



March 12, 2001

Pennsylvania Department of Environmental Protection
Rachel Carson State Office Building
P.O. Box 8469
Harrisburg, PA 17105-8469
Attn: Mr. Dave Allard, Director – Bureau of Radiation Protection

Dear Mr. Allard,

As requested during our meeting of February 13, 2001, we are writing to update you on the status of the silo waste at our Bloomsburg site.

We have retained the law firm of Morgan Lewis & Bockius to pursue our claim against IT Corporation for what we perceive to be their failure to satisfactorily complete the requirements of their remediation contract for the silos. Although we are unable to predict the timeline required for this action, we assure you that we are working as expeditiously as possible. Our goal is to insure that we expend no additional monies for the purpose of making the existing waste suitable for off-site storage. We expect to have a better understanding of the potential for the resolution of this matter within the next 4 to 6 weeks.

In the meantime, we remain convinced that the pursuit of a satisfactory settlement with IT is our best current course of action and use of our funds. We presently have a total of \$1,036,274 available for use in the clean-up of the site, including \$553,782 in our escrow account and an additional \$482,492 in our insurance settlement account. We think that it would be imprudent to consider beginning any other potential remediation at the site until the silo waste is successfully shipped off-site to a long term disposal facility.

Additionally, on another front, we are currently in settlement negotiations with Allendale Insurance and are hopeful that we will reach a satisfactory conclusion without having to take this matter to trial.

We will keep you updated of our progress in these matters.

Regards,


William E. Lynch Jr.
Vice President

Cc: Marie Miller, US NRC Region 1