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**STATE OF TENNESSEE**  
**DEPARTMENT OF ENVIRONMENT AND CONSERVATION**  
**Division of Radiological Health**  
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January 21, 2000

Paul Lohaus, Director  
U. S. Nuclear Regulatory Commission  
Office of State Programs (03H20)  
One White Flint North  
11555 Rockville Pike, 3rd Floor  
Rockville, MD 20852

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OSP

Dear Mr. Lohaus:

This is in response to your letter of January 7, 2000, conveying an NRC staff report on the NRC's review of information requested from the State of Tennessee pertaining to a licensing action taken by the State. This licensing action was the authorization of Manufacturing Sciences Corporation (MSC) to process, for decontamination and subsequent release for unrestricted use, nickel metal proposed for recycling from a DOE facility. Your letter requested that we review the report and provide a response within two weeks.

We are pleased to note that the NRC has concluded that the information already presented was sufficient to demonstrate the absence of any health and safety issue warranting action by Tennessee to amend or modify the existing license authorization. Notwithstanding that fact, the report concluded that the NRC was in need of further clarification or information regarding this licensing action. Toward that end, the report identified a number of options to obtain the additional information. The options recommended as being most preferable were those

- providing for opportunity for the review team to meet with Tennessee staff as well as MSC staff,
- offering the greatest access to the information (including proprietary information), and
- occurring on a timely basis that would bring a conclusion prior to any unrestricted release of nickel by MSC.

Also, the report indicated a preference and your letter conveyed a decision on the part of the NRC to include the review of this licensing action as part of the Technical Quality of Licensing Program indicator to be addressed during the next Integrated Materials Performance Evaluation Program (IMPEP) review of the Tennessee Agreement State program.

1/24/00 Reid Jap

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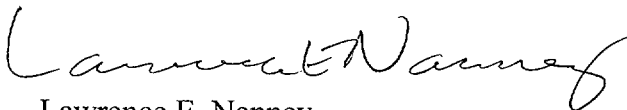
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Since your letter was received, the Department of Energy has announced a new DOE national policy and the corollary modification of the contract with MSC's parent company which would block the release into commerce of the subject nickel metal, pending future actions to be taken by the NRC and the DOE.

The above facts and circumstances make a strong case for the desirability of Option E - "The IMPEP review for TN could remain as scheduled for August 2000 with a special review of the MSC license file incorporated into that review." This option will allow for the accomplishment of all of the NRC goals and preferences, with an absolute minimum of disruption of current plans (for both the NRC and the State) and impacts on NRC travel costs.

We will very much appreciate your consideration of our position on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Lawrence E. Nanney".

Lawrence E. Nanney  
Acting Director  
Division of Radiological Health