

January 02, 2009

ALL AGREEMENT STATES, MICHIGAN, NEW JERSEY, VIRGINIA

**REPORTING INVENTORIES OF SPECIAL NUCLEAR MATERIALS (SNM) TO THE NRC (FSME-08-087)**

**Purpose:** On June 9, 2008 the Nuclear Regulatory Commission published the final rule concerning Regulatory Improvements to the Nuclear Materials Management and Safeguards System (NMMSS) in the Federal Register <http://edocket.access.gpo.gov/2008/pdf/E8-12830.pdf> . One of the changes in this rule is an additional requirement that any NRC or Agreement State Licensee, who possesses a gram or more of SNM (plutonium, U-235 contained in enriched uranium, or U-233), report their physical inventory each year to the NRC. The inventory reports are to be submitted between January 1 and March 31 of each year to the operator of the NMMSS database. NRC and Agreement State licensees are already required to reports shipments and receipts to NMMSS.

This is for your information. No action by any Agreement State personnel is necessary as these regulations are Compatibility Category "NRC" and NRC will be contacting the NMMSS users.

**Background:** NMMSS compares the reported inventory information with information that the licensee has reported to NMMSS concerning receipts, shipments and inventory adjustments. If there are any inconsistencies between the reported inventory and records the licensee has submitted previously to NMMSS, the licensee has thirty calendar days to reconcile their records with the NMMSS database. This rule change will apply to Agreement State Licensees who possess, or possessed in the previous year, a gram or more of SNM. The specific regulations that apply to Agreement State Licensees are located at 10 CFR 150.16 and 10 CFR 150.17 of the published rule that becomes effective January 1, 2009.

**Discussion:** As NRC and Agreement State Licensees prepare to start reporting their inventories, there may be cases when a licensee identifies that its physical inventory does not match up with information that they have reported to the NMMSS database. Many of the inconsistencies may be determined to be the result of on-site inventory adjustments such as small sample use and disposal. The NRC regulations previously did not require that on-site inventory adjustments to be reported to the NMMSS database. The licensee will need to report these on-site inventory adjustments to NMMSS as part of their work to reconcile their inventory records with the NMMSS database. If the licensee determines that SNM was missing due to theft or unlawful conversion, that the licensee must report to the NRC in accordance with 10 CFR 150.16(b)(1). In any case, the licensee shall report any missing licensed material to the NRC in accordance with 10 CFR 20.2201 or compatible Agreement States regulations.

If you have any question regarding this correspondence, please contact me at 301-415-3340 or the individual named below.

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