



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20555

JUN 18 1979

Mr. Craig B. Swick  
Environmental Policy Institute  
317 Pennsylvania Avenue, S.E.  
Washington, D. C. 20003

Dear Mr. Swick:

Thank you for your letter of May 23, 1979 to me, requesting termination of the agreement between the State of Arizona and the U. S. Nuclear Regulatory Commission (NRC). The request appeared to be directly related to conditions at the American Atomics Corporation facility in Tucson, Arizona.

Under the authority of section 274 of the Atomic Energy Act, as amended, NRC and the State of Arizona entered into an agreement effective May 15, 1967, whereby NRC relinquished and Arizona assumed regulatory authority over most byproduct, source and special nuclear material users in Arizona. The State agency which is responsible for the regulatory control programs is the Arizona Atomic Energy Commission (AAEC). AAEC has licensing and regulatory responsibility for the use of radioactive materials at the American Atomics Corporation facility.

The Office of State Programs has been in contact with AAEC concerning matters at the American Atomics Corporation plant since February 28, 1979, when we learned of allegations of unsafe working practices at the plant. We expressed our concerns to AAEC the same day. AAEC reported it had first received complaints related to general safety conditions and tritium releases to the sanitary sewer in July 1978. An AAEC inspection was conducted August 17, 1978. Four items of non-compliance were found, including one related to inventory discrepancies attributed to high operating losses. The State has also been informed by this office of a report of contamination found in storage facilities of an American Atomics Corporation customer and a report that certain tritium activated luminous sources were received by customers with no luminosity. As you are aware, on March 9, 1979, the State conducted an inspection at American Atomics Corporation. We received a copy of the enforcement letter to the licensee, and following discussions with AAEC staff, provided comments to Arizona (Enclosure).

Since your letter, there have been additional developments in this matter including the finding on June 1, 1979, of elevated tritium levels in water used in a food plant near the American Atomics Corporation facility in Tucson. The samples were collected by the State and analyzed at the State's request by the U. S. Environmental Protection Agency (EPA).

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Mr. Craig B. Swick

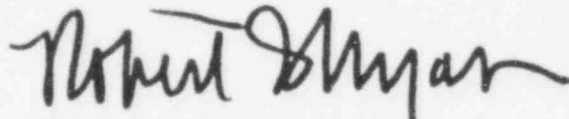
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On June 1, 1979, this office recommended immediate shutdown of the licensee's operations. AAEC, working with the local county health department arranged a shutdown of the food processing plant from which the sample was obtained. On June 2, 1979, AAEC, in emergency session, voted to permit the licensee to continue to operate but on a reduced schedule. On June 4, 1979, I reiterated our recommendation for immediate closing of the licensee's operation (Enclosure 2). AAEC has scheduled a formal hearing to begin June 16, 1979, to consider further action regarding the license issued to the American Atomics Corporation.

The State is conducting studies to further assess the conditions in and around the licensee's plant. Additional samples in the environs around the American Atomics Corporation plant are being collected. EPA is continuing to provide analytical assistance. NRC has responded to a request from AAEC to provide technical assistance to the State; two NRC inspectors from our Region V office will be in Tucson later this week.

We will continue to closely monitor developments in this case. NRC staff will be present at the AAEC hearing beginning June 16, 1979. NRC will review the State's actions in this matter before making any decisions about the adequacy of the State's program to protect the public health and safety and before making a final judgment request for a termination of the Agreement.

Sincerely,



Robert G. Ryan, Director  
Office of State Programs

Enclosures:  
As stated

cc: Hon. Bruce Babbitt  
William R. Willis  
Kenneth R. Geiser  
✓ NRC Public Document Room

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