



October 13, 2008

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U.S. Nuclear Regulatory Commission
Director, Office of Nuclear Material
Safety and Safeguards
Attn: Document Control Desk
Washington, D.C. 20555-0001

Gentlemen:

Subject: Request to Postpone Initiation of Decommissioning for Two Facilities at AREVA NP Inc.'s Richland, Washington Site; License No. SNM-1227, Docket No. 70-1257

The purpose of this correspondence is to request a delay in the initiation of decommissioning for two facilities located on AREVA NP Inc.'s (AREVA's) Richland site. The two facilities are the former Lagoon Uranium Recovery/Solids Processing Facility (LUR/SPF) and Fuel Services Building (FSB). The FSB is also commonly referred to as Building 9. These delays are being requested in accordance with provisions in the NRC's decommissioning "timeliness rule" in 10 CFR 70.38, and specifically the criteria in 70.38(f).

The LUR/SPF was built and operated to process uranium-contaminated liquids and sludges from AREVA's legacy surface impoundment (lagoon) system. As the NRC is aware, the lagoon system has been removed from service and dismantled, followed by remediation of associated radiological and chemical soil contamination. The work was accomplished in accordance with a consent decree entered into by AREVA with the Washington Department of Ecology (Ecology). AREVA submitted the required closure certification report for this work to Ecology on September 28, 2006. The last beneficial use of the LUR/SPF for processing contaminated liquids was conducted in mid-September (9/19) of 2006.

Since that time the equipment in the LUR portion of the facility has been dismantled, removed, and disposed of. A decontamination effort was undertaken that allowed the LUR portion of the facility to be removed from active contamination control. The LUR equipment has been replaced with equipment supporting a powder blending/milling operation whereby natural uranium will be blended with dysprosium oxide, a burnable neutron poison additive. Initial material introduction into the Blended Dysprosium Uranium (BDU) process for the sake of startup/qualification testing is scheduled for later this year. AREVA considers this activity to be a "principal activity" as defined in 10 CFR 70.4 in that the BDU work is just one part of AREVA's overall fuel fabrication mission and as such constitutes an activity "essential to achieving the purpose(s) for which the license was issued or amended". From a technical standpoint however, the natural uranium is source material as opposed to special nuclear material (SNM) and the BDU work falls under AREVA's State of Washington Radioactive Materials License (WN-1062-1) and Radionuclide Air Emissions License (AIR 02-701). AREVA is interfacing with the Washington Department of Health's Radioactive Materials Section and Air Emissions and Defense Waste Section, respectively, relative to these licenses.

AREVA NP INC.

An AREVA and Siemens company

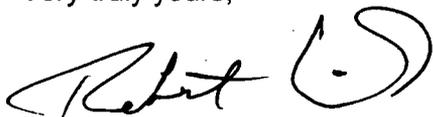
Despite continued fuel fabrication activities that will be ongoing within the former LUR/SPF in the near future, in light of the materials not being SNM licensed by the NRC, AREVA is conservatively requesting a delay in initiation of NRC-based decommissioning per 10 CFR 70.38(f). Attachment 1 provides supplementary information to support this request for postponement of decommissioning; the information is provided in accordance with NRC guidance in NUREG 1757, Volume 3, Section 2.6.4. For the sake of completeness it should be noted that equipment in the SPF portion of the facility remains in place but has been emptied of its inventory and internally rinsed.

The FSB (Building 9) was built and operated primarily to support the Richland site's traditional fuel services activities conducted at customer reactor facilities. Decontamination, storage, and staging of the associated mixed fission product (MFP)-contaminated equipment and tooling was a state radioactive materials licensed activity. However the facility has been utilized for the disassembly of SNM-containing contaminated fuel bundles returned from customer facilities as well as for miscellaneous packaging activities involving SNM-contaminated wastes; these latter activities have been conducted under AREVA's NRC license and are likely to occur in the future, albeit on an unpredictable schedule. This request for postponement of decommissioning for the FSB is based on AREVA's fuel services work having been relocated to AREVA's Lynchburg, Virginia facility and the last SNM-related waste packaging activities in the FSB having been conducted in November 2006. Attachment 2 provides information supporting this request in accordance with the NRC's guidance in NUREG 1757, Volume 3, Section 2.6.4.

As supported by the information in Attachments 1 and 2, the former LUR/SPF (now BDU) facility and the FSB remain as key facilities in the AREVA Richland site's fuel fabrication mission. This is based on the near term BDU mission for the former LUR/SPF and the significant potential for future use of the FSB high bay area. As noted, the facilities will be appropriately maintained, will not pose undue radiological risk to the public or the environment, and will not be measurably more complex to decommission at a later date. Accordingly, AREVA does not feel that the public interest is served in requiring the pursuit of interim decommissioning for these facilities.

We appreciate the NRC's consideration of these requests. If you have questions, please feel free to contact me on 509-375-8409.

Very truly yours,



R. E. Link, Manager
Environmental, Health, Safety & Licensing

cc: Rafael L. Rodriguez
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Attachment 1

Information to Support a Postponement in the Initiation of Decommissioning for AREVA NP's Former Lagoon Uranium Recovery/Solids Processing Facility (LUR/SPF) in Accordance with 10 CFR 70.38(f) and NUREG 1757, Volume 3, Section 2.6.4

1. Principal activities, in this case processing of uranium contaminated liquids and/or sludges, were last conducted in LUR/SPF in mid-September 2006 (9/19/06).
2. Notification to the NRC that no principal activities have occurred in LUR/SPF for a period of 24 months would be required by no later than November 18, 2008, per the requirements of 10 CFR 70.38(d). Per 10 CFR 70.38(f), a request to delay or postpone initiation of the decommissioning process would be due to the NRC no later than October 19, 2008.
3. AREVA plans to initiate decommissioning of the former LUR/SPF at the time of final Richland site decommissioning. If in the future this facility has no current mission and AREVA has reached a decision to permanently cease principal activities in the facility, decommissioning will proceed in accordance with the applicable provisions of 10 CFR 70.38.
4. AREVA anticipates that ultimate decommissioning of the Richland Site will require a decommissioning plan.
5. AREVA is requesting this extension of the time period for initiation of decommissioning because the former LUR/SPF has a continuing nuclear fuel fabrication mission (principal activity), albeit with source material as opposed to SNM. That mission involves the blending of natural uranium dioxide powder with the burnable neutron poison dysprosium oxide to form a blended dysprosium-uranium (BDU) product. Decontamination of the facility to meet decommissioning criteria with respect to SNM concurrently with the startup and long-term operation of a replacement fuel fabrication activity using radioactive materials would needlessly expend resources, contribute to worker exposures, and generate wastes requiring disposition. While the BDU work is projected to be a long-term operation, even lacking this activity, ongoing use of the former LUR/SPF would be highly likely due to the facility's size, location, and installed mechanical/utility-support systems.
6. The facility will be in a fully maintained operational mode; concerns relative to deterioration of a facility in standby mode therefore do not apply. As previously noted, residual equipment in the SPF portion of the building has been emptied of its inventory and appropriately rinsed. Ultimate decommissioning of the entire facility will not be significantly more complex at a later date.
7. The LUR/SPF is included as a Production Support (Ancillary) facility in AREVA's NRC-approved Decommissioning Funding Plan (E06-04-007, Version 2.0; December 2005). That plan is scheduled for updating/resubmittal in December 2008. The DFP conservatively assumes that decommissioning of LUR/SPF will involve removal/disposal of all contaminated equipment plus decontamination of the facility and supporting structures. Escalation of decommissioning costs for the facility over time will track with contaminated equipment inventory and general escalation in labor and waste disposal rates. AREVA stays current with these drivers via updates to its DFP and associated cost estimate in compliance with 10 CFR 70.25(e). No other extraordinary factors are foreseen that will increase LUR/SPF decommissioning costs over the period prior to ultimate decommissioning.
8. AREVA currently provides financial assurance for decommissioning via a parent company guarantee in accordance with 10 CFR 70.25(f)(2). Annual recertification of the guarantee

(passage of the underlying financial test) has been conducted in accordance with 10 CFR 30, Appendix A. AREVA is currently in the process of transitioning to a letter of credit/standby trust agreement. The parent company guarantee will remain in effect until the NRC approves the replacement financial assurance.

9. As an operational facility, the BDU (former LUF/SPF) facility will be subject to AREVA's full scope of operational radiation, chemical, and fire safety programs, as applicable. In addition, the activities will be covered by applicable effluent monitoring (e.g. stack monitoring) as well as the site's ongoing environmental surveillance program. These efforts, aimed at occupational and environmental ALARA, will remain sufficient to protect public and worker health and safety and the environment.

Attachment 2

Information to Support a Postponement in the Initiation of Decommissioning for AREVA NP's Fuel Services Building (FSB) in Accordance with 10 CFR 70.38(f) and NUREG 1757, Volume 3, Section 2.6.4

1. Principal activities, in this case disassembly of SNM-containing contaminated fuel bundles and/or miscellaneous packaging activities involving SNM-contaminated wastes, were last conducted in the FSB in November 2006.
2. Notification to the NRC that no principal activities have occurred in the FSB for a period of 24 months would be required in January 2009, per the requirements of 10 CFR 70.38(d). Per 10 CFR 70.38(f), a request to delay or postpone initiation of the decommissioning process would be due to the NRC in December 2008.
3. AREVA plans to initiate decommissioning of the FSB at the time of final Richland site decommissioning. If in the future this facility has no current mission and AREVA has reached a decision to permanently cease principal activities in the facility, decommissioning will proceed in accordance with the applicable provisions of 10 CFR 70.38.
4. AREVA anticipates that ultimate decommissioning of the Richland Site will require a decommissioning plan.
5. AREVA is requesting this extension of the time period for initiation of decommissioning because the FSB remains a fully functional and well-equipped facility within the Richland fuel fabrication complex. The contaminated portion of the FSB is a spacious high bay area equipped with HEPA-filtered exhaust, overhead hoists, full industrial utilities, and excellent access. Inspection and/or disassembly of SNM-containing fuel assemblies, particularly contaminated fuel assemblies, remains a viable, albeit an unpredictable and infrequent, mission for this area. Due to its strategic capabilities, the high bay area also continues to be a valuable location for miscellaneous waste handling activities as well as a wide array of special projects that periodically arise at an active fuel fabrication facility.

Decontamination of the FSB high bay area to meet decommissioning criteria in light of the high probability for future SNM-related activities in this area would needlessly expend resources and create decommissioning-related wastes in need of disposition. As discussed under No. 9 below, the FSB, maintained in its current state, offers insignificant potential for release of radioactive materials resulting in worker exposures, exposures to the public, or contamination of the environment.

6. AREVA will conduct any and all maintenance as required to preserve the FSB contaminated high bay area as an area readily available for periodic SNM-related activities as historically conducted or for a future long-term radioactive materials mission. The high bay area is essentially devoid of process equipment, with equipment formerly supporting the fuel services activities having been removed and transferred to AREVA's significant Lynchburg, Virginia fuel/reactor services operation. Deterioration of process equipment over time is therefore not an applicable concern. There are no current facility characteristics or conditions that would be expected to render decommissioning more complex at a later date.

7. The FSB is included as a Production Support (Ancillary) facility in AREVA's NRC-approved Decommissioning Funding Plan (E06-04-007, Version 2.0; December 2005). That plan is scheduled for updating/resubmittal in December 2008. The DFP conservatively assumes that decommissioning of the FSB will involve removal/disposal of all contaminated equipment plus decontamination of the facility and supporting structures. Escalation of decommissioning costs for the facility over time will track with contaminated equipment inventory and general escalation in labor and waste disposal rates. AREVA stays current with these drivers via updates to its DFP and associated cost estimate in compliance with 10 CFR 70.25(e). No other extraordinary factors are foreseen that will increase FSB decommissioning costs over the period prior to ultimate decommissioning.
8. AREVA currently provides financial assurance for decommissioning via a parent company guarantee in accordance with 10 CFR 70.25(f)(2). Annual recertification of the guarantee (passage of the underlying financial test) has been conducted in accordance with 10 CFR 30, Appendix A. AREVA is currently in the process of transitioning to a letter of credit/standby trust agreement. The parent company guarantee will remain in effect until the NRC approves the replacement financial assurance.
9. The FSB high bay area is currently in a standby mode. General/process ventilation has been suspended in accordance with Sections 3.2.2 and 5.1.1 of AREVA's current NRC license for ventilated spaces in which all processing of uncontained or unencapsulated radioactive material has been formally suspended. Any reinitiation of activities involving uncontained radioactive materials will require restart of ventilation and supporting tests per license requirements and AREVA's governing procedures. Despite lack of ongoing radioactive material handling activities, contamination surveys and radiation level surveys continue to be performed as required by procedure. As previously mentioned, the tooling and equipment previously sent to reactor sites in support of the building's prior fuel services mission has been removed. Maintenance of this facility in an interim standby status will pose no increased threat to the health of site workers, the public health, or the surrounding environment. Furthermore, the facility will continue to be covered by the site's NRC license-required environmental surveillance program.