work Plan was approved by the New York Department of Environmental Conservation by letter dated January 16, 2003. GTEOSI will undertake the remediation activities this year, and initial preparatory work under the Work Plan will commence as early as mid-February, with actual remediation activities beginning in March 2003, and running through October 2003.

Karen D. Cyr, Esq.  
General Counsel  
February 10, 2003  
Page 3

GTEOSI has also undertaken investigation of groundwater, to determine the extent of any contamination of groundwater at the site from the activities conducted under AEC contracts and licenses, and whether any such contamination has migrated from the site. That investigation continues.

We hereby renew the demand that NRC indemnify the investigation and remediation work, under Price Andersen and as arising from the contracts, and from activities which were under AEC's direction and control. This work is ongoing.

## II. Additional Contract Documents

DOE had previously indicated that they believed that copies of one of the primary contracts, Contract No. AT(30-1)-1293 and amendments to it (the "1293 Contract"), had been destroyed. However, we have been able to locate in the Atlanta Federal Records Center a copy of the 1293 Contract and at least certain amendments, all as shown in the following Table. Certain documents also pertain to Contract AT(30-1)Gen 366 between Sylvania Electric Products and the AEC.<sup>1</sup> Copies of each listed document are enclosed:

Location Information	Date	Description/Comments
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 1	As of December 10, 1951	Contract AT(30-1)-1293, with Appendix A
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 5	December 7, 1954	Memorandum regarding contract administration

<sup>1</sup> Based on research to date, we believe that work under the 366 contract was performed at the Bayside location. We note that the corporate headquarters of Sylvania Electric operations were also located at Bayside, and that certain research or laboratory activities occurred at Bayside in relation to activities that also occurred at Hicksville.

Karen D. Cyr, Esq.  
 General Counsel  
 February 5, 2003  
 Page 4

NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 5	December 9, 1954	Memorandum regarding Patented proces for reducing pyrophoricity of uranium hydride powder
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 5	August-November, 1954	Telexes and Memoranda related to uranium and thorium requirements to be shipped to Sylvania under the '1293 and '366 contracts
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 11	December 7 , 1955	Memoranda regarding shipment of uranium and thorium
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 11	August-November 1955	Telexes and memoranda regarding uranium and thorium supplies to Sylvania.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 11	August 1955-October 1955	Telexes and memoranda regarding uranium supply
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 11	September 9, 1955	Transmittal memorandum related to slightly enriched uranium slugs and rod ends to Sylvania.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 11	November 17, 1955	Telex confirming that AEC requested Sylvania to hold "several tons of sludge and miscellaneous waste" for possible recovery.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 38	June 28, 1956	Memorandum with audit report, indicating certain adjustments under the '366 contract for Hicksville overhead costs

Karen D. Gyr, Esq.  
 General Counsel  
 February 5, 2003  
 Page 5

NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 38	February 3, 1956	Cover memorandum and associated documents on procedures for placing work under contract '1293, and copy of Amendment 12 to Contract '1293
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 40	March -April 1956	Correspondence related to acquisition of uranium tubes to Sylvania, and extrusion of uranium tubes
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 40	October 10, 1955	Letter concerning cost estimates for operation of Hicksville plant in production of "special units for Hanford".
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 40	February 10, 1956	Use of machining facilities at Hicksville.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 44	October 11, 1957	Correspondence related to certain low hydrogen "dingot" material and the process at Hicksville.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 45	October 18, 1957	Correspondence related to AEC visit to Hicksville site.
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 45	October 14, 1957	Correspondence re AEC visit to Hicksville for familiarization of the "canning" facility
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 54	July 8, 1958	Supply of uranium material to Hicksville

Karen D. Cyr, Esq.  
 General Counsel  
 February 5, 2003  
 Page 6

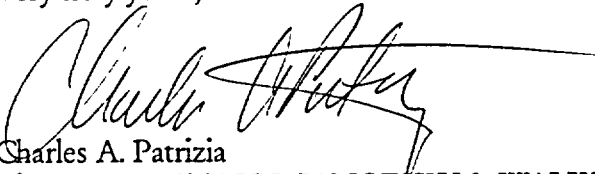
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 54	August 21, 1958	Correspondence re disposal of normal uranium scrap held by SylCor .
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 58	July 23, 1959	Memorandum re negotiation of Appendix C to '1293 contract for slug fabrication
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 59	February 25, 1959	Transmittal of report on certain cores for the V-A program
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 59	January 23, 1959	Correspondence related to disposal of normal uranium scrap at SylCor
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 63	As of September 30, 1960; June 30, 1960; March 15, 1960	Modifications to Appendix C of Contract '1293
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 65	March 22, 1960	Memorandum re supply of normal uranium to Sylcor
NARA II RG 326, Accession 4NN326-87-007, AEC Feed Materials Div. Corr. 1947-1964, Box 69	As of July 1, 1959; September 11, 1959; October 3, 1961; April 30, 1961; February 6, 1961	Modification to Contract '1293, re sponsored task CH-4

We note that certain documents refer to classified reports or correspondence. To the degree that relevant contractual and other materials remain subject to classification, we again seek your assistance in taking the appropriate steps so that counsel and appropriate client staff may receive the necessary clearances to obtain access to the documents.

Karen D. Cyr, Esq.  
General Counsel  
February 5, 2003  
Page 7

If you have any questions, of course, we will be happy to respond. A similar letter and the enclosures are also being forwarded to Ms. Lee Lieberman Otis, General Counsel of the Department of Energy, in light of the DOE's role as a successor to the AEC.

Very truly yours,



Charles A. Patrizia  
of PAUL, HASTINGS, JANOFSKY & WALKER LLP

Enclosures

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Karen D. Cyr, Esq.  
General Counsel  
February 5, 2003  
Page 8

bcc: Bernadette Miragliotta, Esq.  
William Pratt, Esq.  
Alex Demitrief, Esq.  
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