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OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

Secretary, U.S. Nuclear Regulatory Commission
Washington DC 20555-0001
ATTN: Rulemakings and Adjudications Staff

**Paducah Gaseous Diffusion Plant (PGDP)
Portsmouth Gaseous Diffusion Plant (PORTS)
American Centrifuge Lead Cascade Facility (LC)
American Centrifuge Plant (ACP)
Docket Nos. 70-7001, 70-7002, 70-7003 and 70-7004
Certificate Nos. GDP-1 and GDP-2; License Nos. SNM-7003 and SNM-2011
USEC Comments on NRC Proposed Rule, RIN 3150-AH85, "Regulatory Improvements to the Nuclear Materials Management and Safeguards System"**

USEC Inc. (USEC) appreciates the opportunity to provide the following comments on the NRC's Proposed Rule, RIN 3150-AH85, "Regulatory Improvements to the Nuclear Materials Management and Safeguards System".

- 1) Reference 10 CFR 74.15(a): In accordance with the existing Fundamental Nuclear Materials Control Plans (FNMCPs), for the Gaseous Diffusion Plants (GDPs) and Centrifuge facilities, on-site adjustments related to Cascade, Normal, Depleted and Enriched material balances are currently submitted to NMMSS with the bi-monthly inventory data.

The March 2007 Special Edition of the Nuclear Materials Management Safeguards System (NMMSS) News restates NRC's response to a frequently asked question on the ruleforum area of the NRC website. This response states that the NRC expects a licensee, at a minimum, to report all inventory adjustments no later than when the licensee reports their physical inventory results to NMMSS. USEC interprets this response to mean that it is acceptable for USEC to continue to report these adjustments with its bi-monthly inventory data. The acceptability of this allowed practice should be stated in the final rule.

- 2) Reference 10 CFR 74.15(a): The 10 day rule for submitting receipt data conflicts with the 10 business day submittal required by DOE M 470.4-6, Section A, Chapter II, Table II-4. *Shipper/Receiver Measurement Requirements* and Section B, Chapter III, Section 2, Table III-1. *Submission Dates for Physical Transfer of Material*. The revised reporting requirements should be consistent with the DOE reporting requirements and specify 10 business days for submittal of receipt data.

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- 3) Reference 10 CFR 74.13(a): In accordance with the existing FNMCPs, USEC is currently using "V" Reporting Identification Symbols (RISs) for waste containers for which safeguards have been terminated. If NRC requires the use of holding accounts instead of "V" RISs, operations at enrichment facilities would be adversely impacted. Items in holding accounts would then have to be retained on the accountability books until shipped offsite. Any consolidated items would require accountability measurements prior to shipment. Significant resources would be needed to inventory all items currently in the "V" RIS before returning them to active inventory.

USEC currently possesses thousands of waste drums removed from the current inventory database when declared waste under the existing FNMCP. An initial and annual container inventory for the thousands of drums would be required to return the drums to the accountability program. The FNMCP, FNMCP procedures, waste management procedures, and training programs for NMC&A personnel and waste management operators must be revised. Database changes must be completed and measurement control programs must be established. The burden of returning these drums to an accountability program would require re-characterizing each drum and applying a tamper indicating device to each. Placing the drums in storage arrays to allow the ability to perform future inventories would require more than double the current storage area for these drums. Staffing would need to be increased and many months required to effect these changes. DOE manual, DOE M 470.4-6, Section A, Chapter 1, 1.q.(1)(c), allows the use of "V" RISs for waste containers for which safeguards have been terminated. This allowance for waste containers should be allowed by the rule.

The costs associated with adding waste items to active inventory must be evaluated against the benefits obtained from increasing the level of accountability.

- 4) General: USEC is currently operating the GDPs under an exemption to the reporting requirements of 10 CFR 74 for material balance and inventory reports (See References 1, 2 and 3). As noted in the reference documents, this exemption remains in effect until the reporting guidance is revised and appropriate programming changes are made to the NMMSS software. Per discussions with NMMSS personnel, the NMMSS programming changes have not been made to process USEC's data. As a result, site systems have not been upgraded for this purpose.

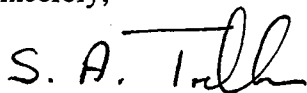
Implementation of these changes must coincide with the beginning of the NMMSS inventory reporting period (October 1). Database programming resources are currently allocated to support the 2008 NMMSS upgrade. These same resources would be utilized to implement database changes for full Licensee reporting; therefore the earliest the GDPs would be able to report data to NMMSS in the proposed Licensee format is October 1, 2009.

- 5) General: USEC prefers to continue to report and reconcile NMMSS data as is currently submitted and to certify the NMMSS-generated M-742 report. USEC's existing method of reporting for the GDPs has provided accurate data to NMMSS and ensures the most efficient use of GDP and NMMSS resources. USEC believes the existing method of reporting for the GDPs meets the intent of the reporting requirements and sees no benefit in altering USEC's current reporting method.

Maintaining current NMMSS reporting requirements will also ensure data continuity after the GDPs cease to operate and DOE resumes oversight of these facilities.

If you have any questions regarding this matter, please contact me at 301-564-3250 or Mark Smith at 301-564-3244. There are no new commitments contained in this submittal.

Sincerely,



Steven A. Toelle
Director, Regulatory Affairs

References:

1. USEC letter from Steven A. Toelle to Martin J. Virgilio (NRC), "Exemption Request from the Requirements of 10 CFR 74.13(a)", dated September 30, 2003.
2. Compliance Evaluation Report for the Renewal of Certificate of Compliance GDP-1, United States Enrichment Corporation, Paducah Gaseous Diffusion Plant, Paducah, Kentucky, Docket 70-7001, dated December 2003
3. Compliance Evaluation Report for the Renewal of Certificate of Compliance GDP-2, United States Enrichment Corporation, Portsmouth Gaseous Diffusion Plant, Piketon, Ohio, Docket 70-7002, dated December 2003

cc: D. Hartland, Senior Fuel Facility Inspector, NRC Region II
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From: "Peak, Rita" <PeakR@usec.com>
To: <secy@nrc.gov>
Date: Mon, Apr 23, 2007 10:49 AM
Subject: GDP 07-0013 USEC Comments on NRC Proposed Rule RIN 3150-AH85 Reg Improvements to Nuclear Materials

Dear Mr. Secretary,

This letter is being sent to you at the request of Mark Smith, Regulatory Affairs at USEC. The original letter is being sent to you via first class mail.

Should you have any questions concerning the attachment or problems opening this file please contact me immediately at (301) 564-3426.

Thank you,

Rita Peak

USEC Regulatory Affairs

(301) 564-3426

CC: "Smith, Mark" <Smithmd@usec.com>

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