

Annette Stang - Question regarding KI

From: "Anbex Account" <alan@anbex.com>
To: <PXM@nrc.gov>
Date: 3/15/2007 2:24 PM
Subject: Question regarding KI
CC: "Bruce Rodin" <bruce@anbex.com>, "Naomi Halpern" <nhalpern@ofwlaw.com>

Dear Ms. Milligan

Bruce Rodin of Anbex has sent me a copy of your March 14 e-mail regarding the shelf life of IOSAT (Anbex brand of potassium iodide) provided to the NRC under contract no NRC-03-04-027.

Please be advised that regarding the shelf life of our tablets, our use of the term "at a minimum" in our contracts is designed to represent a guarantee to our customers that any IOSAT we sell will have a shelf life of no less than the minimum specified (which is usually five years).

We take this approach in response to the economics of tablet production. Our policy is to guarantee that all IOSAT we sell has a shelf life of no less than five years. To assure we meet this guarantee, we usually label the product with a seven-year expiration date at the time it is packaged, however we sell it for no more than two years in order to remain within the guarantee period. This procedure allows us to manufacture and package in large lots in order to minimize the substantial set-up costs involved in scheduling and manufacturing tablets. This not only saves us money, but it means that we generally have a large inventory of finished tablets on hand—which could prove to be a substantial public-health benefit in the event of a radiation emergency which could require delivery of a very large number of tablets as quickly as possible.

Of course, this procedure also means that if an order is filled right after new tablets become available, a customer who expects five-year tablets will receive seven-year product. This is what happened with the recent Delivery Order #7. In this case, we received this order at the time we were preparing to package new tablets. Accordingly, we increased the size of our run, and made the decision to fill the Delivery Order with the longer shelf life product. We did this partly because we did not wish to have multiple expiration dates for this lot of tablets, and partly out of a courtesy to NRC (our largest and most valuable customer). (Note that Delivery Orders 8 and 9 will also be filled from this same production, and will also carry a February, 2014 date.) Certainly, however, it was not meant to set a precedent or to imply that we would now fill all future orders with seven-year tablets.

But as noted in my letter to you of March 13, we can, if you so desire, guarantee a seven-year product in the future. It would mean that we would have to schedule production and/or packaging for each individual order, and of course it would also mean that future replacement orders we might receive could be delayed as long as two years. The business cost of these factors is not insignificant to us, which is why we believe that a modest price increase (under 25% for a tablet with a 40% longer life) is justified.

I hope this clarifies any confusion that may have arisen. Of course, if you have any questions, please do not hesitate to contact me.

Sincerely,

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Subject: Question regarding KI
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From: "Anbex Account" <alan@anbex.com>

Created By: alan@anbex.com

Recipients

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MESSAGE	2958	3/15/2007 2:24:01 PM
TEXT.htm	5334	
Mime.822	10529	

Options

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