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16 May 1969

DOCKET NO. 70-36 70-870

Refer to: FC-69-112

Regulatory File Cy.

Mr. Ralph G. Page
Assistant Director of Licensing & Regulations
Nuclear Materials Safeguards
U. S. Atomic Energy Commission
Bethesda, Maryland

Subject: Safeguards Amendments to Licenses #SNM-33 and SNM-777

Dear Mr. Page:

As discussed in our conversation of Wednesday, 14 May, UNC's comments and the proposed resolutions regarding the subject License Amendments are as follows:

1. Material Balance Areas (MBA)

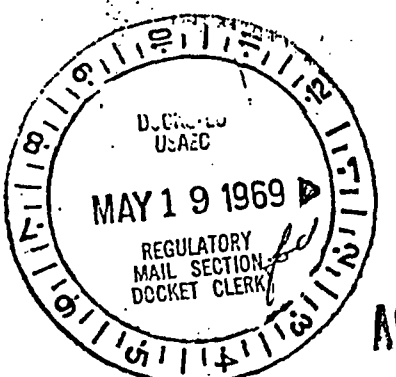
   Comment - UNC was concerned about the number of MBA's required per plant, and strongly favored a single MBA per facility.

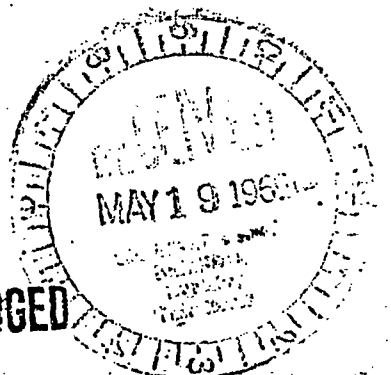
   Resolution - The number of MBA's would be determined at a later date based primarily on UNC's ability to localize "excessive" losses. A minimum of two (2) MBA's at Hematite was discussed to delimit high and low enriched material.

2. U-235 Content/Limits of Error

   Comment - The pragmatic definitions and enforcement of U-235 content and limits of error were questioned. Deep concern was expressed as to how these would be developed and implemented.

   Resolution - The amendment was specifically written in general terms to allow subsequent resolution of these items via joint discussion and review. AEC personnel will visit UNC facilities to discuss the details of these problems. Literal enforcement would follow after a reasonable period of time elapsed to allow proper implementation.





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3. Shipper/Receiver Differences

Comment - The applicability of "$500 Value" for intra-company scrap shipments was felt to be an excessive restriction.

Resolution - The emphasis will be placed on statistical significance and only in those cases is the $500 value applicable.

4. Book Inventory Adjustment

Comment - The extension of this requirement to accounting and fiscal commitments was considered a potential problem.

Resolution - The requirement for reconciliation with physical inventory is a Safeguards/Accountability requirement and should not interfere with historical policies of fiscal adjustment by job closeout.

Similar comments were received from other licensees who, after subsequent review on their internal procedures, did not consider this to be a problem.

Other minor comments were presented and promptly resolved.

We basically concluded that the License Amendments, as written, are broad enough in their scope and objectives to permit flexibility for individual situations. These resolutions would be jointly accomplished so as to achieve the overall goals of "Safeguards".

Based on the above, UNC agrees with the License Amendments as proposed. Your time, cooperation and patience in this matter is most appreciated.

Very truly yours,
UNITED NUCLEAR CORPORATION
COMMERCIAL PRODUCTS DIVISION

Robert I. Hanfling

Robert I. Hanfling, Manager
Finance & Control

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