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December 16, 2004

Mr. Steven A. Toelle
Director, Nuclear Regulatory Affairs
USEC Inc.
6903 Rockledge Drive
Bethesda, MD 20817-1818

SUBJECT: USEC INC. - AMENDMENT - APPROVAL OF MATERIALS LICENSE
SNM-7003 - LICENSE AMENDMENT REQUEST (TAC NO. L32311)

Dear Mr. Toelle:

In accordance with your amendment request dated November 19, 2004, and pursuant to Part 70 to Title 10 of the *Code of Federal Regulations*, Materials License SNM -7003 (license) for the American Centrifuge Lead Cascade Facility (Lead Cascade) is hereby amended to include the proposed revisions to the license. Accordingly, Condition #14 of the license has been revised to remove language that ties the expiration of the license for the Lead Cascade to the temporary lease of facilities by United States Enrichment Corporation from the U.S. Department of Energy in Piketon, Ohio.

All other conditions of this license shall remain the same.

An environmental assessment for this action is not required, since this action is categorically excluded under 10 CFR 51.22 (c) (11).

Enclosed are copies of the revised Materials License SNM-7003 and the Safety Evaluation Report, which includes the Categorical Exclusion.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the

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Sincerely,

/RA/

Joseph G. Giitter, Chief
Special Projects and Inspection Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket: 70-7003
License: SNM-7003
Amendment: 1

Enclosures: 1. Materials License SNM-7003
2. Safety Evaluation Report

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DOCKET: 70-7003

LICENSEE: USEC Inc., Bethesda, MD

SUBJECT: SAFETY EVALUATION REPORT: AMENDMENT APPROVAL OF
MATERIALS LICENSE SNM-7003 LICENSE AMENDMENT REQUEST (TAC
NO. L32311)

BACKGROUND

By letter dated November 19, 2004, USEC Inc. submitted to the U.S. Nuclear Regulatory Commission (NRC) a request for revisions to Condition #14 of Materials License SNM-7003 for the American Centrifuge Lead Cascade Facility (Lead Cascade). The revisions to Condition #14 proposed by USEC Inc. remove language that ties the expiration of the license for the Lead Cascade to the temporary lease of facilities by United States Enrichment Corporation from the U.S. Department of Energy (DOE) in Piketon, Ohio. The proposed changes to this condition are required to support the licensee's permanent lease of facilities from DOE for the American Centrifuge Program.

DISCUSSION

On November 19, 2004, USEC Inc. submitted a request to amend Condition #14 of their existing Materials License, SNM-7003, for the Lead Cascade. Condition #14 currently states the following: "This license will expire on the earlier of February 24, 2009, or the date on which the February 17, 2004, Agreement between the U.S. Department of Energy and the United States Enrichment Corporation Concerning the Temporary Lease of Certain Facilities in Support of the American Centrifuge Program, expires, terminates, or is otherwise revoked or relinquished."

Due to the wording of this condition, the Materials License for the Lead Cascade would expire upon approval of a permanent lease between DOE and United States Enrichment Corporation for the American Centrifuge Program. The permanent lease is currently being negotiated between the two parties. Therefore, the licensee has proposed the following language for Condition #14: "This license will expire on the earlier of February 24, 2009, or the date on which the Agreement between the U.S. Department of Energy and the United States Enrichment Corporation for the Lease of Facilities used for the American Centrifuge Lead Cascade Facility (including any modification, extension, or replacement of the Lease) expires, terminates, or is otherwise revoked or relinquished."

The proposed revision will allow the applicant to transition to a permanent lease for the

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American Centrifuge Program, while retaining the current Materials License for the Lead Cascade, and it does not extend the license expiration date beyond February 24, 2009.

The proposed revision does not change the items relied on for safety or the Integrated Safety Analysis (ISA) Summary. Therefore, the change does not increase the probability of occurrence or consequences of any previously evaluated accidents, nor provide new or different types of accident scenarios as contained within the ISA Summary for the Lead Cascade Facility. The revision does not have an impact on the chemical process, fire, or radiological safety of the facility.

ENVIRONMENTAL REVIEW

NRC approval of the revisions to Materials License SNM-7003 are considered administrative in nature. Accordingly, staff has determined that the criteria in 10 CFR 51.22(c)(11) for categorically excluding an action from an environmental review have been met, and neither an environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

Based on the above discussion, the staff recommends that the revisions to Materials License SNM-7003 be approved.

The Region II inspection staff has no objection to this amendment.

PRINCIPAL CONTRIBUTORS

Christopher Sydnor
Yawar Faraz

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