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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 17, 1995

Mr. Robert W. Sharkey, Manager
Regulatory Compliance
Hematite Nuclear Fuel Manufacturing
Combustion Engineering, Inc.
3300 State Road P
Hematite, MO 63047

SUBJECT: REVISED FUNDAMENTAL NUCLEAR MATERIAL CONTROL PLAN (TAC NO. L30744)

Dear Mr. Sharkey:

In accordance with your revised application dated April 28, 1995, and pursuant to Part 70 to Title 10 of the Code of Federal Regulations, Materials License SNM-33 is hereby amended to incorporate your revised Fundamental Nuclear Material Control (FNMC) Plan. Accordingly, Safeguards Condition SG-1.1 is revised, effective immediately, to read as follows:

SG-1.1 The licensee shall follow Sections 1.0 through 9.0 of its Fundamental Nuclear Material Control Plan dated April 28, 1995. Any revisions to this Plan shall be made only in accordance with the provisions of either 10 CFR 70.32(c) or 70.34.

The Plan changes dated December 23, 1994, and April 28, 1995, were made pursuant to 10 CFR 70.34. Additionally, it should be noted that we concur with your determination that the enclosures to your December 23, 1994, and April 28, 1995, letters contain information of the type specified in 10 CFR 2.790(d) which is deemed to be commercial or financial within the meaning of 10 CFR 9.17(a)(4). Accordingly, said enclosures shall be withheld from public disclosure unless subject to the provisions of 10 CFR 9.23.

All other conditions of this license remain the same.

cc-4 ✓

MAY 19 1995

Mr. Robert W. Sharkey

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Enclosed are copies of revised Materials License SNM-33 and the Safeguards Evaluation Report, which contains the Categorical Exclusion determination.

Sincerely,

Original signed by:

Robert C. Pierson, Chief
Licensing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket 70-36
License SNM-33
Amendment 6

- Enclosures: 1. Materials License SNM-33
- 2. Safeguards Evaluation Report

cc w/encls: Mr. M. A. Michelsen
Licensing Engineer
Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, CT 06095-0500

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Docket 70-36
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Mr. Robert W. Sharkey

2

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Sincerely,



Robert C. Pierson, Chief
Licensing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

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MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 39, 40 and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee		
<p>1. Combustion Engineering, Inc.</p> <p>2. 3300 State Road P Hematite, Missouri 63047</p>	<p>3. License number SNM-33 Amendment 6</p> <p>4. Expiration date July 31, 2004</p> <p>5. Docket or Reference No. 70-36</p>	
<p>6. Byproduct, source, and/or special nuclear material</p> <p>A. Uranium enriched to maximum 5.0 weight percent in the U-235 isotope</p> <p>B. Uranium, enriched to any enrichment in the U-235 isotope</p> <p>C. Source material (uranium and thorium)</p> <p>D. Cobalt-60</p> <p>E. Cesium-137</p> <p>F. Mixed activation and fission product calibration sources including Am-241</p> <p>G. Californium-252</p>	<p>7. Chemical and/or physical form</p> <p>A. Any (excluding metal powders)</p> <p>B. Any (excluding metal powders)</p> <p>C. Any (excluding metal powders)</p> <p>D. Sealed sources</p> <p>E. Sealed sources</p> <p>F. Solid sources</p> <p>G. Sealed sources</p>	<p>8. Maximum amount that licensee may possess at any one time under this license</p> <p>A. 12,000 kilograms U-235</p> <p>B. 350 grams U-235</p> <p>C. 50,000 kilograms</p> <p>D. 40 millicuries,</p> <p>E. 500 millicuries</p> <p>F. 200 microcuries</p> <p>G. 4 milligrams</p>
<p>9. Authorized place of use: The licensee's existing facilities in Hematite, Missouri, as described in the license renewal application.</p>		

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

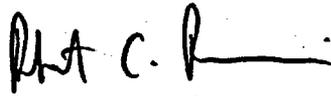
License Number	SNM-33, AMENDMENT 6
Docket or Reference Number	70-36

10. The license shall be deemed to contain two sections: Safety Conditions and Safeguards Conditions. These sections are part of the license, and the licensee is subject to compliance with all listed conditions in each section.



FOR THE NUCLEAR REGULATORY COMMISSION

Date: 17 MAY 1995

By: 
Robert C. Pierson
Division of Fuel Cycle Safety
and Safeguards, NMSS
Washington, DC 20555

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

SNM-33, AMENDMENT 6

Docket or Reference Number

70-36

SAFETY CONDITIONS

SAFETY CONDITIONS

- S-1. Authorized use: For use in accordance with the statements, representations, and conditions in Chapters 1 through 8 of the application dated October 29, 1993, and supplements dated November 24, 1993; January 14, January 28, March 21, April 20, June 14, October 24, and October 26, 1994; and January 28, February 27, March 10, and April 24, 1995.
- S-2. The licensee shall conduct an evaluation to determine the source of the contamination to burial site well #4, as shown in Figure 13-2 of the application dated March 21, 1994, and shall identify the contaminants in the groundwater. The findings of the evaluation shall be submitted to the NRC within 180 days of the issuance of this renewed license.
- S-3. Deleted - Hematite Evaporation Ponds Decommissioning Plan approved by Amendment 4 dated May 1995.
- S-4. The licensee is hereby granted the special authorizations in Chapter 1, Section 1.6(a) through 1.6(g) of the renewal application.

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

SNM-33, AMENDMENT 6

Docket or Reference Number

70-36

SAFEGUARDS CONDITIONS

SAFEGUARDS CONDITIONS

Section 1.0 - Material Control & Accounting

- SG-1.1** The licensee shall follow Sections 1.0 through 9.0 of its Fundamental Nuclear Material Control Plan dated April 28, 1995. Any revisions to this Plan shall be made only in accordance with the provisions of either 10 CFR 70.32(c) or 70.34.
- SG-1.2** Notwithstanding the requirements of 10 CFR 74.31(c)(5) and section 5.3.1 of the Plan identified in Condition SG-1.1, the licensee may delay the start of its 1995 physical inventory beyond the currently scheduled deadline of August 15, 1995, so as to start on or before October 25, 1995. To compensate for this delay, the licensee's 1996 physical inventory shall be initiated no later than July 15, 1996.

Section 2.0 - Physical Protection for SNM of Low Strategic Significance

- SG-2.1** The licensee shall follow the security plan entitled "Physical Security Plan for Protection of Nuclear Material of Low Strategic Significance" dated May 1980, as revised by Revision 3 dated November 1992 (letter dated November 12, 1992), and as revised in accordance with the provisions of 10 CFR 70.32(e).
- SG-2.2** The licensee shall ensure that the surveillance tour, conducted by the guards or authorized person in accordance with Section 3.1.1, includes surveillance over the UF₆ outdoor storage area.



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 17, 1995

DOCKET: 70-36

LICENSEE: Combustion Engineering (CE)
Hematite, Missouri

SUBJECT: SAFEGUARDS EVALUATION REPORT: APPLICATION DATED DECEMBER 23, 1994,
SUBMITTAL OF REVISED FUNDAMENTAL NUCLEAR MATERIAL CONTROL PLAN

BACKGROUND

As a result of various material control and accounting (MC&A) inspection violations, ABB Combustion Engineering upper management personnel were required to attend an Enforcement Conference, which was held on September 28, 1994, at NRC Headquarters. As a result of that conference, the licensee implemented an MC&A Improvement Program Plan (IPP). One of the elements of the IPP was to submit (by year-end 1994) a revised Fundamental Nuclear Material Control (FNMC) Plan to better reflect the current MC&A organization and plant operations and to resolve concerns identified during NRC MC&A inspections.

During a site visit in November 1994, the MC&A licensing reviewer (Don Joy) provided specific suggestions relating to expanding and clarifying various sections of the FNMC Plan.

DISCUSSION

As a result of the IPP commitment mentioned above, by letter dated December 23, 1994, the licensee submitted an FNMC Plan revised in its entirety. Following a review of the submitted Plan, the MC&A licensing reviewer determined that the revised FNMC Plan was still in need of additional clarifications. By letter dated February 22, 1995, a list of 40 specific recommended changes was sent to CE. The licensee incorporated the suggested changes and on April 28, 1995, submitted a revised Plan in its entirety. This Plan superseded the December 23 1994, submittal. Upon review, the revised FNMC Plan was found to be acceptable.

The revised FNMC Plans dated December 23, 1994, and April 28, 1995, represented major revisions to the previously approved Plan, and thus were submitted pursuant to the provisions of 10 CFR 70.34.

ENVIRONMENTAL REVIEW

The staff has determined that approval of the revised FNMC Plan submittal of April 28, 1995, will not adversely affect the public health and safety, the common defense and security, or the environment and is otherwise in the public interest. The provisions in 10 CFR 51.22(c)(12) cite an exclusion for safeguards plans and material accountability. Therefore, neither an

environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

Based on the above discussion, the staff concludes that the licensee's revised FNMC Plan (dated April 28, 1995) is acceptable, and its approval will have no adverse effect on the public health and safety, the environment, or the common defense and security. Therefore, this revised Plan is incorporated by revising Safeguards License Condition SG-1.1 of Materials License SNM-33.

The Operations Branch (FCOB/NMSS) inspection staff has no objection to this proposed action.

PRINCIPAL CONTRIBUTOR

Donald R. Joy