



1800 Mulberry Street  
Scranton, Pennsylvania 18510  
570 969-8000

J-3

April 12, 2007

VIA FACSIMILE 610-337-5269

Richard McKinley  
United States Nuclear Regulatory Commission  
Attn: Licensing Assistance Team  
Region I-475 Allendale Road  
King of Prussia PA 19406

03003142

Re: Community Medical Center - Materials License No. 37-11507 <sup>11507</sup>-01

Dear Mr. McKinley:

As a follow up to the letter sent by our attorneys, Stevens & Lee, this letter is to notify you of the anticipated affiliation of Community Medical Center Healthcare System ("CMCHS") and Moses Taylor Healthcare System ("MTHS") which is expected to occur on or about May 31, 2007 (the "Effective Date"), and the creation of Northeast Pennsylvania Healthcare System ("NPHS") as the sole corporate member of certain MTHS affiliates and certain of CMCHS affiliates, including CMC.

No change in ownership or control of CMC, as described in 10 C.F.R. §30.34(b), will occur as a result of the affiliation or the creation of NPHS as the sole member of CMC, because the authority over CMC's respective licenses will not change.

In furtherance of our position that the affiliation does not result in a change of ownership or control of CMC, we have applied the requirements NUREG 1556, Volume 15, to the facts of this affiliation, as set forth below. It is anticipated that MTHS will notify your office in a separate correspondence.

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Page 2 of 3

**Community Medical Center - Materials License No. 37-115077**

Description of the Transaction

(a) Background Concerning CMC

CMC is a Pennsylvania nonprofit, nonstock corporation. CMC is located at 1822 Mulberry Street, Scranton, Pennsylvania, 18510. CMC operates a Pennsylvania-licensed acute care hospital and offers a wide variety of inpatient and outpatient health care services. CMC currently has a Materials License (No. 37-11507-01) issued by the United States Nuclear Regulatory Commission.

The Northeast Pennsylvania Healthcare System ("NPHS"), upon incorporation with the Pennsylvania Department of State as a nonprofit, nonstock corporation, will be the sole corporate member (or parent) of CMC.

(b) The Affiliation

The current governing boards of the CMC and CMCHS have determined that by entering into an affiliation and creating a regional integrated health care delivery system, they will preserve and enhance their charitable missions by, among other things, (1) improving the continuity and quality of health care services through greater availability of advanced services and clinical innovations, (2) ensuring the continued local availability of health care facilities and health care providers, and (3) increasing access to necessary health care services. In addition, the CMC and CMCHS believe that by entering into an affiliation, they will be able to achieve significant efficiencies and cost-savings by avoiding unnecessary duplication of services, consolidating and integrating services where appropriate, and offering an efficient integrated delivery system to third-party payors and health care consumers.

To effectuate the affiliation, MTHS and certain of its affiliates and CMCHS and certain of its affiliates, including CMC will cause the formation of a new nonprofit, nonstock Pennsylvania corporation, NPHS, and will each name NPHS as its sole corporate member. As the sole member of CMC, NPHS will exercise general control and supervision over CMC as part of a clinically, financially and administratively integrated health care system. The boards of directors of CMC and NPHS will be comprised of the same persons.

The Articles of Incorporation and Bylaws of CMC will be amended to cause NPHS to become its sole member and to effectuate other changes as described above. The Bylaws of CMC will provide for certain powers reserved for the sole member.

It is currently anticipated that CMC will retain its separate legal identity (including current name), will continue to operate its services and operations at the same location and will maintain all applicable licenses, registrations, permits and certifications related to such services, including its respective licenses issued by the Nuclear Regulatory Commission and the Pennsylvania Department of Environmental Protection. All contact information for CMC will also remain the same.

**Page 3 of 3****Community Medical Center - Materials License No. 37-115077****2. Changes of Personnel.**

The affiliation will not result in any change in management individuals listed on any of the licenses or any amendments thereto. The current Radiation Safety Officer of CMC will remain as the Radiation Safety Officer after the affiliation.

**3. Changes of Location, Equipment and Procedures.**

CMC currently does not have any plans to change location, facilities, equipment or procedures. As stated above CMC will retain its separate legal identity and name. There will be no changes in the place of use of the licensed materials, facilities in which the licensed materials will be used or stored, equipment to be used in the licensed programs, procedures for use and storage of the licensed materials, or personnel for CMC.

**4. Surveillance Records.**

The required surveillance programs of CMC are current and will be current as of the Effective Date. All required surveillance has been performed, documented and reviewed in compliance with all applicable statutes and regulations.

**5. Decommissioning and Related Records Transfers.**

Required records of CMC will remain at their current location. CMC will continue its current practices in maintaining such required records. Because CMC intends to continue to operate under its current license at the same location, CMC will continue to be responsible for the decontamination and decommissioning of its facilities in accordance with all applicable laws and regulations.

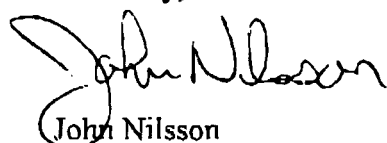
**6. Transferee's Commitment to Abide by the Transferor's Commitments**

CMC will continue as the licensee under its materials license and will continue to abide by all constraints, license conditions, requirements, representations and commitments identified in and attributed to its existing license.

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If you require any additional information regarding the affiliation or have any questions, please contact Jessica C. LaManna at 610-478-2233. Thank you.

Sincerely,



John Nilsson  
Interim President and CEO

cc: Harriet Franklin, Esquire  
Harold E. Anderson, President & Chief Executive Officer, MTHS

STEVENS & LEE  
LAWYERS & CONSULTANTS

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March 30, 2007

Michelle Beardsley  
United States Nuclear Regulatory Commission  
Attn: Licensing Assistance Team  
Region I-475 Allendale Road  
King of Prussia, PA 19406

RECEIVED  
REGION I

APR - 3 PM 12:30

03003142

37-11507-01

Re: Community Medical Center - Materials License No. ~~37-115077~~  
Community Medical Care, Inc. - Certificate of Radiation-Producing Machines SF ID  
377172; Registration ID 02-05414

Dear Ms. Beardsley:

We are writing on behalf of our clients, Community Medical Center, ("CMC") and Community Medical Care, Inc. ("CMCI"). This letter is to notify you of the anticipated affiliation of Community Medical Center Healthcare System ("CMCHS") and Moses Taylor Healthcare System ("MTHS") which is expected to occur on or about May 31, 2007 (the "Effective Date"), and the creation of Northeast Pennsylvania Healthcare System ("NPHS") as the sole corporate member of certain MTHS affiliates and certain of CMCHS affiliates, including CMC and CMCI.

No change in ownership or control of either CMC or CMCI, as described in 10 C.F.R. §30.34(b), will occur as a result of the affiliation or the creation of NPHS as the sole member of each of CMC and CMCI, because the authority over each of CMC and CMCI's respective licenses will not change.

In furtherance of our position that the affiliation does not result in a change of ownership or control for either of CMC or CMCI, we have applied the requirements NUREG 1556, Volume 15, to the facts of this affiliation, as set forth below. It is anticipated that MTHS will notify your office in a separate correspondence.

Philadelphia • Reading • Valley Forge • Lehigh Valley • Harrisburg • Lancaster • Scranton  
Williamsport • Wilkes-Barre • Princeton • Cherry Hill • New York • Wilmington

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LAWYERS & CONSULTANTS

Michelle Beardsley  
March 30, 2007  
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1. Description of the Transaction

(a) Background Concerning CMC and CMCI

CMC is a Pennsylvania nonprofit, nonstock corporation. CMC is located at 1822 Mulberry Street, Scranton, Pennsylvania, 18510. CMC operates a Pennsylvania-licensed acute care hospital and offers a wide variety of inpatient and outpatient health care services. CMC currently has a Materials License (No. 37-11507-01) issued by the United States Nuclear Regulatory Commission.

CMCI is located at 1822 Mulberry Street, Scranton, Pennsylvania, 18510 and owns and operates physician practices. CMCI currently has a Certificate of Radiation Producing Machines (SF ID 377172; Registration ID 02-5414) issued by the Pennsylvania Department of Environmental Protection.

The Northeast Pennsylvania Healthcare System ("NPHS"), upon incorporation with the Pennsylvania Department of State as a nonprofit, nonstock corporation, will be the sole corporate member (or parent) of each of CMC and CMCI.

(b) The Affiliation

The current governing boards of the CMC and CMCHS have determined that by entering into an affiliation and creating a regional integrated health care delivery system, they will preserve and enhance their charitable missions by, among other things, (1) improving the continuity and quality of health care services through greater availability of advanced services and clinical innovations, (2) ensuring the continued local availability of health care facilities and health care providers, and (3) increasing access to necessary health care services. In addition, the CMC and CMCHS believe that by entering into an affiliation, they will be able to achieve significant efficiencies and cost-savings by avoiding unnecessary duplication of services, consolidating and integrating services where appropriate, and offering an efficient integrated delivery system to third-party payors and health care consumers.

To effectuate the affiliation, MTHS and certain of its affiliates and CMCHS and certain of its affiliates, including CMC and CMCI will cause the formation of a new nonprofit, nonstock Pennsylvania corporation, NPHS, and will each name NPHS as its sole corporate member. As the sole member of each of CMC and CMCI, NPHS will exercise general control and supervision over CMC and CMCI as part of a clinically, financially and administratively integrated health care system. The boards of directors of CMC and NPHS will be comprised of the same persons and NPHS will have the power to appoint the board of directors of CMCI.

**STEVENS & LEE**  
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Michelle Beardsley

March 30, 2007

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The Articles of Incorporation and Bylaws of each of CMC and CMCI will be amended to cause NPHS to become their sole member and to effectuate other changes as described above. The Bylaws of each of CMC and CMCI will provide for certain powers reserved for the sole member.

It is currently anticipated that each of CMC and CMCI will retain their separate legal identities (including current names), will continue to operate their services and operations at the same locations and will maintain all applicable licenses, registrations, permits and certifications related to such services, including their respective licenses issued by the Nuclear Regulatory Commission and the Pennsylvania Department of Environmental Protection. All contact information for each of CMC and CMCI will also remain the same.

2. Changes of Personnel.

The affiliation will not result in any change in management individuals listed on any of the licenses or any amendments thereto. The current Radiation Safety Officers of CMC and CMCI will remain as the Radiation Safety Officers after the affiliation.

3. Changes of Location, Equipment and Procedures.

Neither CMC nor CMCI currently have any plans to change locations, facilities, equipment or procedures. As stated above, each of CMC and CMCI will retain its separate legal identity and name. There will be no changes in the place of use of the licensed materials, facilities in which the licensed materials will be used or stored, equipment to be used in the licensed programs, procedures for use and storage of the licensed materials, or personnel for CMC or CMCI.

4. Surveillance Records.

The required surveillance programs of CMC and CMCI are current and will be current as of the Effective Date. All required surveillance has been performed, documented and reviewed in compliance with all applicable statutes and regulations.

5. Decommissioning and Related Records Transfers.

Required records of CMC and CMCI will remain at their current locations. Each of CMC and CMCI will continue its current practices in maintaining such required records. Because each of CMC and CMCI intends to continue to operate under its current license at the same locations, each respective entity will continue to be responsible for the decontamination and decommissioning of its facilities in accordance with all applicable laws and regulations.

**STEVENS & LEE**  
LAWYERS & CONSULTANTS

Michelle Beardsley

March 30, 2007

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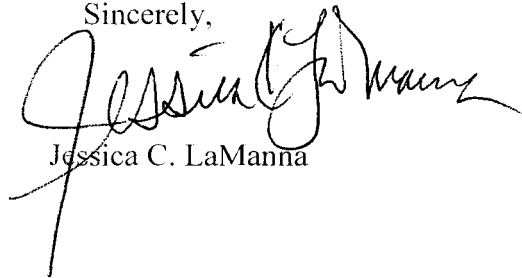
6. Transferee's Commitment to Abide by the Transferor's Commitments

CMC will continue as the licensee under its materials license and will continue to abide by all constraints, license conditions, requirements, representations and commitments identified in and attributed to its existing license. Further CMCI will continue as the licensee under its certificate of radiation-producing machines and will continue to abide by all constraints, license conditions, requirements, representations and commitments identified in and attributed to its existing license.

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If you require any additional information regarding the affiliation or have any questions please call me at 610-478-2233. Thank you.

Sincerely,



Jessica C. LaManna

cc: Ronald Hamm, Chief of Radioactive Materials Licensing, Pennsylvania Department of Environmental Protection  
Joanne Schmidt, Executive Director, CMCI  
Harriet Franklin, Esquire  
Harold E. Anderson, President & Chief Executive Officer, MTHS