

[REDACTED]
January 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 59 - REQUEST FOR
DELETION OF LICENSE CONDITIONS S-2, S-4, AND S-5 (TAC No. L31868)

Dear Ms. Moore:

In accordance with your application dated December 16, 2004 (NFS No. 21-G-04-0193), and pursuant to Part 70 to Title 10 of the Code of Federal Regulations (CFR), Materials License SNM-124 is hereby amended to delete License Conditions S-2, S-4, and S-5. Accordingly, Safety Condition S-1 has been revised to include the date December 16, 2004.

All other conditions of this license shall remain the same.

Enclosed are copies of the revised Materials License SNM-124 (Enclosure 1) and the Safety Evaluation Report (Enclosure 2), which includes the Environmental Review.

If you have any questions regarding this matter, please contact Julie Olivier of my staff at (301) 415-8098 or via e-mail to jao@nrc.gov.

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This letter contains sensitive, unclassified information, and is therefore deemed Official Use Only and will not be placed in the Public Document Room nor the Publicly Available Records component of the NRC's ADAMS document system.

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 59

Enclosures:

1. Materials License SNM-124
2. Safety Evaluation Report



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CLOSES TAC NO. L31868

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NAME:	J. Olivier	Muskiewicz	M. Markley	G. Janosko
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DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.
Erwin, Tennessee

SUBJECT: SAFETY EVALUATION REPORT FOR NUCLEAR FUEL SERVICES, INC. -
AMENDMENT 59 - REQUEST FOR DELETION OF LICENSE CONDITIONS
S-2, S-4, AND S-5 (TAC No. L31868)

BACKGROUND

By letter dated December 16, 2004, Nuclear Fuel Services, Inc., (NFS) submitted a request to delete from Special Nuclear Materials license SNM-124 License Conditions S-2, S-4 and S-5.

DISCUSSION

By letter dated December 16, 2004, NFS requested three changes to SNM-124 to delete License Conditions S-2, S-4, and S-5. The three License Conditions read as follows:

- S-2 NFS shall not operate the fuel manufacturing processes described in Sections 15.1 and 15.2 of the license application until an Integrated Safety Analysis (ISA) has been performed, including the appropriate nuclear criticality safety evaluations. A summary of the ISA shall be submitted to the NRC, in addition to an application for amendment to the license, at least 90 days prior to the NFS planned restart of operations.

- S-4 NFS shall not operate the LEU recovery facility described in Section 15.4 of the license application until an ISA has been performed, including the appropriate nuclear criticality safety evaluations. A summary of the ISA shall be submitted to the NRC, in addition to an application for amendment to the license, at least 90 days prior to the NFS planned restart of operations.

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S-5

NFS shall not operate [REDACTED] described in Section 15.4 of the license application until an ISA has been performed, including the appropriate nuclear criticality safety evaluations. A summary of the ISA shall be submitted to the NRC, in addition to an application for amendment to the license, at least 90 days prior to the NFS planned restart of operations.

On September 18, 2000, the NRC revised Title 10, Part 70 of the Code of Federal Regulations (CFR), to include Subpart H - Additional Requirements for Certain Licensees Authorized to Possess a Critical Mass of Special Nuclear Materials. The revised Subpart H of 10 CFR Part 70 requires certain licensees, of which NFS is one, to perform an Integrated Safety Analysis (ISA) and submit a summary of the ISA to the NRC no later than October 18, 2004. NFS submitted their site-wide ISA Summary in a letter dated October 15, 2004.

If the licensee makes changes to the operations described in License Conditions S-2, S-4 and S-5, it is required to follow the change process in 10 CFR 70.72, which states that the licensee must establish a configuration management system to evaluate, implement, and track each change to the site, structures, processes, systems, equipment, components, computer programs, and activities of personnel. This system must be documented in written procedures and must assure that the following are addressed prior to implementing any change:

- (1) The technical basis for the change;
- (2) Impact of the change on safety and health or control of licensed material;
- (3) Modifications to existing operating procedures including any necessary training or retraining before operation;
- (4) Authorization requirements for the change;
- (5) For temporary changes, the approved duration (e.g., expiration date) of the change; and
- (6) The impacts or modifications to the integrated safety analysis, integrated safety analysis summary, or other safety program information, developed in accordance with §70.62.

Following the evaluation of site changes, the licensee must determine if an amendment to the license is required, in accordance with 70.72(b). If an amendment is required, the licensee must submit the application and obtain NRC approval before implementing the change.

Since NFS meets the requirements imposed by License Conditions S-2, S-4 and S-5 through the submittal of the site-wide ISA Summary and through following the required 70.72 change process, deletion of these conditions from SNM-124 is warranted.

ENVIRONMENTAL REVIEW

These changes are considered administrative and procedural and do not affect the scope or nature of the licensed activity. 10 CFR 51.22(c)(11) allows for a categorical exclusion if the following requirements have been satisfied:

- i. There is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite.

- [REDACTED]
- ii. There is no significant increase in individual or cumulative occupational radiation exposure.
 - iii. There is no significant construction impact.
 - iv. There is no significant increase in the potential for or no consequences from radiological accidents.

The above changes are considered administrative in nature. There are no changes in the types of effluents nor are there any increases in the amounts of effluents. Occupational exposure is expected to remain the same. These changes involve no additional construction activity. Therefore, there will be no construction impact.

The staff has determined that the proposed changes do not adversely affect public health and safety or the environment and are categorically excluded from the requirement to prepare a site-specific environmental assessment. Therefore, in accordance with 10 CFR 51.22(c)(11), neither an environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

The NRC staff finds that the requested amendment will not endanger life, property, common defense or security, and is in the public interest. Therefore, the staff approves the amendment request to delete License Conditions S-2, S-4, and S-5.

The inspection staff has no objection to this proposed action.

PRINCIPAL CONTRIBUTOR

Julie Olivier