



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

February 11, 2000

Mr. David R. Smith
Radiation Safety Officer
Shieldalloy Metallurgical Corporation
P.O. Box 768
Newfield, New Jersey 08344

SUBJECT: DENIAL OF DECOMMISSIONING FUNDING PLAN (TAC NO. L31270)

Dear Mr. Smith:

We have completed our technical review of Shieldalloy's Decommissioning Funding Plan. We have determined that the \$2,500,000.00 cost estimate may be lower than the actual cost to decommission the site, and is not acceptable.

The reasons for concluding that Shieldalloy's cost estimate may be low are:

1. The decommissioning cost estimate is based on a reference to decommissioning at the Shieldalloy facility in Cambridge, Ohio, and the use of a ratio/scaling factor to address waste volumes and building decontamination costs. The basis for the scaling factors need to be provided and be supportable;
2. Shieldalloy has not provided any characterization data to support the level of contamination; and
3. The cost estimate did not address the cost to decontaminate the site on a building by building basis, activity by activity, as recommended in draft Regulatory Guide 3.66, "Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning Under 10 CFR Parts 30, 40, 70, and 72". The estimate discusses Building D-111, and lumps all of the remaining buildings into the category "all other buildings" although the report indicates that the site contains 20 or more buildings that are designated as radiologically restricted areas.

The NRC staff believes that the cost estimate to decommission Shieldalloy's Newfield, New Jersey site (License No. SMB-743) should be revised to address these concerns. NRC acceptance of your substandard request would impact efforts to maintain effective and timely licensing reviews, because of the potential for multiple requests for additional information (RAIs) while you refine its analysis.

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Mr. David R. Smith

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You may resubmit the application after correcting the deficiencies identified above. You are advised to call and discuss this matter with the technical staff before resubmitting your revision in order to assure that the next application will be adequate.

If you have any questions regarding this matter, please contact Julie Olivier of my staff at (301) 415-7292 or by e-mail at jao@nrc.gov.

Sincerely,

Original signed by:

Theodore S. Sherr, Chief
Licensing and International
Safeguards Branch
Division of Fuel Cycle Safety
and Safeguards

Docket 40-7102
License SMB-743

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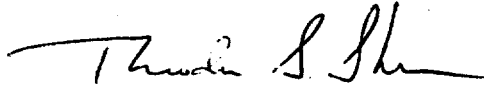
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Sincerely,

A handwritten signature in black ink, appearing to read "Theodore S. Sherr".

Theodore S. Sherr, Chief
Licensing and International
Safeguards Branch
Division of Fuel Cycle Safety
and Safeguards

Docket 40-7102
License SMB-743