

**CONFIDENTIAL**

November 28, 2005

Ms. B. Marie Moore, Vice President  
Safety and Regulatory  
Nuclear Fuel Services, Inc.  
P.O. Box 337, MS 123  
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. - AMENDMENT 66 - APPROVAL OF  
CHANGES TO PHYSICAL PROTECTION PLAN FOR CATEGORY I, HIGH-  
ENRICHED URANIUM (TAC L31898)

Dear Ms. Moore:

In accordance with your application dated June 6, 2005, and supplement dated October 21, 2005, and pursuant to Part 70 to Title 10 of the Code of Federal Regulations (CFR), Materials License SNM-124 is hereby amended to approve changes to the physical protection plan for Category I, high-enriched uranium. Accordingly, Safety Condition S-1 has been revised to include the dates of June 6 and October 21, 2005. In addition, Safeguards Condition SG-6.1 has been revised to read as follows:

SG-6.1 The licensee shall follow the physical protection plan entitled "NFS Physical Protection Plan for Protection Of Category 1 High Enriched Uranium (Strategic Special Nuclear Material), Revision 2," (NFS letter dated June 6, 2005), and as it may be further revised in accordance with the provisions of 10 CFR 70.32(e).

All other conditions of this license shall remain the same.

Enclosed are copies of the revised Materials License SNM-124 (Enclosure 1), and the Safeguards Evaluation Report (Enclosures 2 and 3).

If you have any questions regarding this matter, please contact Kevin Ramsey of my staff at (301) 415-7887 or via e-mail to [kmr@nrc.gov](mailto:kmr@nrc.gov).

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Sincerely,

/RA/

Gary S. Janosko, Chief  
Fuel Cycle Facilities Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 70-143  
License No.: SNM-124  
Amendment 66

Enclosures:

1. Materials License SNM-124
2. Safeguards Evaluation Report (Unclassified)
3. Safeguards Evaluation Report (Classified)

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Sincerely,

/RA/

Gary S. Janosko, Chief  
Fuel Cycle Facilities Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 70-143  
License No.: SNM-124  
Amendment 66

Enclosures:

- 1. Materials License SNM-124
- 2. Safeguards Evaluation Report (Unclassified)
- 3. Safeguards Evaluation Report (Classified)

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<b>OFC</b>	FCFB	FCFB	FCFB	FCFB
<b>NAME</b>	KRamsey	VCheney	JLubinski	GJanosko
<b>DATE</b>	11/23/05	11/28/05	11/28/05	11/28/05

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DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.  
Erwin, Tennessee

SUBJECT: SAFEGUARDS EVALUATION REPORT FOR NUCLEAR FUEL SERVICES, INC. (NFS) - AMENDMENT 66 - APPROVAL OF CHANGES TO PHYSICAL PROTECTION PLAN FOR CATEGORY I, HIGH-ENRICHED URANIUM (TAC L31898)

BACKGROUND

By cover letter dated June 6, 2005, Nuclear Fuel Services (NFS) submitted Revision 2 of the Physical Protection Plan for Category I High-Enriched Uranium, under the provisions of 10 CFR 70.32 and 70.34. A site visit was conducted on October 6, 2005. By cover letter dated October 21, 2005, NFS provided additional information.

DISCUSSION

A detailed discussion is provided in the classified evaluation report in Enclosure 3.

ENVIRONMENTAL REVIEW

The staff has determined that the changes requested are related to safeguards matters which are categorically excluded from the requirements to prepare a site-specific environmental assessment. Therefore, in accordance with 10 CFR 51.22(c)(12), neither an environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

The staff concludes that the revised Physical Protection Plan for Category I High-Enriched Uranium contains appropriate and necessary commitments to meet applicable requirements stipulated in 10 CFR Part 73 and related Orders, and that approval of the revised Plan does not reduce the effectiveness of the licensee's safeguards system. Therefore, the existing Safeguards License Condition SG-6.1 should be revised as follows:

SG-6.1 The licensee shall follow the physical protection plan entitled "NFS Physical Protection Plan for Protection Of Category 1 High Enriched Uranium (Strategic Special Nuclear Material), Revision 2," (NFS letter dated June 6, 2005) and as it may be further revised in accordance with the provisions of 10 CFR 70.32(e).

PRINCIPAL CONTRIBUTORS

Edward J. Johannemann, III

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Enclosure 2