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R. H. Smith, Director, Inspection
Division, AEC

February 6, 1950

J. C. Galtman, Inspection
Division, AEC

NUCLEAR ENGINEERING COMPANY, INC., WALNUT CREEK, CALIFORNIA -
COMPLAINT OF ILLEGAL AND UNFAIR PRACTICES IN DISPOSAL OF
RADIOACTIVE LIQUID WASTE

SYMBOL: L-300

On February 2, 1950 Mr. Terry Ruffin, General Manager, Nuclear Engineering Company, Inc., Walnut Creek, California,* advised Gene Blum by telephone that Isotopes Specialties Company, Redwood, California, was transporting low-level liquid waste from Atomic International, Orange Park, California, in bulk form, in 55-gallon drums and that the liquid was being disposed of by "dribbling" it into the ocean. Mr. Ruffin said that this method of transporting and disposing of the material is "illegal" and that officials of both IS and AI knew these methods were "illegal."

Mr. Ruffin stated to Mr. Blum that a contract had been let to IS by AI to dispose of large quantities of low-level liquid waste. Mr. Ruffin said that when NEE submitted its bid of 60¢ per gallon for disposing of this waste he was given to understand that it was the lowest bid but that IS received the contract at a 35¢ per gallon rate. Mr. Ruffin stated that he suspected collusion in the letting of the contract, although he had no evidence on which to base his suspicion and he therefore did not wish to pursue this point any further.

Mr. William Smith, Assistant Area Manager, Orange Park Area Office, advised Mr. R. H. Smith by telephone on February 3, 1950 that a contract had not been let for the disposal of liquid waste accumulated by AI but that at his office's insistence AI sent letters to four waste disposal services on January 29, 1950 seeking information regarding the services which could be offered.

(Continued)

* Hereinafter referred to as NEE

cc	"	"	"	"	IS
cc	"	"	"	"	AI

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Mr. Lane advised Mr. Hafft by telephone on February 3 of the information furnished by the Assistant Area Manager, at which time he (Hafft) stated he would like to discuss his firm's position regarding competing with IS for AI's business.

Mr. Hafft was interviewed by the writer on February 4, at which time he (Hafft) stated that his firm wished to file a verbal complaint.

Mr. Hafft stated that IS is presently retained by AI to dispose of liquid waste and that the waste is being transported in bulk in 55-gallon drums. He advised that he had submitted his firm's bid of 40¢ per gallon to Mr. L. E. Berryhill, Buyer, Purchasing Department, AI, by telephone and had been advised at the time that it was the lowest bid but that he had later heard that IS had been the successful bidder at 55¢ per gallon.

He stated that his firm's bid was based on transporting the material in a tank truck, for which a Bureau of Explosives' permit has been obtained and which is covered by their AEC license. He expressed the opinion that it is "illegal" for IS to transport the material in bulk in drums and had so advised a Mr. Robert Alexander and a Mr. Jarrett of AI's Health Physics Department.

Mr. Hafft stated that his firm's license requires compliance with ICC regulations in transporting active waste. Those regulations regarding liquid waste require an outer container which meets ICC standards with an inner container surrounded with sufficient absorbent material to completely absorb the amount of liquid in the inner container in the event of a leak, or a specially constructed tank truck approved by the Bureau of Explosives. He said that when the tank truck was used the radioactive level of this liquid waste would have to be reduced by dilution with water.

Mr. Hafft was apparently of the opinion that all AEC licensed waste disposal services were required as a part of their license to comply with ICC regulations.

He stated that his firm is placed in an untenable position in bidding against waste disposal services which transport liquid waste in the manner being used by IS since it is much cheaper to haul it in bulk in drums.

Mr. Hafft stated that a health physicist employed by IS had told Mr. J. E. Law, Jr., President, WEC, that the liquid waste which IS

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is transporting from AI is being disposed of by flushing it down the sewer. He expressed the opinion that this method of disposal by IS is "illegal."

He advised that his firm has received a letter from AI dated January 29, 1955 requesting a quotation for disposing of 6,000 gallons of liquid waste. The body of the letter, which was signed by L. E. Barryhill, Mayor, is quoted below.

"Please quote price per gallon for disposing of 6,000 gallons of liquid waste of 0.3 microcurie per cc mixed fission products. The material is located at the Santa Susana reactor site. It is in bulk storage tank."

"Please state whether you can accept the liquid in bulk and transfer to a tank truck or whether it must be contained in steel drums."

Mr. Huff stated that to reduce this material to the permissible level to haul it by tank truck it would have to be diluted with water on a 50 to 1 ratio.

Mr. Huff stated that his firm intends to submit a bid on removal by tank truck but that they will be bidding on an unequal basis with anyone bidding on removal in bulk in drums.

He stated that his firm desired that the information furnished by him be considered as a verbal complaint of "illegal" and unfair practices of IS and AI, resulting in NRC being placed in an unfavorable bidding position.

Mr. Huff stated that he felt that collusion was present in AI's award of business to IS. He stated that his opinion was based on the letting of the business to IS when AI officials knew that it was "illegal." He said that since he did not have any evidence of the suspected collusion his firm did not wish to file a complaint on this point.

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