

August 22, 2005

MEMORANDUM TO: James W. Clifford, Acting Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief **/RA/**
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Yawar H. Faraz **/RA/**
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: AUGUST 8, 2005, CLOSED MEETING SUMMARY: USEC, INC.,
NAC INTERNATIONAL AND THE DEPARTMENT OF ENERGY ON
THE REPORTING OF PROPRIETARY INFORMATION TO THE
NUCLEAR MATERIALS MANAGEMENT AND SAFEGUARDS
SYSTEM (NMMSS) AND POSSIBLE IMPACTS OF INTERNATIONAL
AGREEMENTS

On August 8, 2005, staff from the Office of Nuclear Security and Incident Response and the Division of Fuel Cycle Safety and Safeguards met with USEC Inc. (USEC), NAC International (NAC), and the Department of Energy (DOE), in a closed meeting, to discuss USEC's planned gas centrifuge Lead Cascade Facility nuclear material reporting activities. USEC is required to report nuclear material transactions and periodic inventories to the Nuclear Materials Management and Safeguards System (NMMSS), which NAC operates for NRC and DOE. The potential for reporting to the International Atomic Energy Agency (IAEA) was also discussed. In addition, NMMSS and IAEA reporting needs for the proposed American Centrifuge Plant were also discussed. I am attaching the meeting summary (Attachment 1) for your use. This summary contains no proprietary or classified information. I am also attaching the attendee list (Attachment 2) and the agenda (Attachment 3).

Dockets: 70-7003, 70-7004

Attachments: 1. NRC/NAC/DOE/USEC Inc. Meeting Summary
2. Attendee list
3. Agenda

cc:

William Szymanski/DOE	Michael Marriotte/NIRS	Dan Minter/SODI
Carol O'Claire/Ohio EMA	James Curtiss/W&S	Randall DeVault/DOE
Rod Krich/LES	Peter Miner/USEC Inc.	Rocky Brown/Mayor of Beaver
Gary Hager/SPFPA/USEC	Billy Spencer/Mayor of Piketon	Teddy West/Scioto Twp. Trustee
Harry Rioer/Pike Co. Comm	Marvin Jones/Chillicothe CoC	Donald Silverman/Morgan Lewis
Robert Huff/Portsmouth CoC	Roger Suppes/Ohio DoH	Patricia Marida/Ohio Sierra Club
Mary Glasgow/Cong.Portman	Ted Wheeler/Pike County Aud.	Larry Scaggs/Seal Twp.Trustee
Vina Colley/PRESS	Jim Brushart/Pike Co. Comm.	Lindsay Lovejoy/NIRS
Kara Willis/Gov. Taft's Reg.	7 Geoffrey Sea	

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USEC Website: Memo and attachment

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OFFICIAL RECORD COPY

NRC/NAC/DOE/USEC Inc.

Date: August 8, 2005

Place: USEC Inc. Offices; Bethesda, Maryland

Attendees: See Attachment 2

Agenda: See Attachment 3

Purpose:

The purpose of this meeting was to discuss the present NRC reporting requirements as detailed in 10 CFR Part 74 and as implemented by NUREG BR/0006 and 0007 and possible methodologies USEC Inc. (USEC) staff might use to report information to the Nuclear Materials Management and Safeguards System (NMMSS) for activities associated with USEC's American Centrifuge Lead Cascade Facility (Lead Cascade) being built in Piketon, Ohio. Additionally, reporting impacts associated with potential selection as a facility that has to report pursuant to international treaty requirements were discussed.

Discussion:

During the meeting, USEC technical staff explained the anticipated operating conditions for the Lead Cascade (a test facility anticipated to begin operating during the first half of 2006), its interaction with other reporting entities at the site, and possible impacts of present reporting requirements. NRC staff explained that it had directed NAC International (NAC) staff who operate NMMSS, to process examples of USEC gaseous diffusion plant submittals through the new reporting identification symbol (RIS) assigned to the Lead Cascade. Previously, NAC staff had supplied NRC staff with a report of the test results for possible transaction and inventory submittals. Based on that information, NRC staff was able to discuss technical aspects of reporting such as material types, composition codes, back reference numbers and other information that USEC technical staff should review prior to Lead Cascade reporting. NAC staff provided additional information regarding the current processing parameters in the database and the scope of anticipated changes to accommodate Lead Cascade reporting.

NRC staff identified that the Lead Cascade had been placed on the U.S. Eligible Facilities List. However, at the time of the meeting, the International Atomic Energy Agency (IAEA) had not selected the facility and the NRC staff could not project when, or if, the IAEA would select the facility. The NRC staff added that it was very likely that the IAEA would select the American Centrifuge Plant (ACP) proposed to be built and operated by USEC in Piketon, Ohio. The NRC staff also discussed historical procedures for enrichment plants reporting to the IAEA and possible impacts of reporting pursuant to international safeguards requirements. The NRC staff indicated that the IAEA generally requires that an enrichment plant be split into at least two material balance areas (MBAs) – a shipping/receiving/storage MBA and a process MBA (where each MBA would have a different RIS code). The Lead Cascade, because of its size and limited

operations, if selected, would need to be a single MBA. Because the Lead Cascade operations will be substantially different from those of the proposed ACP, the NRC staff stated that for IAEA safeguards purposes, it would need to be maintained as an MBA separate from those of the ACP. Generic changes required for international reporting requirements (i.e., inventory change type codes, use of batch names, and composition code changes) were identified.

Action Items

NRC to direct the NMMSS operator to revise the NMMSS data base by October 31, 2005, to accept the Lead Cascade data as discussed during the August 8th meeting.