

" Designated Original "

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Atlanta Corporate Headquarters
3930 East Jones Bridge Road, Suite 200
Norcross, GA 30092
Phone 770-447-1444
Fax 770-447-1797
www.nacintl.com

January 16, 2007

Mr. E. William Brach
Director, SFPO
U.S. Nuclear Regulatory Commission
One White Flint North
1155 Rockville Pike
Rockville, MD 20852

Dear Bill:

Thank you for the meeting of January 12th to discuss the staff's open issues with their review of our MAGNASTOR submittal. The meeting was very productive, and we appreciated the open communication.

It was clear from the meeting that the only real technical "sticking point" appears to be the concern over the geometric stability of the basket. We were encouraged by the meeting because it appears NRC reviewers and NAC agree that, even with extremely conservative analyses, NAC has demonstrated the safety of the MAGNASTOR system and the basket design under design basis conditions. We understand that some additional analysis may be needed on the docket to allow the NRC to come to the conclusion that the design is acceptable. We believe additional analyses would address the difference between the approach that NAC had taken to document the factor of safety versus the staff's expectation that is based on shell displacement as a function of impact load.

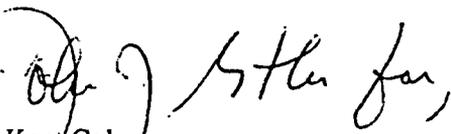
We thought the analysis provided was in agreement with the discussions NAC had with the structural review staff in July 2006 and would be sufficient based on the conservatism in the analysis and its conclusions. We now understand the NRC's expectation for a load based factor of safety. We feel that it would be relatively simple to provide the requested additional analysis information for the staff to review.

We understand your position relative to the RIS 2004-20; however, we hope that you will agree that this issue requires clarification as opposed to being a flaw in the MAGNASTOR design. Accordingly, we trust that you would allow us the opportunity to provide the requested additional confirmatory analysis supplementing the existing application.

The other issues, some of which are new questions, also represent cleanup matters that can be addressed by supplementing our responses to RAI 2.

Again, thank you for the meeting and your consideration in this matter.

Best regards,



Kent Cole
President

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