



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

October 25, 2006

Docket Nos. 03034162
03022307
Control Nos. 137860
137859

License Nos. 29-30308-01
29-20900-01

Mark A. Smith, C.H.P.
Vice President, Radiation Services
Sterigenics International
10811 Withers Cove Park Drive
Charlotte, NC 28278

SUBJECT: STERIGENICS INTERNATIONAL, REQUEST FOR ADDITIONAL
INFORMATION CONCERNING FINANCIAL ASSURANCE DOCUMENTS,
CONTROL NOS. 137860 & 137859

Dear Mr. Smith:

This is in reference to your letters dated April 12, 2006 and July 25, 2006 regarding your financial assurance for decommissioning for Nuclear Regulatory Commission License Nos. 29-20900-01 and 29-30308-01. In order to continue our review, we need the following additional information:

1. In our letter dated March 30, 2006, we informed you that you cannot take credit for salvage value in your cost estimate and that you need to prepare your cost estimate and provide financial assurance with the assumption that all radioactive material authorized by your license will be disposed. In your reply dated April 12, 2006, you mentioned a meeting at our headquarters office that occurred on November 17, 2005. You stated that in that meeting representatives from the NRC did not approve nor disapprove of your plan regarding salvage value. The meeting report (ADAMS Accession No. ML060130488), which is publicly available, documents the NRC's position that credit cannot be taken for the salvage value of sources. We have reviewed our policy in this area very carefully and NRC policy continues to be not to allow use of salvage value in preparing cost estimates for financial assurance. The primary reason for this policy is that the same forces, market or otherwise, which cause the licensee to be unable to pay for decommissioning of their facility may cause the sources to be of much lower or no value at that time. The basis for this position is discussed in the Statements of Consideration for the final rule (68FR57327 to 57337) on pages 57329 and 57330. Please revise your cost estimates for both of your facilities (Rockaway and Salem, NJ) to account for disposal of all licensed material.
2. Your letters dated October 6, 2005, April 12, 2006 and July 25, 2006, did not include a description of the means for adjusting the cost estimate and associated funding level periodically over the life of the facility. Section A.3.2 of Appendix A in NUREG-1757, Volume 3 provides additional information on this matter. Please provide the means for adjusting the cost estimate.

M. Smith
Sterigenics International

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3. Your letter dated July 25, 2006 incorporated a 25% contingency factor to the labor cost of preparation and planning, travel time personnel cost, source removal, shipping container handling, external security, other direct costs, performance of radiation surveys, laboratory analysis and preparation of final report. However you did not incorporate a 25% contingency factor to the cost of equipment rental and to the cost of transportation. Section A.3.1.2.3 of Appendix A in NUREG-1757, Volume 3, states that "because of the uncertainty in contamination levels, waste disposal costs and other costs associated with decommissioning, the cost estimate should apply a contingency factor of 25 percent to the **sum of all** the estimated decommissioning costs." Please revise your cost estimate to factor in a 25% contingency factor to the sum of all your estimated decommissioning costs for both facilities.
4. Once you have recalculated your cost estimates for each facility with this information, please provide the respective financial assurance documents following the guidance in NUREG-1757.

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Academic, and Industrial Uses of Nuclear Material**; then **Toolkit Index Page**. Or you may obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-888-293-6498. The GPO is open from 7:00 a.m. to 8:00 p.m. EST, Monday through Friday (except Federal holidays).

We will continue our review upon receipt of this information. Please reply to my attention at the Region I Office and refer to Mail Control No. 137860. If you have any technical questions regarding this deficiency letter, please call me at (610) 337-5252.

Sincerely,

Original signed by John D. Kinneman

John D. Kinneman, Chief
Materials Security and Industrial Branch
Division of Nuclear Materials Safety

cc:

Stanley Yap, Radiation Safety Officer for NRC License No. 29-30308-01
John LaNovara, Radiation Safety Officer for NRC License No. 29-20900-01

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SUNSI Review Complete: KModes

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