JUL 28 1989

Docket No. 70-36
License No. SNM-33
Amendment No. 13

Combustion Engineering, Inc.
ATTN: Mr. J. A. Rode, Plant Manager
Hematite Fuel Manufacturing
1000 Prospect Hill Road
Windsor, CT 06095-0500

Gentlemen:

In accordance with the amendment application dated March 22, 1989, and pursuant to Title 10, Code of Federal Regulations, Part 70, Materials License No. SNM-33 is hereby amended to authorize the startup and testing of the new pellet production lines with depleted uranium and storage of licensed material in Building 256-2. Accordingly, Condition 9 is revised to include the date of March 22, 1989.

All other conditions of the license shall remain the same.

Revised License No. SNM-33 incorporating Amendment No. 13 and our Safety Evaluation Report are enclosed.

This amendment is issued following preparation of an Environmental Assessment related to the proposed action. Based on this assessment, a Finding of No Significant Impact has been prepared and approved pursuant to 10 CFR Part 51. Copies of this Finding, which was published in the Federal Register on May 24, 1989, and the supporting Environmental Assessment were forwarded to you on May 18, 1989.

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Mr. J. A. Rode - 2 -

Please note that this amendment only authorizes the startup and testing phase with depleted uranium. Your amendment application dated May 1, 1989, requesting authorization for full scale production with enriched uranium has not been approved and is under consideration by NRC staff.

FOR THE NUCLEAR REGULATORY COMMISSION
Original Signed By:
Leland C. Rouse, Chief
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety, NMSS

Enclosures:
1. Revised License No. SNM-33
2. Safety Evaluation Report

cc w/ encls:
Mr. A. E. Scherer, Director
Nuclear Licensing

Mr. C. B. Brinkman, Manager
Washington Nuclear Operations

Dr. P. L. McGill, Vice President
Nuclear Fuel

Mr. H. E. Eskridge, Supervisor
Licensing, Safety and Accountability

Distribution w/encl.

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DOCKET NO: 70-36

LICENSEE: Combustion Engineering, Inc. (CE)
Hematite, Missouri

SUBJECT: SAFETY EVALUATION REPORT, AMENDMENT APPLICATION DATED MARCH 22, 1989, RE: STARTUP AND TEST OF NEW PELLET PRODUCTION LINES AND USE OF ADDITIONAL WAREHOUSE SPACE

Background

On September 30, 1988, CE informed the NRC of the intent to construct additional manufacturing space at the Hematite facility. This new manufacturing space is a large extension that joins together two existing facilities, the pellet plant (Building 255) and the recycle area (Building 240). A major portion of the new manufacturing space will be dedicated to the use of two new pellet production lines. The remainder of the building is to be used for additional utilities, offices, and material storage. In addition to the construction of this manufacturing space, the September 30, 1988, letter included a discussion of the expansion of the shipping, receiving, and storage areas. By letter dated October 31, 1988, NRC expressed no objection to CE initiating construction of the additional space provided that soil survey results were submitted for NRC review prior to constructing any flooring. CE submitted those results on December 20, 1988, and on January 24, 1989, Oak Ridge Associated Universities conducted an independent confirmatory survey. Accordingly, on February 24, 1989, CE was informed that there was no objection to the construction of the flooring for the pelletizing and warehouse areas. CE has since completed this construction and is presently installing the pellet production lines. In the subject application, CE requests authorization to startup and test the new pellet production lines with depleted uranium and to use the additional warehouse space for storage of licensed material.

Discussion

The new pellet production lines are housed in Building 254 and consist of blending, pressing, sintering, grinding, and packaging operations. At this time, the licensee requests authorization to startup and test these lines with depleted uranium. This testing phase will allow CE the opportunity to make any necessary adjustments and resolve any mechanical problems with the new process. By using depleted uranium, no controls are necessary for nuclear criticality safety. Similar activities have been conducted in existing facilities, and the radiation safety controls from the license have been extended to Building 254 and are adequate.

Bulding 256-2, an extension of the current warehouse Building 256-1, will be utilized to store licensed material. The activities that will be authorized have been conducted in existing facilities. Therefore, radiation safety and nuclear criticality safety controls from the license will be extended to Building 256-2 and are adequate.

NRC staff prepared an Environmental Assessment for the proposed activities at CE. Based on that assessment, a Finding of No Significant Impact was made pursuant to 10 CFR Part 51. The Finding was published in the Federal Register on May 24, 1989.

Conclusion/Recommendation

This licensing action authorizes the startup and testing phase only with depleted uranium. CE's application dated May 1, 1989, which requested authorization for full production with enriched uranium, has not been approved by the Commission.

The staff concludes that the proposed activities will have no adverse effect on the public health and safety or the environment. Approval of the amendment application is recommended.

The Region III Principal Inspector has no objection to this proposed action.

Original Signed By:
George Bidinger for
David A. McCaughey
Uranium Fuel Section
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety, NMSS

Original Signed By:
Approved by: _____
George H. Bidinger, Section Leader

OFC: IMUF:	IMUF:	IMUF:
NAME: DAMcCaughey:mh:	VLTharpe:	GHBidinger:
DATE: 8/16/89	8/16/89	8/16/89

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