



NUCLEAR METALS, INC

12 May 1995

John D. Kinneman, Chief
Site Decommissioning Section, DRSS
U. S. Nuclear Regulatory Commission
Room 1
475 Allendale Road
King of Prussia, PA 19406-1415

Subject: Holding Basin Remediation Plan

Dear John,

By letter dated 24 March 1995, the NRC approved NMI's holding basin "Site Characterization Plan." The letter stated that NMI must develop and submit a remediation (decommissioning) plan for the holding basin.

We have submitted to the Army, at their request, a proposal for funding which would cover costs associated with preparation of the remediation plan document (among other items). The initial funding for the basin remediation will be by modification to an existing contract. We have spoken to you regarding the essential elements to be included in the plan and have incorporated your comments into the scope of work provided to the Army on 4 May 1995.

We are of the understanding that the remediation plan will require an effort of about 6-8 weeks. The attached schedule may be subject to modification during contract negotiation but will begin with contract funding which we expect to receive by 30 June 1995. The overall project is estimated to take 24 months. Once approval of the remediation plan is received we estimate that the project will require 16 months to complete. NMI may need to apply for an exemption to 10 CFR 40.42 to complete the project in 24 months after plan approval under the timeliness rule if the project experiences unexpected delays once begun.

Based on our several discussions and the importance of this project both to us and the Army we expect that funding will occur before the end of June. With this occurring, the remediation plan will be submitted during the first part of September. We will inform the NRC once the project is underway.

attach

OFFICIAL RECORD COPY

Sincerely,

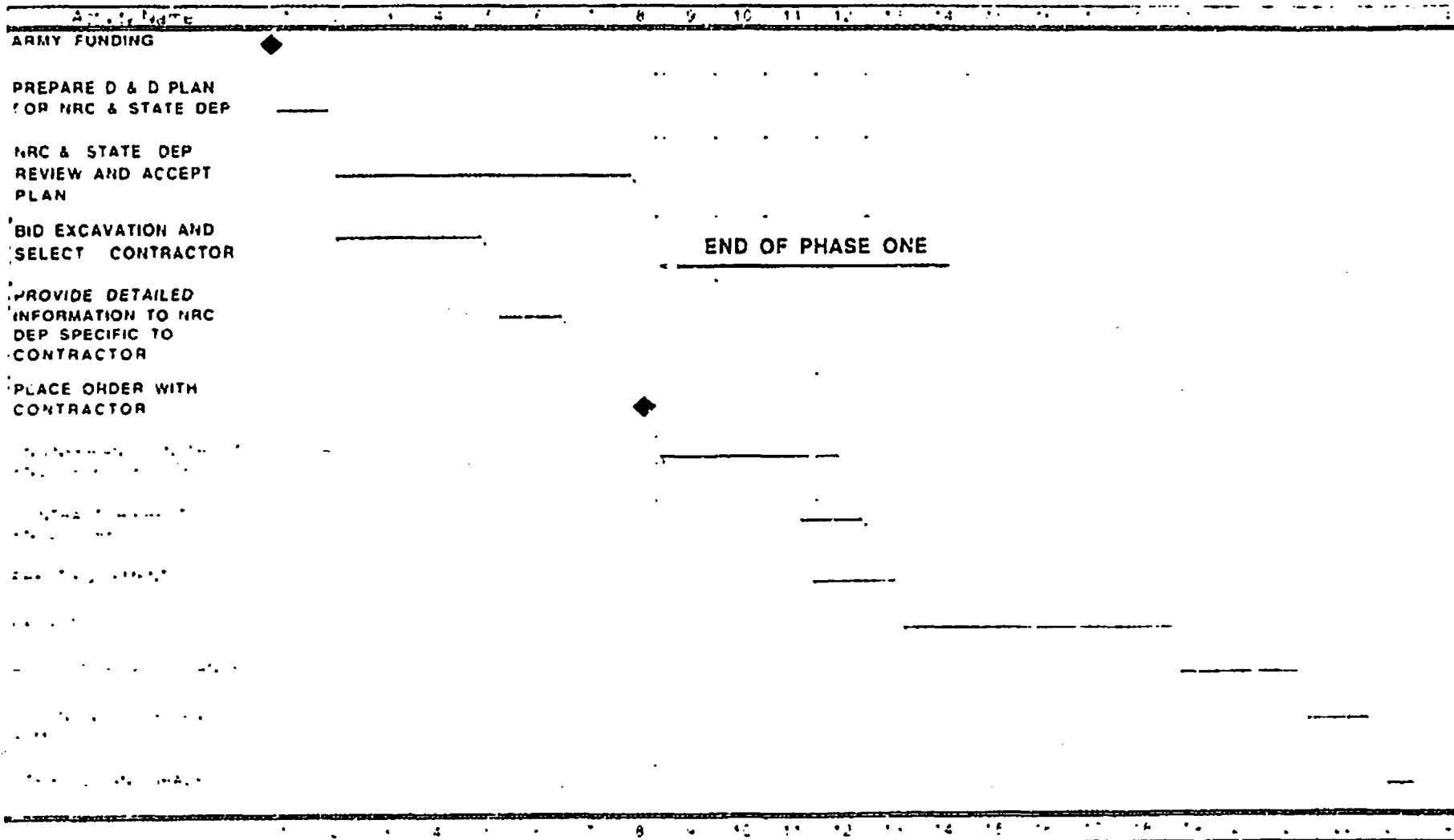
Frank J. Vumisko
Frank J. Vumisko
Vice President, Health and Safety

2229 Main Street, Concord, Massachusetts 01742 (508) 369-5416

Handwritten signature/initials

HOLDING BASIN SCHEDULE BY MONTH

MAY 8 1961



Scope of Work for Holding Basin Remediation Project: Phase 1

The Holding Basin Remediation Project will be performed in three phases.

Phase 1 Development and Approval of the Decontamination and Decommissioning (D&D) Plan and Vendor(s) Selection

Phase 2 - Basin Excavation and Removal

Phase 3 - Final Site Remediation.

This scope of work for Phase 1 of the Holding Basin Remediation Project, covers the first eight months of the project up to the point of placing a purchase order with a contractor(s) to begin work. A project schedule is attached and is briefly described below:

1 Prepare D&D Plan for NRC and State Department of Environmental Protection (DEP) Approval. Upon approval of Government funding, a D&D Plan will be prepared for NRC and State DEP approval. The plan will discuss and describe the following: (1) a brief description of the basin material characterization, (2) the proposed method for excavating, removing, monitoring, packaging, and transporting the basin material, (3) the evaluation process for selecting a qualified vendor(s), (4) regulatory criteria for release of "clean materials" for the basin remediation to include ALARA considerations, (5) Radiological/Chemical survey techniques used before, during, and following basin removal, (6) Contingency planning, and (7) filling, grading, and restoration of the basin site to match surrounding terrain.

2 Submit D&D Plan to NRC and State DEP for approval. NMI will submit the Holding Basin D&D Plan and apply for and obtain the necessary approvals and regulatory licenses from the NRC and State DEP. The D&D Plan may have to be modified, revised, and resubmitted as a result of regulatory agency iterative review. It may also be necessary to provide additional information to address any NRC or State DEP questions and concerns. Public hearings will be held during this time period as required. It is expected that obtaining regulatory approval for the D&D Plan will be the pacing item for completion of Phase 1 of the project and may take up to 6 months to complete.

3 Prepare excavation bid package, Radiological/Chemical Survey bid package, issue quotes, and select contractor. Specification bid packages will be prepared concurrently with the submittal of the D&D Plan. They will be issued to a group of qualified contractors which NMI has already narrowed from a list of bidders based upon prior quotes for basin excavation. The bidders will be asked to keep their firm fixed price bids valid for at least 120 days to cover delays in contract award. Contractor(s) will then be selected based upon prior experience, technical, and price considerations. Any detailed bid package or contractor specific information will be provided to the NRC and State DEP as necessary to facilitate acceptance of the D&D Plan.

4 Obtain NRC and State DEP approval of the D&D Plan and be prepared to place a Purchase Order with the selected contractor(s). Once NRC and State DEP approvals of the Holding Basin D&D Plan are obtained, then NMI will be in a position to place a purchase order with the selected contractor(s) to perform the basin excavation effort pending approval and award of additional Government funding.

TRAVEL SCHEDULE

| <u>Destination</u> | <u># Trips</u> | <u># Days</u> | <u>Fare</u> | <u>Total Fare</u> | <u>Subsistance</u> | <u>Total</u> |
|--------------------------|----------------|---------------|-------------|-----------------------|--------------------|----------------|
| Boston - Springfield, VT | 6 | 21 | \$ 80 | \$ 480 | \$2,100 | \$2,580 |
| Boston - Chicago, IL | 2 | 4 | 478 | 956 | 400 | 1,356 |
| Boston - Columbia, MD | 2 | 4 | 302 | 604 | 400 | 1,004 |
| Boston - Buffalo, NY | 2 | 2 | 270 | <u>540</u> | <u>200</u> | <u>740</u> |
| | | | | <u>\$2,580</u> | <u>\$3,100</u> | <u>\$5,680</u> |

OTHER DIRECT COSTS SCHEDULE

| | <u>AMOUNT</u> |
|------------------------------|------------------|
| Riggers & Freight | |
| Finish Machine Lathes | \$ 325 |
| Max Muller Retrofit | 1,851 |
| Premachine Lathes | 3,300 |
| Follower Rests | 906 |
| Enclosure | 865 |
| Ultrasonic Cleaner | 540 |
| Ultrasonic/Hardness Handling | 2,500 |
| Milling Machine | 400 |
| Tensile | 2,500 |
| AVS Auto Quench | 1,260 |
| Tap Disintegrator | <u>300</u> |
| TOTAL | <u>\$ 14,747</u> |

Enclosure 2

CLARIFICATION OF STATEMENTS

SUBJECT: Letter dated June 6, 1994, Mr. Decker, Assistant Secretary of the Army (RDA) to Congressman Meehan

While Nuclear Metals Inc (NMI) appreciate the spirit and intent of the resolution offers expressed in the Secretary's letter, we have some difficulty with them. Part of the problem stems from the fact that apparently certain issues have not been presented clearly and accurately. It is the intent of this statement to clarify those issues.

The letter states that in 1983, Aerojet Ordnance, Tennessee (AOT) and NMI were both provided an opportunity to include cleanup costs as an allowable overhead expense on the next production contracts.

NMI has no knowledge of ever receiving an offer by the Army to clean up its holding basin as an overhead charge to production contracts. Nor was NMI aware of what was occurring with AOT's pond. NMI first learned about the AOT pond remediation at a briefing to the Army given by AOT well after the project was completed. NMI, however, had on more than one occasion in 1984 sought financial assistance from the Army for this problem. In fact on April 12, 1984, the Army requested and was given an estimate of \$4.5 million for the reprocessing of the waste material.

To put the matter in context, the situation in 1983 was quite different from today. AOT had a contaminated pond which was threatening to overflow into a nearby stream and was under considerable pressure from Federal and State regulatory agencies to immediately remediate this situation. Penetrator deliveries were urgently required from AOT as well as NMI and this problem threatened AOT's plant operations. It is understood this was truly a remediation project of waste mostly from operations that preceded the start-up of the tank penetrator production. On the other hand, NMI was in the process of developing recycling technology to stop discharges to its holding basin, which was permitted as a legal repository for spent acid and was not, and is not now, considered an immediate threat to the environment. It was logical and proper for the Army to participate in the cleanup of the pond at AOT but there was no urgency at that time to decommission the holding basin at NMI nor was there an available technical alternative to burial of the waste. Today, NMI is under comparable regulatory pressure and has a continued need for Army assistance.

The letter further states that NMI declined this Army offer in order to gain the larger share of the next two production contracts. The following is a synopsis of the production contracts awarded during the time of the use of overhead charges as allowable expenses to clean up the pond at AOT.

105/120MM DU PENETRATOR.

| | <u>1983 - Non-competitive*</u> | <u>1984 - Competitive</u> | <u>1985 - Competitive</u> |
|-----|-------------------------------------|--|---|
| NMI | 74,115 (105MM) \$22,405K | 65,000 (105MM) \$12,338K | 35,515 (105MM) \$8,879K |
| AOT | 24,500 (105MM) Approx. \$10,500K | 61,159 (105MM) 9,800 (120MM) Approx. \$18,000K | 93,662 (105MM) 11,535 (120MM) Approx. \$22,000K |

* The 1983 procurements were non-competitive. AOT was coming on line and did not have the capacity for larger buys.

The first two years of competitive procurements were FY 1984 and FY 1985. These apparently were the years during which NMI is alleged to have profited from the larger shares of the production contracts. To the contrary, as shown above, AOT received 64% of the total contract value during these two years and all the production of the new 120MM round which NMI developed. The larger share of the revenue did not go to NMI.

The letter states that NMI is asking for a lump sum payment for cleanup of its holding basin. NMI has not asked for a lump sum payment for removal and disposition of the contents of the holding basin. After considerable effort and expense to develop the best and most environmentally proper method for disposing of the contents, we proposed a project on June 22, 1993 to the Production Base Modernization Agency (PBMA), with a copy to the PCO at AMCCOM, for demonstrating a recycling technology for cleanup of the holding basin over a five-year period. This not only would have resolved the holding basin but would also have perfected technology applicable to other sites. On site review of this proposal by the Army concluded that removal and burial at Government sites was a more cost effective alternative than recycling. The burial alternative would be accomplished over two years rather than spread over five years.

The letter states that providing cleanup funding now to NMI would be unfair to AOT. This rests on the assumption that NMI profited from the larger share of these competitive production contracts, which is not valid. NMI believes cleanup of the pond at AOT was necessary at the time and certainly proper action by the Army in that case. We are aware of, and have always supported, the efforts by the Army to provide a "level playing field." In projects of this sort, the Army has generally always been meticulous about providing the same financial assistance to each competing contractor. In the case of the upcoming FY 1995 procurement of penetrators, if NMI were to include in its bid the cost of pond decommissioning as part of its overhead rate, it could not be competitive.

Enclosure 2 (page 3)

with AOT and AOT would have the unfair competitive advantage. This could result in the Army paying higher prices for its penetrators from AOT, since its prices would not be tempered by the effect of true competition. In addition, other NMI customers should not be burdened through overhead allocation, the cost of pond decommissioning, which results predominantly from past production of Army requirements.

On June 30, 1994, NMI submitted a proposal to AMCCOM under an open Army facilities contract (DAAA09-90-E-0013) to remove the contents of the holding basin to our loading dock for transportation and burial by the Army at Government rates. This identical methodology was used quite successfully under this contract for cleanup and disposal of contaminated machine tools and equipment. Unfortunately, this proposal was rejected by the Army on July 8, 1994, based on the conclusion that this facilities contract was an inappropriate contract vehicle to handle the proposed charges.

The letter is correct that NMI has not made any contract claims to the Army, on either past or existing contracts regarding these costs. While NMI is prepared to do so, we have sought and prefer other forms of equitable relief from the Army.

NMI has always maintained that the material contained in the holding basin is residual Government-owned material and has sought clear Government direction as to its disposition. Recognizing that holding basin costs vary widely depending on the approach taken and the direction given by the Government, NMI has invested \$8 million to develop efficient disposal alternatives and protect the contents of the basin. In this regard, NMI has proposed and will continue to propose the lowest cost cleanup alternative to the Government

