April 28, 2008

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 81 - EXTENSION OF SAFEGUARDS CONDITION SG-4.34 FOR RECEIPT VERIFICATION (TAC L32660)

Dear Ms. Moore:

In accordance with your application dated December 21, 2007, and pursuant to Part 70 to Title 10 of the Code of Federal Regulations (CFR), Materials License SNM-124 is hereby amended to approve an extension to the expiration date of Safeguards Condition SG-4.34. Accordingly, Safety Condition S-1 has been revised to add the date of December 21, 2007. In addition, Safeguards Condition SG-4.34 has been revised to read as follows:

SG-4.34 Notwithstanding the commitment in Section 4.7.1 of the Fundamental Nuclear Material Control (FNMC) Plan identified in Condition SG-5.1 to perform certain receipt verification measurements of strategic special nuclear material, the licensee shall have five (5) additional days to fulfill the above stated commitment relative to the shipment of high-enriched uranium identified in the December 21, 2007, request letter. This condition automatically expires on April 30, 2009.

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 (Enclosure 2).

Upon issuance of this document, TAC L32660 will be closed.

If you have any questions regarding this matter, please contact Kevin Ramsey of my staff at (301) 492-3123, or via e-mail to kevin.ramsey@nrc.gov.

Documents transmitted herewith contain OFFICIAL USE ONLY information. When separated from the sensitive conditions in Enclosure 1, this document is DECONTROLLED.

This letter transmits sensitive, unclassified information. Upon removal of the sensitive information, it is decontrolled. In accordance with 10 CFR 2.390 of the U.S. Nuclear Regulatory Commission's (NRC) "Rules of Practice," a copy of this letter and the non-sensitive portions of the enclosures will be available electronically for public inspection in the NRC Public Document Room or from the Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electron Reading Room.

Sincerely,

/RA/

Michael D. Tschiltz, Deputy Director
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 70-143
License No.: SNM-124
Amendment 81

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

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CLOSES TAC L32660

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OFC	FMB	FMB	FMB	FFLD
NAME	K.Ramsey	V.Cheney	P.Habighorst	M.Tschiltz
DATE	4/14 /2008	4/ 18 /2008	4/ 21 /2008	4/ 28 /2008

OFFICIAL RECORD COPY

DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.
Erwin, Tennessee

SUBJECT: SAFEGUARDS EVALUATION REPORT: SUBMITTAL DATED DECEMBER 21, 2007, REQUEST TO EXTEND SAFEGUARDS LICENSE CONDITION SG-4.34

1.0 BACKGROUND

By cover letter dated December 21, 2007, Nuclear Fuel Services, Inc. (NFS) requested an amendment to renew the previously issued Safeguards License Condition SG-4.34. This license condition automatically expires on April 30, 2008. This amendment in response to this request, which authorizes a time extension to complete certain receipt verification measurements for shipments of strategic special nuclear material (SSNM), would relieve the licensee from a commitment in Section 4.7.1 of its Fundamental Nuclear Material Control Plan (Plan). The staff processed this amendment request in accordance with the provisions of 10 CFR 70.34.

2.0 DISCUSSION

The extension request addresses shipments of SSNM containers, conducted by the Department of Energy Office of Secure Transportation (OST). The OST scheduling needs and issues, related to the transport of SSNM, to the NFS facility, during 2007, remain the same as for shipments for the past four years. Due to the limited availability of secure transport and schedule constraints, the licensee must maintain the capability to accommodate larger quantities of material than usual in each shipment, and receive shipments in a compressed time frame. Therefore, additional time is requested by the licensee to perform the gross weight checks associated with the larger shipment quantities.

However, Section 4.7.1 of the facility's Plan contains the commitment that "incoming containers of high enriched uranium are gross weighed within five (5) working days, excluding weekends and holidays, of the time the material is received." Therefore, a time extension has been requested for the past four years for the receipt of this material and to modify the requirements to accommodate the receipt measurement activities. It is noted that this request is to extend the license condition for an additional year in order to accommodate similar material receipts and schedules occurring at the facility during 2008.

In the request letter, the licensee stated that the containers of SSNM, received from the secure transport shipments, will be physically verified for container numbers and tamper-indicating devices.

Once verified, the material will be placed into vault storage until gross weighing is performed. "Category IA" designated that material will be gross weighed within five (5) working days, excluding weekends and holidays, from the time the material is placed in vault storage. "Category IB" designated that material will be gross weighed within ten (10) working days, excluding weekends and holidays, from the time the material is placed in vault storage.

The staff found that the proposed practices for handling the materials during receipt activities continue to be acceptable. Also, the staff found the request is necessary and appropriate to allow NFS to fulfill all initial verification measurement requirements for the shipments.

3.0 ENVIRONMENTAL REVIEW

The staff has concluded 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.

4.0 CONCLUSION

The staff concludes that granting the licensee's time extension request for completing the verification measurements of received SSNM is justified and warranted, and will not reduce the effectiveness of the licensee's safeguards program. Therefore, the currently expired Safeguards License Condition SG-4.34 should be reissued to allow for the limited extension of time as follows:

SG-4.34 Notwithstanding the commitment in Section 4.7.1 of the Fundamental Nuclear Material Control (FNMC) Plan identified in Condition SG-5.1 to perform certain receipt verification measurements of strategic special nuclear material, the licensee shall have five (5) additional days to fulfill the above stated commitment relative to the shipment of high-enriched uranium identified in the December 21, 2007, request letter. This condition automatically expires on April 30, 2009.

PRINCIPAL CONTRIBUTORS

Kevin M. Ramsey
Michael F. Kelly
Thomas N. Pham