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Gentlemen:

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NAC International provides the following comments related to NRC's proposed rule making on the National Source Tracking System (RIN 3150-AH48).

On July 28, 2005 the NRC published proposed rule (RIN 3150-AH48), "National Source Tracking of Sealed Sources", in the Federal Register Vol. 70 No. 144. The purpose of the rule is to amend 10 CFR Parts 20, 32 and 150 to require licensees to report transaction and inventory information on certain sealed sources. The proposed rule and supplementary information provides a description of the NRC's plans to implement a new National Source Tracking System and requests public comments in order to assess potential issues related to its implementation.

One key item briefly discussed in the proposed rule (Item II, L. page 43651-52) is the dual reporting potential to the Nuclear Materials Management and Safeguards System (NMMSS) and the National Source Tracking System. Despite some similarities in scope, the NRC has concluded that these two systems should be separate since the National Source Tracking System is envisioned to be a web-based unclassified system, mostly tracking different materials and items than currently tracked under NMMSS.

NAC believes that the National Source Tracking System can be operated as a separate and independent system with the NRC's envisioned capabilities under the current NMMSS infrastructure. Combining these two national nuclear material accounting systems will allow the use of common resources, sharing available nuclear expertise and providing significant operational benefits. These savings would reduce the cost of implementing the National Source Tracking System to less than half the NRC-projected costs and would also improve the quality of the information by eliminating issues related to double reporting, duplication of data, report contradictions, and other inefficiencies of having two related systems operating independently.

Two systems under one operator

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Operating the National Source Tracking System and the NMMSS together will result in the following key benefits:

1. **Significantly Lower Costs** - The NMMSS program is currently operating under DOE and NRC sponsorship. As such, most costs associated with infrastructure, security, administration, project management and other related expenses to operate the National Source Tracking System would already be paid by the government under the existing system. The cost of operating the National Source Tracking System would only represent a marginal cost to the NMMSS contract, mostly related to minimal operational staff augmentation. In fact, the NMMSS operator estimates that the cost of operating the National Source Tracking System through 2016 under the NMMSS contract would be less than half of the NRC projected cost of \$21.8 million.

2. **Improved Quality of the Information** - There are many attributes that ensure the quality of information tracked in a nuclear materials accounting system. These include expertise of the system operating staff and a customer service infrastructure with a track record in resolving nuclear material accounting issues. These key attributes are already part of the NMMSS infrastructure. Many licensees that would be required to report to the National Source Tracking System per the proposed rule have minimal experience in reporting and reconciling nuclear material accounting data. These licensees will require special assistance and attention from experienced nuclear material customer service personnel like the NMMSS staff in order to resolve numerous material accounting issues. This is the same expertise the NRC relied on to perform the one-time reconciliation of special nuclear materials and other DOE-owned materials held by licensees responding to NRC Bulletin 2003-04.

Operating the National Source Tracking System under the current NMMSS infrastructure will also allow for better data corroboration between systems. It is important to add that the DOE is already considering the transfer of the operation of their sealed source tracking database to NMMSS in 2005. Having the National Source Tracking System operated by the NMMSS staff would mean that all the nuclear materials tracking information would be available in one place and could be compared for consistency on an ongoing basis. This would allow for easier identification and resolution of conflicting data and would ultimately result in better data quality. This is particularly important since about 40% of the isotopes planned to be tracked by the National Source Tracking System are already being tracked by NMMSS.

3. **Less Burden on Licensees** - The reporting burden on licensees would be reduced by having an experienced staff that can assist with all their reporting needs as well as having a single place for all reporting or information needs of nuclear materials data. Licensees would only need one address, one phone number and one point of contact to get

assistance with their nuclear materials accounting requests or issues regardless of the material type (sealed source as reported to the National Source Tracking System or bulk materials including some sealed sources as reported to NMMSS). Furthermore, this would help avoid issues associated with the duplication of data and avoid contradictions with information collected or provided by the two systems.

Based on the benefits listed above, it is evident that the National Source Tracking System should be operated under the NMMSS infrastructure as a separate system. This would meet the NRC requirements of an unclassified web-based nuclear source tracking system. This would result in major cost savings by operating the system for less than half of NRC's currently projected cost while achieving significant operational benefits. The availability of personnel with expertise in the day-to-day functions of nuclear material tracking, customer service, licensee assistance and problem resolution should be considered as potential valuable resources to the National Source Tracking System. Furthermore, there are inherent advantages of having related systems operating under a single infrastructure in order to minimize impact on all licensee and government agencies submitting or gathering data. Finally, having the National Source Tracking System under the NMMSS infrastructure will result in higher operational efficiencies, fewer data reporting issues, less duplication of data, better data quality, data consistency and better accessibility - all key attributes needed to support prompt government decisions in a post-9/11 environment.

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