

EDO Principal Correspondence Control

FROM: DUE: / /

EDO CONTROL: G20060189
DOC DT: 02/13/06
FINAL REPLY:

Charles S. Williams
R.M.D. Operations, LLC

TO:

Chairman Diaz

FOR SIGNATURE OF :

** GRN **

CRC NO: 06-0098

DESC:

Status of R.M.D. Operations, LLC License
Application for a Performance-Based, Multi-Site
License

ROUTING:

Reyes
Virgilic
Kane
Silber
Dean
Cyr/Burns
Schlueter, STP

DATE: 02/24/06

ASSIGNED TO:

CONTACT:

NMSS

Strosnider

SPECIAL INSTRUCTIONS OR REMARKS:

For Appropriate Action.
Ref. G20060024.

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

Date Printed: Feb 24, 2006 11:46

PAPER NUMBER: LTR-06-0098 **LOGGING DATE:** 02/23/2006
ACTION OFFICE: EDO

AUTHOR: Charles Williams
AFFILIATION: CO
ADDRESSEE: Nils Diaz
SUBJECT: R.M.D. Operations, LLC ltr to the Chairman dated 2/13/2006 concerning status of license application

ACTION: Appropriate
DISTRIBUTION: Chairman, Comrs - RF

LETTER DATE: 02/13/2006
ACKNOWLEDGED: No
SPECIAL HANDLING: Made publicly available in ADAMS via EDO/DPC
NOTES: OCM #8453
FILE LOCATION: ADAMS

DATE DUE: **DATE SIGNED:**

EDO --G20060189

R.M.D. Operations, LLC

February 13, 2006

CHAIRMAN REC'D
06 FEB 14 PM 3:11

United States Nuclear Regulatory Commission
Attn: Nils J. Diaz, Chairman
One White Flint North
11555 Rockville Pike
Rockville, Maryland 20852-2738

Dear Chairman Diaz:

I am writing to thank you for meeting with me, Mike LaFleur, Anthony J. Thompson, and Christopher S. Pugsley on January 19, 2006 regarding the status of R.M.D. Operations, LLC's (RMD's) license application for a performance-based, multi-site license to assist community water systems (CWSs) in their efforts to comply with the new Safe Drinking Water Act (SDWA) uranium maximum contaminant level (MCL).

By way of background, on September 27, 2005, RMD submitted a license application requesting that NRC Staff issue a performance-based, multi-site materials license. This license application included a detailed application letter, a comprehensive environmental report (ER) pursuant to the guidelines delineated in NUREG-1748 entitled *Environmental Review Guidance for Licensing Actions Associated with NMSS Program*, and a draft Safety Evaluation Report (SER). Although RMD's license application format is rooted in Commission precedent and policy, as noted during our meeting, we understand that NRC Staff was unclear about how to proceed on RMD's approach to a new area of regulatory oversight for NRC. As a result, it took three (3) months for RMD to receive a letter dated December 27, 2005, from NRC Staff acknowledging receipt of its license application and indicating that the technical review of the application will commence shortly. Indeed, on January 19, 2006, RMD provided NRC Staff with written permission to commence the technical review.

It is our understanding that NRC Staff intends to submit a paper to the Commission requesting advice on the regulatory mechanism(s) and/or approach(es) to be considered when regulating uranium water treatment residuals containing *licensable* source material uranium and, specifically, whether RMD's proposed approach is acceptable for compliance with the SDWA and for satisfying Commission regulations for protection of public health and safety and the environment. In light of this request for guidance, RMD asserts that its proposed licensing format represents an efficient, uniform, and enforceable approach to the regulation of uranium water treatment residuals that will facilitate *timely* compliance with the SDWA in a manner that is adequately protective of public health and safety and the environment. This proposed format provides NRC, Agreement States, CWSs, and proposed licensees such as RMD with tangible benefits that will facilitate efficient regulation of uranium source material.

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Initially, RMD's proposed performance-based, multi-site license does not require the promulgation of new, or the amendment of existing, NRC regulations or guidance. RMD's multi-site license proposal also offers the Commission, Agreement States, and other potential licensees the opportunity to minimize licensing costs within the scope of existing regulations and guidance by permitting the *registration* of sites when RMD executes contracts with CWSs. Further, RMD's proposed methodology for specific financial assurance fits within the scope of Part 40 requirements for *statements of intent* from municipalities and for appropriate financial mechanisms for private entities. See 10 CFR § 40.35(f) & Appendix A; see also United States Nuclear Regulatory Commission, NUREG-1757, Vol. 3, *Consolidated NMSS Decommissioning Guidance, Financial Assurance, Recordkeeping, and Timeliness* (September, 2003).

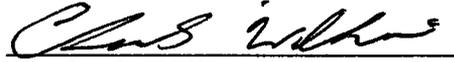
RMD's proposed licensing format assures that the Commission and Agreement State regulatory authorities have the ability to maintain adequate oversight, while minimizing the expenditure of staff and licensee resources. Using the multi-site format, the Commission and Agreement States may subject all "*registered*" sites to regulatory oversight pursuant to approved license conditions while minimizing or eliminating the need to spend time and resources on the review of multiple license amendment requests. Given the potentially large number of CWSs that may require uranium water treatment, it is more practical to utilize RMD's proposed licensing format, because regulatory authorities likely do not have sufficient resources to address hundreds, if not thousands, of license amendment applications.

RMD believes that its proposed licensing approach is a preferable alternative when compared to the alternative of granting some sort of *general* license to CWSs. First, the issuance of general licenses to CWSs likely would require a Commission rulemaking and subsequent adoption of conforming regulations by Agreement States. At a minimum, it is likely that such a process addressing such an important topic would take two to three years to complete. Given that the compliance deadline for the SDWA uranium MCL is less than two years away (i.e., December, 2007), CWSs waiting for completion of NRC's rulemaking may not be able to comply with this deadline. Second, the issuance of general licenses to hundreds or thousands of CWSs, even with 10 CFR Part 20 requirements attached, potentially could lead to the uncontrolled release of source material uranium to sanitary sewers, publicly-owned treatment works, and other parts of the environment.

In summary, RMD has presented a viable performance-based, multi-site licensing approach for the removal of uranium from public and private CWSs. RMD believes that its proposed licensing format offers an efficient, uniform approach to regulating uranium water treatment that provides the Commission and Agreement States with the oversight capability to assure adequate protection of public health and safety. Even if the Commission decides that, in the long-term, rulemaking makes sense, any such decision does not foreclose NRC from issuing RMD's proposed license now to address the SDWA uranium MCL in the near-term. Indeed, it is possible that RMD and others with a similar license may solve the regulatory problem, thus, making rulemaking unnecessary.

RMD appreciates the opportunity to provide its viewpoint on this matter and would be pleased to discuss this matter further with you if you deem it necessary. Please do not hesitate to contact our counsel Anthony J. Thompson, Esq. or Christopher S. Pugsley, Esq. at (202) 496-0780 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles S. Williams", written over a horizontal line.

Charles S. Williams
President, R.M.D. Operations, LLC

cc: Jeffrey Merrifield
Peter Lyons
Gregory Jaczko
Edward McGaffigan, Jr.
Michael F. LaFleur (e-mail)