UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8931

October 23, 2009

Ms. Barbara A. O'Neal
Erwin Citizens Awareness Network
P.O. Box 1151
Erwin, TN 37650

Dear Ms. O'Neal:

Thank you for your letter of September 24, 2009, regarding the NRC public exit meeting held in Erwin where we discussed the results of our operational readiness review of the commercial development (CD) line at Nuclear Fuel Services (NFS). Your letter raised several issues that I would like to address.

(1) CD Line Equipment Mounting

As highlighted in your letter, a question was asked during the exit meeting about whether the equipment of the CD line was mounted on skids. We were unaware of the NFS brochure you provided stating that the CD line equipment was so mounted.

The process equipment was shipped to NFS in modular form and these pre-assembled process units were moved into the process area using skids. Our operational readiness review verified that the equipment was installed as designed and is secured to the foundation of the process building.

(2) Uranium Hexafluoride (UF_6) Processing Prior to NRC Approval

In your letter, you identified two specific reports from the Nuclear Materials Event Database that reference events that involved UF_6 and occurred before NFS was given the authorization to process UF_6. These references to UF_6 are errors, as neither event involved UF_6 or a UF_6 process. Both of these data entry errors have been corrected and we apologize for the confusion this may have caused.

You also referenced Inspection Report 70-143/2007-207 and quoted the statement regarding the "focus on risk-significant fissile material processing activities including…the C and D production line." In this part of the report, the inspectors were describing their tour of the facility and included each area they observed. At that time, the area where the CD line is now installed was then being prepared for equipment installation. The statement in the report was not meant to suggest that the CD line was in operation during that inspection.

An additional facet of your concern was that the NFS 2009 Environmental Report described the processing of UF_6 as one of many "Current Operations." NFS wrote this

report as part of their license renewal application. In order to make their case for continued operation of the plant, they are required to document all operations that occurred during the current license period. Since UF_6 conversion is an operation that was authorized to begin during the latter part of the current license period, it was appropriate for NFS to include it as part of their "Current Operations" in this report. This inclusion is not meant to imply that UF_6 conversion was ongoing when the document was written.

Based on observations made during onsite inspections and our knowledge of the facility, we are confident that NFS did not process UF_6 prior to NRC approval.

(3) Effluents from the CD Line

With regard to the new effluent systems, we agree that NFS' original license amendment application failed to address the issue adequately. As such, we formally requested that NFS address the contributions that the new processing line will make to environmental impacts (i.e. radiation exposures, effluents, etc.). Based on computer models of the activities on the new CD line and considering the operation of their newly installed high-efficiency gaseous effluent treatment system, NFS determined that the highest annual dose that a member of the public would receive from all of their proposed operations is 0.032 mrem. This amount is well below the 100 mrem annual public dose limit. The document where NFS presents this information is available to the public via the NRC website (ADAMS Document Number ML081790147).

We evaluated NFS' response to our inquiries and prepared an environmental assessment, which was published in the Federal Register on September 2, 2008. Our evaluation concluded that no significant increase is expected in either effluent air emissions or liquid effluents discharged to the sewer system.

As you are already aware, we have scheduled a public meeting for October 29, 2009 at the Erwin Town Hall at 6 P.M. During this meeting we intend to provide answers to many of the questions raised during the May 28, 2009 public meeting and the June 11, 2009 conference call. We will also address questions about other issues that you have at that time.

If you have any questions about this letter, please contact Mr. Charlie Payne at 404-562-4711 or by e-mail at charlie.payne@nrc.gov. In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection via the NRC website (www.nrc.gov).

Sincerely,

/RA/

Eugene W. Cobey, Deputy Division Director
Division of Fuel Facility Inspection

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