

February 19, 2004

Ms. B. Marie Moore, Vice President
Safety and Regulatory
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, Tennessee 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC., AMENDMENT 48 - REVISIONS TO
FUNDAMENTAL NUCLEAR MATERIAL CONTROL PLAN (TAC NO. L31789)

Dear Ms. Moore:

We are in receipt of your letter dated October 30, 2003 (NFS Reference #30Y-03-0171), in which your facility submitted a revision of the High-Enriched Uranium Fundamental Nuclear Material Control Plan. We have completed our review and evaluation of the revised Plan and have found it to be acceptable and adequate. Accordingly, the Safeguards License Condition SG-5.1 of your SNM-124 License is hereby revised, effective immediately, to read 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 Condition SG-5.5. This Plan, as currently revised and approved, consists of:

General Discussion ----- Rev. 7 (dated April 2002)
Sec. 1 -- Process Monitoring ----- Rev. 12 (dated October 2003)
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)

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

Please note that two temporary Safeguards Conditions SG-4.30 and SG-4.31, which expired respectively at the end of October and November 2003, respectively have been deleted. All other conditions of this license remain the same.

Enclosed are copies of the revised Materials License SNM-124 and the [REDACTED] Evaluation Report, which includes the Categorical Exclusion determination.

[REDACTED]

Also in accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available in the public electronic reading room of the NRC's Agency-Wide Document Access and Management System (ADAMS). ADAMS is accessible from the NRC web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions concerning this letter, please contact Mr. Michael Lamastra of my staff by phone at (301) 415-8139 or by email at MXL2@nrc.gov.

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

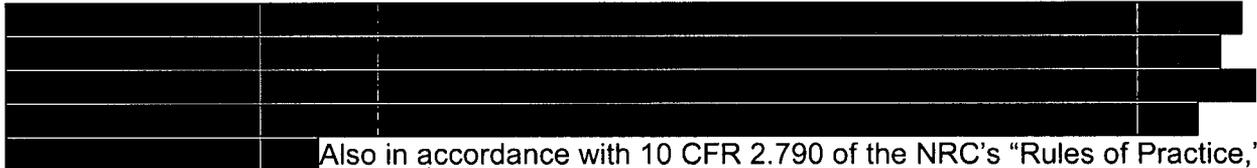
Docket No. 70-143
License No. SNM-124
Amendment: 48

Enclosure: 1. Materials License SNM-124
2. [REDACTED] Evaluation Report

M. Moore

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February 19, 2004



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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 No. 70-143
License No. SNM-124
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- Enclosure: 1. Materials License SNM-124
2. [Redacted] Evaluation Report

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DATE	2/9/04	2/10/04	2/12/04	2/12/04	2/19/04	2/19/04

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DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.
Erwin, Tennessee

SUBJECT: [REDACTED] EVALUATION REPORT: SUBMITTAL DATED OCTOBER 30, 2003, REVISIONS TO HIGH-ENRICHED URANIUM FUNDAMENTAL NUCLEAR MATERIAL CONTROL PLAN

BACKGROUND

By cover letter dated October 30, 2003, Nuclear Fuel Services (NFS) submitted various changes to Section 1 of its High-Enriched Uranium (HEU) Fundamental Nuclear Material Control (FNMC) Plan. The revisions to the Plan are necessary for incorporating minor changes [REDACTED] associated with the Blended Low-Enriched Uranium (BLEU) Preparation Facility. The revisions of the Plan were processed pursuant to the provisions of 10 CFR 70.32 since none of the submitted changes represented a decrease in effectiveness relative to the regulatory requirements in the existing approved Plan.

DISCUSSION

The Plan changes affect only 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

- [REDACTED]
- [REDACTED]

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 material control and accounting (MC&A) program at NFS.

ENVIRONMENTAL REVIEW

The staff has determined that the revisions of the facility's FNMC Plan involve [REDACTED] 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 approving the submitted Plan revision will not reduce the effectiveness of the licensee's [REDACTED] program. Thus, the existing Safeguards License Condition SG-5.1 is being reissued to update the requested Plan revision.

PRINCIPAL CONTRIBUTORS

Thomas N. Pham
Chiquita Collins