



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

January 15, 2010

Gregory Smith, Chief Operating Officer
and Chief Nuclear Officer
National Enrichment Facility
P.O. Box 1789
Eunice, NM 88231

SUBJECT: LOUISIANA ENERGY SERVICES L.L.C., NATIONAL ENRICHMENT FACILITY'S (LES NEF) READINESS FOR OPERATION OF THE FIRST CASCADE ON-LINE (FCOL)

Dear Mr. Smith:

The NRC has been performing Operational Readiness Review (ORR) and construction inspections at your facility as part of the NRC decision-making process regarding potential operation of your facility. These inspections are required by Condition 11 of your NRC license, and by 10 CFR 70.32(k), and are performed in accordance with the NRC inspection program as defined in Inspection Manual Chapter (IMC) 2696, (Louisiana Energy Services Gas Centrifuge Facility Construction and Pre-Operational Readiness Review Inspection Programs). LES is responsible for ensuring that the facility is ready for safe operations in accordance with the licensing basis. The NRC has the responsibility to verify that the facility has been constructed in accordance with the requirements of the license and programs are implemented for safe operations. These inspections support the NRC's safety decision associated with operation of the facility. We are committed to performing these inspections in a manner that is effective and timely.

Discussions were held (including on December 23 and 30, 2009, and January 6, 8, and 11, 2010) with you and your staff to discuss inspection readiness and preliminary results of our inspections. Based on these discussions, along with the preliminary results of the recent inspections at your facility and the status of licensing actions, we identified issues with the readiness of those programs to support our inspections and decision-making regarding operational readiness. These issues include:

- Quality records demonstrating that the as-built construction was in accordance with the license and approved design basis were not completed prior to the two previous inspections of the service building module (Item Relied on for Safety (IROFS) 27e). A third inspection will be necessary.
- Technical issues were identified during two previous inspections of the centrifuge cascade (IROFS 41). A third inspection will be necessary.
- The emergency preparedness demonstration on December 7, 2009, identified a number of issues. A re-demonstration is scheduled for the week of January 18, 2010.

- The ORR inspection of the Fundamental Nuclear Material Control Plan, originally scheduled for the week of January 19, 2010 is pending rescheduling because two licensing actions in this area are awaiting your response to the staff's requests for additional information.
- A revision to the amendment for Constructing While Operating, received by the NRC staff on January 7, 2010, is under staff review and must be completed before commencement of operations.
- An ORR inspection of the radiation protection program was conducted the week of January 4. This inspection determined that the radiation program had been established but was not implemented. Implementation of this program will be inspected by the NRC prior to authorization for operations.

In several documents, including your letter dated January 8, 2010, LES has stated your readiness for NRC ORR inspections while listing numerous exceptions in several programs. A number of these exceptions would not preclude the ability of the NRC to complete an inspection; however, other exceptions involved significant attributes requiring completion before inspection. NRC ORR inspections can not be completed until all significant exceptions are addressed and completed. Notable were the exceptions in the operations, criticality safety, fire protection, licensing, and material control and accountability program areas. In addition, after inspections are completed, NRC will document and formally provide reports of the inspection results to LES and make those reports available to the public. These reports will be completed before NRC makes its determination regarding operational readiness. NRC staff will continue to communicate with your staff regarding the status of these issues. The additional work necessary by LES to address these issues, and the time needed for the staff to document the results of its inspections, may not support the decision-making process regarding operation of the first cascade by your proposed date of March 2, 2010.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Continued communications regarding the readiness of your programs for inspection is appreciated. Should you have any questions, please contact Deborah Seymour at (404) 562-0556.

Sincerely,

/RA/

Richard Croteau, Director
Division of Construction Projects

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Sincerely,

/RA/

Richard Croteau, Director
Division of Construction Projects

Docket No. 70-3103
License No. SNM-2010

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE
ADAMS: Yes ACCESSION NUMBER: ML100191384 SUNSI REVIEW COMPLETE

OFFICE	RII:DCP	RII:DCP	ONMSS				
SIGNATURE	Via Email	ATG	Via Email				
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DATE	1/14/2010	1/14/2010	1/14/2010				
E-MAIL COPY?	YES NO	YES NO	YES NO				

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G. Smith

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Letter to Gregory Smith from Richard Croteau dated January 15, 2010

SUBJECT: LOUISIANA ENERGY SERVICES, L.L.C., NATIONAL ENRICHMENT FACILITY'S
(LES NEF) READINESS FOR OPERATION OF THE FIRST CASCADE ON-LINE
(FCOL)

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