

[REDACTED]

May 25, 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 50 - REVISIONS TO HIGH
ENRICHED URANIUM FUNDAMENTAL NUCLEAR MATERIAL CONTROL
PLAN FOR LICENSE NO. SNM-124 (TAC L31814)

Dear Ms. Moore:

In accordance with your application dated March 12, 2004, and pursuant to Part 70 to Title 10 of the Code of Federal Regulations (CFR), Materials License SNM-124 is hereby amended to incorporate the revisions to your High Enriched Fundamental Nuclear Material Control Plan.

The existing Safeguards License Condition SG-5.1 in Materials License SNM-124 has been revised to update the requested Plan revision as follows:

SG-5.1 In order to achieve the performance objectives of 10 CFR 74.51(a) and maintain the system capabilities identified in 10 CFR 74.51(b), the licensee shall follow its "Fundamental Nuclear Material Control Plan" with respect to all activities involving strategic special nuclear material, except as noted in License Condition SG-5.5. The Plan, as currently revised and approved, consists of:

General Discussion -----	Rev. 12 (dated April 2002)
Sec. 1 -- Process Monitoring -----	Rev. 13 (dated February 2004)
Sec. 2 -- Item Monitoring -----	Rev. 4 (dated April 2002)
Sec. 3 -- Alarm Resolution -----	Rev. 5 (dated December 2002)
Sec. 4 -- QA & Accounting -----	Rev. 12 (dated March 2003)
Annex A -----	Rev. 5 (dated March 2003)
Annex B -----	Rev. 1 (dated August 1998)
Annex C -----	Rev. 1 (dated August 1998)
Annex D -----	Rev. 2 (dated October 2000)

Revisions to this Plan shall be made only in accordance with, and pursuant to, either 10 CFR 70.32(c) or 70.34.

All other conditions of this license shall remain the same. Enclosed are copies of the revised Materials License SNM-124 and the Safeguards Evaluation Report (SER) which includes the Environmental Review and determination of a Categorical Exclusion from preparing an Environmental Assessment or Environmental Impact Statement.

[REDACTED]

[REDACTED]

M. Moore

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If you have any questions concerning this letter, please contact Julie Olivier of my staff by phone at (301) 415-8098 or by email at jao@nrc.gov.

[REDACTED]

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 70-143
License SNM-124
Amendment 50

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

[REDACTED]

[REDACTED]

M. Moore

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May 25, 2004

[REDACTED]

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
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Docket 70-143
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Amendment 50

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*See previous concurrence

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OFC	FCFB		FCFB		FCFB		NSIR		FCFB	
NAME	J. Olivier*		J. Muszkiewicz*		J. Lubinski		V. Ordaz		G. Janosko	
DATE	5/14/04		5/14/04		5/25/04		5/25/04		5/25/04	

OFFICIAL RECORD COPY

[REDACTED]

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DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.
Erwin, Tennessee

SUBJECT: SAFEGUARDS EVALUATION REPORT: SUBMITTAL DATED MARCH 12, 2004, REVISIONS TO HIGH ENRICHED URANIUM FUNDAMENTAL NUCLEAR MATERIAL CONTROL PLAN

BACKGROUND

By cover letter dated March 12, 2004 (NFS Reference #30Y-04-0054), Nuclear Fuel Services, Inc., (NFS), submitted 7 changes to Section 1 of its high-enriched uranium (HEU) Fundamental Nuclear Material Control (FNMC) Plan. The revisions to the Plan are necessary to update the process control units in [REDACTED]. The revisions of the Plan were processed pursuant to the provisions of 10 CFR 70.32 since none of the changes represented a decrease in effectiveness relative to the regulatory requirements in the existing approved Plan.

DISCUSSION

The Plan changes affected the text in Section 1 of the HEU FNMC Plan. The subject section was submitted in its entirety with a new designated date and revision number.

The Plan changes include the following:

Section 1 - Process Monitoring

- Added identifiers for additional process control units (CU) for the [REDACTED] production support lines.
- Added a note to describe the utilization of separate CUs models that may be utilized for the first test period following a process cleanout.
- Updated Table 1.1.6-1 for the additional process CUs.

Upon review of the revised section of the licensee's HEU FNMC Plan, it is determined that the Plan revisions continue to provide the necessary elements and commitments for an adequate MC&A program at NFS.

[REDACTED]



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.

CONCLUSION

The staff concludes that the revised FNMC Plan contains appropriate and necessary commitments to satisfy applicable MC&A regulations specified in 10 CFR 74.51-59, and that the submitted Plan revision does not reduce the effectiveness of the licensee's safeguards program. Thus, the existing Safeguards License Condition SG-5.1 should be reissued to update the requested Plan revision.

SG-5.1 In order to achieve the performance objectives of 10 CFR 74.51(a) and maintain the system capabilities identified in 10 CFR 74.51(b), the licensee shall follow its "Fundamental Nuclear Material Control Plan" with respect to all activities involving strategic special nuclear material, except as noted in License Condition SG-5.5. The Plan, as currently revised and approved, consists of:

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Annex D -----	Rev. 2 (dated October 2000)

Revisions to this Plan shall be made only in accordance with, and pursuant to, either 10 CFR 70.32(c) or 70.34.

PRINCIPAL CONTRIBUTORS

Chiquita Collins
Sherri Cross