

[REDACTED]

October 15, 2004

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 53 - REQUEST FOR TIME
EXTENSION TO PERFORM RECEIPT MEASUREMENTS OF A MATERIAL
SHIPMENT**

Dear Ms. Moore:

In accordance with your correspondence dated October 1, 2004 (NFS Reference No. 30G-04-0948), and pursuant to Part 70 to Title 10 of the Code of Federal Regulations, Materials License SNM-124 is hereby amended to allow the requested time extension to certain specified commitments in the Fundamental Nuclear Material Control (FNMC) Plan. Accordingly, new Safeguards License Condition SG-4.32, is being issued, and reads as follows:

SG-4.32 Notwithstanding the commitments in Section 4.7.2.1 of the Fundamental Nuclear Material Control Plan identified in Condition SG-5.1 to perform material receipt measurements from each material lot, the licensee may use the original receipt values with a limited confirmatory measurement relative to the received material identified in the October 1, 2004, request letter. This condition shall automatically expire on completion of the final shipment of the subject oxide material.

The deviation from Section 4.7 of your FNMC Plan was requested and approved pursuant to 10 CFR 70.34. The consent to your request was based on our determination that, in view of a specific circumstance, the additional time requested for receipt measurements was acceptable. All other conditions of this license remain the same.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

B. Marie Moore

2

Enclosed are copies of the revised Materials License SNM-124 and the Safeguards Evaluation Report, which includes the Categorical Exclusion from preparing an Environmental Assessment or Environmental Impact Statement.

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

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 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 53

Enclosures: 1. Materials License SMN-124
2. Safeguards Evaluation Report

[REDACTED]

B. Marie Moore

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Gary Janosko, Chief
Fuel Cycles Facilities Branch
Division of Fuel Cycle Safety
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Office of Nuclear Material Safety
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DISTRIBUTION: w/encl.

FCFB r/f K.Ramsey T.Pham, NSIR M.Williams, NSIR
M. Lamastra W. Gloersen, RII D.Rich, SRI

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OFC	NSIR/DNS	FCFB	FCFB	FCFB	FCFB
NAME	V.Ordaz	J.Olivier	J.Muszkiewicz	J.Lubinski	G.Janosko
DATE	10/15/04	10/15/04	10/14/04	10/15/04	10/15/04

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[REDACTED]

DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.
Erwin, Tennessee

SUBJECT: SAFEGUARDS EVALUATION REPORT - SUBMITTAL DATED OCTOBER 1, 2004, MODIFICATIONS OF MATERIAL RECEIPT MEASUREMENTS

BACKGROUND

By cover letter dated October 1, 2004 (NFS Reference #30G-04-0948), Nuclear Fuel Services, Inc. (NFS) requested an amendment to modify certain measurement requirement with regard to received [REDACTED]. This request is needed with the anticipation of upcoming [REDACTED].

DISCUSSION

During the 1998-2000 time frame, the licensee produced an additional quantity of [REDACTED]
[REDACTED]
[REDACTED]

Recently, the licensee identified potential business opportunities that would involve a return of this [REDACTED] material back to NFS. As a result, NFS is requesting to accept and book the original measured values for those unopened material containers without performing all required sampling and receipt measurements from each lot because of the inviolate condition of the material containers. The original values for the subject [REDACTED] are adequately protected and still valid for the following reasons:

- NFS will perform a limited sampling and sample analysis for a material confirmation for internal accountability and control purposes after the routine identification and seal verification;

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]



- The material will be entered into NFS' inventory and item monitoring system in accordance with its Fundamental Nuclear Material Control (FNMC) Plan;
- The material will go through the measurement requirements specified in Section 4.7 of the FNMC Plan when the licensee introduces the material into operational processes.

In view of the licensee's controls and activities that assure the integrity and validity of prior measurements, the staff found that the request to modify the material receipt measurement would not present an adverse safeguards implication.

CONCLUSION

The staff concludes that approving the licensee's request for modifying its material receipt measurement is justified, and will not adversely affect the licensee's safeguards program. Approval of this amendment is recommended, with the following temporary safeguards condition added to the license:

SG-4.32 Notwithstanding the commitments in Section 4.7.2.1 of the Fundamental Nuclear Material Control Plan identified in Condition SG-5.1 to perform material receipt measurements from each material lot, the licensee may use the original receipt values with a limited confirmatory measurement relative to the received material identified in the October 1, 2004, request letter. This condition shall automatically expire on completion of the final shipment of the subject oxide material.

ENVIRONMENTAL REVIEW

The staff has determined that the revisions to the HEU FNMC Plan involves the safeguards plan and material accountability 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.

PRINCIPAL CONTRIBUTOR

Thomas N. Pham, NSIR/DNS/FCSSP

