

October 31, 2007

MEMORANDUM TO: Evangelos Marinos, Chief
Plant Licensing Branch II-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

FROM: Jane Marshall, Chief
Material Control & Accounting Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards */RA/*
Office of Nuclear Material Safety
and Safeguards

SUBJECT: TECHNICAL ASSISTANCE REQUEST – DOMINION RESOURCES,
INC.'S DECEMBER 6, 2006, REQUEST FOR EXEMPTION FROM
10 CFR 74.13(a) REQUIREMENTS REGARDING MATERIAL STATUS
REPORT SUBMITTAL TIME FRAME (TAC NOS. MD5910 – MD5916)

As requested in the subject Technical Assistance Request (TAR) (NRR Work Request Form) dated July 2, 2007, Material Control and Accounting Branch staff reviewed the Material Balance Report-related exemption submitted by Dominion Resources, Inc., on December 6, 2006, for the Surry, North Anna, Millstone, and Kewaunee facilities. The completed Safeguards Evaluation Report is enclosed.

We consider the TAR to be closed. If you have any questions concerning this response, please contact me at (301) 492-3138.

Enclosure: Safeguards Evaluation Report

CONTACT: Jane Marshall, NMSS/FCSS
(301) 492-3138

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DATE	10/30 /07	10/30/07	10/31/07

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SAFEGUARDS EVALUATION REPORT

DOCKET: 50-280/281, 50-338/339, 50-245/336/423, 50/305, 72-2/55/16/56/47

LICENSEE: Dominion Resources Services, Inc.

FACILITY: Surry 1 and 2 Nuclear Power Plants (NPPs) and Independent Spent Fuel Storage Installations (ISFSIs)
North Anna 1 and 2 NPPs and ISFSIs
Millstone 1, 2, and 3 NPPs and ISFSI
Kewaunee NPP

SUBJECT: SAFEGUARDS EVALUATION REPORT: LETTER DATED
DECEMBER 6, 2006, MATERIAL STATUS REPORT EXEMPTION REQUEST
FOR THE DOMINION RESOURCES SERVICES, INC., FACILITIES

BACKGROUND

By letter dated December 6, 2006, Dominion Resources Services, Inc. (Dominion) requested an exemption from a time frame-related requirement for submitting material status reports in 10 CFR 74.13(a) for their facilities. The regulation requires, in part, that each licensee, including nuclear reactor licensees, authorized to possess at any one time and location special nuclear material in a quantity totaling more than 350 grams of contained uranium-235, uranium-233, or plutonium, or any combination thereof, shall complete and submit Material Balance Reports concerning special nuclear material that the licensee has received, produced, possessed, transferred, consumed, disposed of, or lost. In addition, the regulation requires that licensees subject to the physical inventory requirement of 10 CFR 74.19(c) shall submit a report within 60 days of the beginning of the physical inventory.

As a result of Dominion operating its facilities in such a manner that it prepares and issues the reports for all of its nuclear facilities at a central location/site, it is requesting a change to fixed time frames for the reporting periods which may not necessarily coincide with the conduct of their annual physical inventories. Each unit operates on an 18-month operating cycle, and Dominion desires to schedule inventories to "facilitate safe and efficient operations," but routinely occurring prior to a refueling outage. Therefore, physical inventories will vary from year to year and from plant to plant, and this routine may require the submittal of multiple Material Balance Reports in a relatively short period of time. In their view, the short-term efforts to submit all of the reports in the currently required timely manner would result in "unnecessarily diverting resources that would normally support refueling and post refueling activities."

Dominion requests Nuclear Regulatory Commission approval to prepare Material Balance Reports each year in accordance with the following set schedule, and to file the reports within 45 days of these dates for each site, as follows: 1) North Anna – April 30; 2) Surry – May 31; 3) Kewaunee – October 31; and 4) Millstone – December 31. In its letter, Dominion states that this request is consistent with the "good cause" exception for alternate submission dates found in 10 CFR 74.13(a).

Enclosure

DISCUSSION

The staff does not consider the permanent exemption request to be acceptable, and the staff does not agree that the request is consistent with the “good cause” exception in 10 CFR 74.13(a) for alternate submission dates that the licensee cites. The requirement to submit the Material Balance Reports within 60 days of the beginning of a physical inventory exists to enable developers and recipients of the report to address any unexpected results of the inventory that may arise for any particular facility in a timely fashion. In addition, information gleaned from Material Balance Reports is incorporated into regulatory oversight performance assessments, such as licensee performance reviews, that require timely facility information. The schedule proposed by Dominion would likely defeat the purpose of the regulation in that, on numerous future occasions, the Material Balance Reports for certain facilities could be issued many months (in an extreme case, as many as 11 months) after the completion of the physical inventory. Dominion did not provide any reasons for the fixed dates that it chose for each of the four sites, but the staff notes that two of the dates are within 31 days of each other, while two other dates are within 61 days of each other. Therefore, except for occasions when three or more of the sites undertake physical inventories in a relatively short period of time, the proposed schedule does not appear to provide Dominion with significant relief from submitting Material Balance Reports in a relatively short period of time. In addition, while the proposed report submission dates, in and of themselves, do not negatively impact the Nuclear Materials Management and Safeguards System’s material reconciliation efforts (since that effort commences upon receipt of each report), Dominion’s proposal to file the reports within 45 days of the target dates could result in consecutive reports being received significantly more than 12 months apart.

In any event, the “good cause” provision of 10 CFR 74.13(a) was not intended to provide permanent exemptions to timely reporting of Material Balance Reports solely for the convenience of corporate entities that happen to own, and issue reports for, multiple reactor sites. Instead, the provision is meant to permit a limited number of exemptions for short periods of time for those licensees who encounter unexpected difficulties with issuing the reports within the 60-day requirement. Reactor sites are required to conduct physical inventories at intervals not to exceed 12 months, consistent with 10 CFR 74.19(c). Within the parameters of that requirement, Dominion has the flexibility to schedule physical inventories at each site at intervals which will not result in multiple generation of Material Balance Reports in a relatively short period of time, while continuing to meet the timeliness requirement of 10 CFR 74.13(a).

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.

PRINCIPAL CONTRIBUTORS

Michael Kelly
Thomas Pham