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April 10, 2007

Q-5

Mr. James P. Dwyer
Division of Nuclear Materials Safety
U.S. Nuclear Regulatory Commission – Region 1
475 Allendale Road
King of Prussia, PA 19406-1415

Reference: Licenses 37-00030-02 and 37-00030-08

Docket Nos.: 03005980 and 03005982

Control Nos.: ~~140082~~ and ~~140083~~

140378 ~~140379~~

Dear Mr. Dwyer,

As required by License Condition 20.b of our License #37-00030-08 we provide this progress report concerning the implementation of our Plan for Orderly Shutdown. Additionally, we respond to the issue raised in your letter of February 18, 2007.

We are currently in full compliance with all conditions of the Settlement Agreement.

We have now received notification from the Barnwell Disposal Site that they have approved our allotment for the space required to dispose of our high activity tritium waste. However, we are still awaiting final approval of our proposed packaging for this waste from the South Carolina Department of Health and Environmental Control (DHEC). As soon as this is received, we will then be able to determine the final cost to dispose of this waste and will contact you for permission to withdraw the necessary funds from our Escrow Account.

In our letter of March 15, 2006 to Mr. Samuel J. Collins, we gave details of our planned shutdown activities as they relate to Condition 20 of our License No. 37-00030-80. In addressing Condition 20c (ii), which is a subject of your letter of February 18, 2007, we described our plans for removing all licensed material inventory and disposing of tritium waste generated after September 2004. In neither the License Condition nor in our response did we consider licensed material inventory or waste to include contaminated equipment or facilities. We have always considered material inventory to be gaseous tritium in GTLS form or incorporated in products while we consider waste to be that which is currently stored in the solid waste building along with the foil and targets and broken tubes currently stored under the hoods in the fill room area.

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Your letter represents the first time, either verbally or in writing, that License Condition 20c (ii) has been described to include contaminated equipment and facilities. If that was indeed the original intent, which we don't believe it was, we're surprised that this issue wasn't raised in response to our letter of March 15, 2006.

The contamination of our facility, the anticipated costs for its' decommissioning, and our financial condition are well known by your office. The insurance settlement funds which we have collected as well as our own escrow contributions have been and are being spent to remediate what has been identified as the most significant potential threats to public health and safety. This process of identifying where money should be spent was done in complete cooperation with the NRC. Had we not spent millions of dollars on remediation work for issues related to our 02 License, monies would be available now to further decommission our 08 License.

We are committed to spending all available monies from the Insurance Settlement Funds and Escrow Account to decommission the site to the furthest extent possible. However, once the License is terminated and our revenue stream ceases, further expenditures will be impossible. Therefore, in response to the issue you raise, until the final cost for the waste shipment to Barnwell is determined, we will not know what additional monies will be available for further clean-up of equipment and facilities. At this moment, we therefore cannot ensure that equipment and facilities will meet the NRC's criteria for release of facilities for unrestricted use.

Please contact me if you have any questions.

Regards,


William E. Lynch Jr.
Vice President

CC: Elisabeth Ulrich, USNRC Region 1
David Allard, PADEP

This is to acknowledge the receipt of your letter/application dated

4/10/2007, and to inform you that the initial processing which includes an administrative review has been performed.

NOTIFICATION 37-00030-02/37-00030-08
There were no administrative omissions. Your application was assigned to a technical reviewer. Please note that the technical review may identify additional omissions or require additional information.

Please provide to this office within 30 days of your receipt of this card

A copy of your action has been forwarded to our License Fee & Accounts Receivable Branch, who will contact you separately if there is a fee issue involved.

Your action has been assigned **Mail Control Number** 140378/140379.
When calling to inquire about this action, please refer to this control number.
You may call us on (610) 337-5398, or 337-5260.