

September 8, 2006

MEMORANDUM TO: Jesse L. Funches  
Chief Financial Officer

James E. Dyer, Director  
Office of Nuclear Reactor Regulation

Brenda J. Shelton, Chief  
Records and FOIA/Privacy Services Branch  
Information and Records Services Division  
Office of Information Services

Stuart Treby, Assistant General Counsel  
for Rulemaking and Fuel Cycle  
Office of the General Counsel

Cynthia A. Carpenter, Director  
Office of Enforcement

Janet R. Schlueter, Director  
Office of State and Tribal Programs

Michael T. Lesar, Chief  
Rules and Directives Branch  
Division of Administrative Services  
Office of Administration

Roy P. Zimmerman, Director  
Office of Nuclear Security and  
Incident Response

FROM: Charles L. Miller, Director **/RA/**  
Division of Industrial and  
Medical Nuclear Safety, NMSS

SUBJECT: REVIEW AND CONCURRENCE: PROPOSED RULE: REGULATORY  
IMPROVEMENTS TO THE NUCLEAR MATERIALS MANAGEMENT  
AND SAFEGUARDS SYSTEM

Your concurrence is requested on the attached proposed rule. The proposed rule will amend 10 CFR Parts 40, 72, 74, and 150 related to certain source material and special nuclear materials (SNM) reporting requirements to the Nuclear Materials Management and Safeguards System (NMMSS).

CONTACT: Neelam Bhalla, NMSS/IMNS  
(301) 415-6843

The proposed amendments would reduce the quantities of SNM and certain source materials requiring the submission of both status and transaction reports to the NMMSS. The amendments would also require licensees to reconcile any material inventory discrepancies identified by the NRC in the NMMSS database. The proposed amendments would reduce unnecessary regulatory burden by reducing the current reporting requirements related to the export of certain source and special nuclear materials. These amendments are needed to improve the accuracy of material inventory information maintained in the NMMSS. The proposed changes would reduce some reporting burden on licensees subject to current reporting requirements. However, the annual reporting requirements would be new requirements for licensees that possess 350 grams or less, of SNM.

The following is a summary of this request:

1. Title: Proposed Rule: Regulatory Improvements to the Nuclear Materials Management and Safeguards System (RIN 3150-AH85)
2. Task Leader: Neelam Bhalla, NMSS/IMNS 415-6843
3. Working Group:  
Larry Harris, NSIR 415-5072  
Brian Horn, NSIR 415-8128  
Jason Zorn, OGC 415-8350  
Beth St. Mary, OIS 415-5878  
Chris Colburn, OIS 415-6157  
Philip Harrison, ADM 415-6865  
Lloyd Bolling, STP 415-2327  
Michael Burrell, OE 415-2740
4. Steering Group: No
5. Enhanced Public Participation: No
6. Compatibility for Agreement States: Compatibility "NRC"
7. Requested Action: Office Concurrence
8. Requested Completion Date: Twenty calendar days after date of this memorandum.

9. Resources and Coordination: It is anticipated that 3.4 full-time equivalent positions (1.2 FTEs in FY 06 and 2.2 FTEs in FY 07) will be needed to complete the rulemaking. Also, \$30,000 have been budgeted for contract support to complete the rulemaking. These resources are within existing budget allocations. Copies of this concurrence package have been forwarded to ACRS, ACNW, CRGR, and IG for information. Time to review this package should be charged to TAC # LA0222.

Please notify the contact listed and provide the name of your reviewer. It is hoped that this step will further facilitate concurrence. Notification may be by either email or phone.

Attachment: Commission Paper w/encl.

cc w/encl.: H. T. Bell, OIG  
J. Larkins, ACRS & ACNW  
S. Collins, Region I/ORA  
W. Travers, Region II/ORA  
J. Caldwell, Region III/ORA  
B. Mallett, Region IV/ORA  
J. Strosnider, NMSS  
M. Federline, NMSS  
E. Brenner, OPA  
S. Bahadur, CRGR  
J. Gray, OGC  
J. Clifford, NRR  
W. Brach, SFPO

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NAME:	NBhalla	MDelligatti	SMoore MD for	CMiller
DATE:	8/17/2006	8/18/2006	8/18/2006	9/8/2006

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