

Meeting Report

DATE: August 2, 2006

TIME: 2:00 p.m. - 4:00 p.m.

PLACE: U.S. Nuclear Regulatory Commission
One White Flint North, Room O14B8
11555 Rockville Pike
Rockville, MD 20852

PURPOSE: Pre-Application License Meeting with the Westinghouse Electric Company LLC, to discuss the Proposed Physical Security Plan for the Hematite Facility

ATTENDEES: Refer to Attachment A

BACKGROUND:

The Hematite facility in Festus, MO is the site of a former fuel fabrication facility that processed uranium (U) and thorium fuel for government and civilian projects. WEC requested this pre-application licensing meeting be held to discuss its planned submission of proposed changes to its Physical Security Plan for the proposed burial pit remediation at this site. WEC also wished to obtain feedback from the U.S. Nuclear Regulatory Commission (NRC) regarding the type of information it would expect a licensee to submit for this purpose. This meeting was closed to the public because staff determined that Material Control and Accountability (MC&A) and Physical Protection information specific to the Hematite Facility may be discussed.

This was the third closed pre licensing meeting between the NRC and WEC on the subject of physical security for the Hematite Site. The first meeting was held on January 18, 2006. The second meeting was held on July 10, 2006. The agenda for the August 2, 2006 meeting, found in Attachment B, overall was followed. NRC asked that the discussion focus on new information for efficiency.

At the conclusion of the July 10, 2006 meeting, NRC staff was not convinced that the burial pit logs that WEC presented can be solely relied upon to make regulatory decisions for health and safety nor security issues. On July 14, 2006, the WEC Hematite Site Manager asked NRC for clarification of NRC's concerns about the burial pit logs and classification of the burial pits. NRC responded to WEC via emails with its current position (ML062350296 and ML062350298). WEC prepared a presentation for this meeting to provide additional information on the status of the burial pits and its plans for submitting a Physical Security Plan (Attachment C).

DISCUSSION:

WEC stated that if NRC requires that any part of WEC's Physical Security Plan be classified, then the Hematite Decommissioning project would be delayed for at least 18 months. Although WEC can contract the work of developing a physical security plan, WEC said that it does not have anyone who has security clearance to guide the development and ultimately approve it for submission to the NRC. WEC also stated that it understands that without an approved Physical

Security Plan that is appropriate for the type of burial pit work that WEC is proposing and an associated approved NRC license amendment request covering the proposed work, WEC cannot characterize the burial pit area.

WEC asked what information the Office of Nuclear Security and Incident Response (NSIR) needs to determine the classification for the Hematite Physical Security Plan covering work in the burial pits. NRC stated that it would need to provide information or data that would

1) confirm the historical records and information obtained via interviewing others who had worked at the site by clearly showing a relationship between it and the newly collected information or data or

2) demonstrate that the waste and material in the burial pits could not ever have been classified. This might be achieved through reviewing and presenting pertinent information, if it exists, in classified site records.

WEC said that none of its employees had security clearances. Therefore, it was not able to pursue item 2) above. WEC said that it thought that all of the site's classified documents were now residing with the U. S. Department of Justice (DOJ) due to the WEC lawsuit against previous owners of the site and the U.S. Federal Government. NRC said that it would take the action of reviewing the classified documents at DOJ to determine whether the information in the classified records could be used to demonstrate that the waste and material in the burial pits could not ever have been classified. No one was able to estimate the amount of time it would take to accomplish this task without contacting DOJ to obtain more details. NRC agreed to do so.

WEC stated it reviewed the July 18, 2006 email response from NRC (ML062350296) regarding the NRC's current position on the classification of the Hematite Physical Security Plan for the Burial Pit Area. Contrary to NRC, WEC stated that it believes that the burial pit logs are accurate, complete, and clearly showed when the workers at the time of waste burial, knew when to stop adding waste to a burial pit. NRC stated that it believes that the records are incomplete. NRC also said that it cannot solely rely on the burial pit logs to make regulatory decisions because the logs are historical records. Furthermore, NRC stated that as indicated in the NRC Regulatory Issue Summary 2002-02: Lessons Learned Related to Recently Submitted Decommissioning Plans and License Termination Plans (ML013510432), old records may be inadequate or inaccurate for the purpose of developing either the historical site assessment or site characterization. NRC encourages licensees to review old records and conduct personnel interviews (past and current employees and key contractors), however there is a need to present this information in its proper context and qualify its usefulness and identify how it might be supplemented.

WEC pointed out that the calculations related to item 3) of the July 18, 2006 email response from the NRC (ML062350296) were incorrect because used the wrong conversion factors. NRC said that it would check its calculations.

WEC then talked about the 1965 memorandum (ML050390291, page 282) from United Nuclear Corporation (UNC) regarding the burial of residues and contaminated material was stored with the burial pit logs. WEC stated that it believes that this memorandum was used as a procedure

by workers who buried the waste in the burial pits. WEC also stated that the memorandum incorrectly identified the units for the burial pit maximum quantity per burial pit limit. WEC said that the units should be 50 microcuries and not 50 millicuries. WEC did not refer to any thing that would substantiate its conclusions regarding the 1965 UNC memorandum.

NRC believes that continuing to pursue the completeness and/or accuracy of the burial pit logs are no longer key to determining the classification of the physical security plan. The focus for such a determination is now directed towards determining whether or not the waste in the burial pits was ever classified. If the all classified records on Hematite that are available to NRC are inconclusive with respect to this issue, NRC may request additional information from WEC before it makes its decision about the classification that will be required for each phase of the Hematite Physical Security Plan.

WEC stated that it believed that it would not be able to move forward with the work proposed under its Hematite Decommissioning Plan (DP) unless it was able to characterize the burial pits. NRC stated that the burial pits need to be characterized for decommissioning, however it reminded WEC that it was possible for WEC to move forward with the decommissioning licensing activities. As NRC has informed WEC several times in the past that WEC had the option of characterizing the burial pit area at a later date for decommissioning and move forward with the decommissioning plan license amendment request, if it clearly provided NRC with the following in its license amendment request:

- 1) WEC's strategy for collecting the characterization data and a written explanation of how the characterization data ties to the final status survey design for decommissioning
- 2) a detailed description of WEC's health and safety strategy for the proposed work
- 3) a detailed description of WEC's NCS strategy for the proposed work
- 4) A commitment to evaluate the characterization data once it was obtained against any assumptions made in the Decommissioning Plan License amendment request. This item would require a condition in the license. If the assumptions that WEC made in its license amendment request were not appropriate due to the results, then WEC might have to redo work and amend the DP if the DP was already approved conditionally.

NRC said that WEC's Burial Pit Characterization license amendment request and WEC's DP license amendment by NRC for detail technical review. NRC also said that before the DP would be approved and incorporated into Materials License Number SNM-00033, other documents, such as the physical security and nuclear criticality safety requirements of SNM-00033 plan, The development of these documents could proceed in conjunction with the NRC's detailed technical review of the DP license amendment request and the burial pit license amendment request. Once such documents were approved, they could then be incorporated into Materials License Number SNM-00033 through one license amendment covering multiply actions.

ACTIONS:

NRC:

1. NRC is to contact DOJ and inquire about reviewing the Hematite classified records. NRC is to provide WEC, with the next week, with an estimate of how long it might take to complete its review of these records. NRC is to review the Hematite classified records, contingent upon DOJ's access requirements.
2. NRC will check its calculations related to item 3) of the July 18, 2006 email response from the NRC (ML062350298).
3. NRC will coordinate with WEC to schedule a separate meeting on Nuclear Criticality Safety with WEC and NRC nuclear criticality engineers and specialists to discuss the license amendment requests involving the burial pits and decommissioning of the site.
4. After reviewing all available classified records on Hematite that are available to NRC, NRC is to determine the classification of the physical security plan for each phase of characterization of the burial pits as well as for the activities for decommissioning the entire site. NRC will communicate its decision to WEC in a letter.
5. NRC is to coordinate with WEC to schedule a site visit for NSIR staff.

WEC:

None.

ATTACHMENTS:

- A. Meeting Attendees
- B. Meeting Agenda
- C. WEC Presentation Slides (ML062350300)

Docket No.: 070-00036

License No.: SNM-00033

Attachment A

Meeting Attendees

Date: August 2, 2006, 2:00 p.m. - 4:00 p.m.

Topic: Pre-Application License Meeting with the Westinghouse Electric Company LLC (WEC) to discuss the Proposed Physical Security Plan for the Hematite Facility

NAME AFFILIATION	PHONE NUMBER
E. Kurt Hackmann, WEC	(314) 810-3368
Mark Wetterhahn, Winston & Strawn	(202) 282-5703
A. Joseph Nardi, WEC	(412) 374-4652
Richard Rosano, USProtect	(240) 247-5073
Amy Snyder, NRC	(301) 415-8580
Bruce Watson, NRC	(301) 415-6221
Paul J. Kelley, Jr., NRC	(301) 415-6101
Rebecca Tadesse, NRC	(301) 415-0606
Keith McConnell, NRC	(301) 415-7295
Edward Johannemann, NRC	(301) 415-8147
Bern Stapleton, NRC	(301) 415-2432
Robert Dexter, NRC	(301) 415-6101
Skip Young, NRC	(301) 415-6396
Harry Felsher, NRC	(301) 415-5521

Attachment B, Meeting Agenda

**PRE LICENSING CLOSED MEETING ON WEC'S PROPOSED CHANGES TO HEMATITE
PHYSICAL SECURITY PLAN REQUIREMENTS OF
MATERIALS LICENSE NUMBER SNM-00033**

AGENDA

August 2, 2006
Hematite Facility, Festus, MO

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| 2:00 p.m. | Introductions - All |
| 2:05 p.m. | Meeting/Objectives/Project Status - E. Kurt Hackmann, WEC |
| 2:10 p.m. | Regulatory Basis - A.J. Nardi, WEC |
| 2:30 p.m. | Site Knowledge- A.J. Nardi, WEC |
| 2:45 p.m. | Burial Pit Logs - A. J. Nardi, WEC |
| 3:00 p.m. | Westinghouse Conclusions - A. J. Nardi, WEC |
| 3:15 p.m. | Graded Approach for Hematite Physical Security Plan - A. J. Nardi |
| 3:30 p.m. | Open Discussion |
| 4:00 p.m. | Summary of Action Items and Closing Remarks |

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Attachment C, WEC Presentation Slides (ML062350300)

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