

ATTACHMENT B

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David Cesar, Vice President
Advanced Medical Systems, Inc.
121 North Eagle Street
Geneva, Ohio 44041

Dear Mr. Cesar:

We have reviewed your letter dated October 20, 1995 with its accompanying "Conceptual Decommissioning Plan" (Plan). The letter and Plan were submitted in response to our August 17, 1995, deficiency letter.

The purpose of this letter is to summarize our review of your response. We will address: (1) the requirement for decommissioning financial assurance, (2) our August 17 letter and your response, and (3) the AMS Plan - SAFSTOR vs. DECON.

As you are aware, decommissioning financial assurance for the possession of byproduct material is required pursuant to 10 CFR Part 30, Section 35. This regulation requires certain licensees to submit a decommissioning funding plan (DFP), which includes a cost estimate and a financial assurance instrument, to cover the costs of future decommissioning in the event that decommissioning is required at the present time. In other words, the cost estimate and financial assurance instrument must cover the decommissioning costs if decommissioning began today, as opposed to a projected decommissioning date in the future. The amount of financial assurance required is based upon the quantity of material authorized on a license.

Our August 17 letter primarily discussed two issues which pertain to the cost estimate AMS submitted in support of decommissioning financial assurance. To summarize, the issues are: (1) NRC's request that AMS revise its facility characterization to include an assessment of the radiological conditions of the soil under the basement and WHUT room floors, and (2) incorporation of the current disposal costs at Barnwell into AMS' DFP. In your October 20 letter, you did not address issue (1). As stated in our letter, we are not confident that the three core samples taken through the basement slab prior to the flood are representative of the current radiological conditions of the soil under the basement and WHUT room floors. The presence of radioactivity under the floor would presumably increase the quantity of licensed material and therefore, increase the cost estimate for decommissioning financial assurance. Enclosed is a copy of our August 17 letter. Please submit an evaluation of the radiological conditions of the soil under the basement and WHUT room floors, or justify why the three core samples should be considered representative of the current radiological conditions.

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Contained within your Plan is a description of two methods for decommissioning the AMS facility - SAFSTOR and DECON, and the associated costs required for each method (910,000 dollars for the SAFSTOR option, and approximately 3.3 million dollars for the DECON option). After comparing and contrasting these two options, AMS proposes to establish approximately 910,000 dollars financial assurance based on a SAFSTOR approach using a 50 year storage period. The deferment of decommissioning through implementation of SAFSTOR is only applicable to power reactors. The Statement of Considerations for the 1988 decommissioning rulemaking (53 FR 24018) states, "The intent of the rule is to provide the necessary guidelines with regard to use of decommissioning alternatives in a manner which protects the public health and safety." In the 1988 rulemaking, provisions for deferring dismantlement are applicable only to power reactors where up to a 60 year period is specifically allowed. Deferred decommissioning for materials licensees and non-power reactors is not specifically allowed.

The supporting analyses in the "Generic Environmental Impact Statement on Decommissioning Nuclear Facilities" (GEIS), NUREG-0586, indicates that there may be cases for materials licensees where deferred decommissioning may be the most protective of public health and safety. In Chapter 14 of the GEIS, it is stated that deferred dismantlement could be a preferred option for source manufacturers which use short-lived nuclides that decay within a few weeks or months. However, longer SAFSTOR periods are not discussed as being suitable. In comparison to the utilities, the financial stability of many materials licensees is uncertain. Therefore, by providing decommissioning financial assurance below a level that would fund complete remediation of the facility at any time during the SAFSTOR period, the public taxpayer would be forced to accept a decommissioning obligation that substantially exceeds the proposed level of funding.

As presented in your plan, SAFSTOR is equivalent to decay-in-storage. Current NRC policy limits authorization for decay-in-storage to radionuclides with half-lives no greater than 120 days. NRC considers storage of radioactive waste with half-lives greater than 120 days as extended interim storage. Extended interim storage requires specific authorization. Furthermore, NRC policy states that extended interim storage of low level waste should not be a substitute for disposal to a licensed waste facility if access is available.

Therefore, unless a materials licensee does not have access to a disposal facility, all radioactive waste with half-lives exceeding 120 days should be shipped off-site. As stated in our October 31, 1995, letter regarding your application for renewal, we feel strongly that AMS should take the opportunity to ship its radioactive waste to Barnwell.

Table 3 to your Conceptual Decommissioning Plan entitled "Manpower and Cost Estimates" lacks the specificity the NRC needs to verify your cost estimate. A cost estimating table that organizes and provides an acceptable format to

D. Cesar

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the NRC for determining decommissioning cost components and activities is illustrated in Appendix F to Regulatory Guide 3.66 (enclosed). It provides an extensive checklist of decommissioning activities that must be included in a decommissioning cost estimate. Resubmit your cost estimating table using the format provided in Appendix F.

We will continue our review of your application upon receipt of the information requested in this letter. Please reply in duplicate, within 30 days, and refer to Control Number 98507.

If you have any questions or require clarification on any of the information stated above, you may contact us at (708) 829-9887.

Sincerely,

Original Signed By
John R. Madera, Chief
Nuclear Materials Licensing Branch

License No. 34-19089-01
Docket No. 030-16055

Enclosures: As stated

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