

February 16, 2010

Mr. Sam Shakir
President & CEO
AREVA Enrichment Services LLC
One Bethesda Center
4800 Hampden Lane, Suite 1100
Bethesda, Maryland 20814

SUBJECT: ENVIRONMENTAL REVIEW CONSIDERATIONS AND SCHEDULE IMPACTS
ASSOCIATED WITH CHANGES TO THE ENVIRONMENTAL REPORT FOR THE
PROPOSED AREVA EAGLE ROCK ENRICHMENT FACILITY (TAC NO.: L32707)

Dear Mr. Shakir:

The purpose of this letter is to inform you of the U.S. Nuclear Regulatory Commission's (NRC's) approach to incorporating AREVA Enrichment Services LLC (AES) transmission line information into the Environmental Impact Statement (EIS) for the proposed Eagle Rock Enrichment Facility (EREF) in Bonneville County, Idaho, and NRC's estimated schedule for completion and public issuance of the Draft EIS and Final EIS. This is also a response to AES's letter of January 27, 2010, regarding the EREF transmission line review.

AES's December 2008 Environmental Report (ER), April 2009 ER Revision 1 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML091210558), and supplemental documents submitted through November 2009, did not contain sufficient information on the location of the transmission line routes or on the environmental impacts of construction and operation of the transmission lines. On August 10, 2009, NRC provided AES with a Request for Additional Information (RAI) (ML092190021) relating to the analysis performed to locate the proposed electric transmission lines. This information is needed to assess the construction and operational cumulative impacts of the proposed EREF. On September 9, 2009, AES responded to NRC's RAI providing the general location of the transmission lines (ML092530636).

On September 24 and October 22, 2009, NRC staff conducted follow-up phone calls with AES during which AES informed the NRC that there would be two redundant transmission lines with a total length of approximately 37 miles, and that a large portion of these lines would cross Bureau of Land Management (BLM) and U.S. Department of Energy (DOE) lands. This new information substantially increased the scope of the EREF EIS. NRC subsequently modified its EIS schedule and project plan to reflect this new information.

On December 7, 2009, AES provided NRC with an ER supplement (ML093421100) that contained information needed for NRC's review of the environmental impacts associated with the proposed transmission lines. On January 6, 2010, NRC staff and AES conducted an additional telephone conversation to discuss the EIS schedule delay associated with the increased project scope and BLM participation in the EIS process.

In a letter dated January 19, 2010, AES officially informed NRC of a significant change from its transmission line plans contained in the December 7th supplement (ML100210189). As follow-up to the January 19th letter, AES provided revised supplemental information on the environmental impacts of the transmission lines on January 29, 2010. AES's proposed new approach will eliminate one of the two redundant transmission lines, leaving a single, 10-mile line from the east, mostly on existing right-of-way, and with some line relocations to keep the entire corridor on private lands. Under this plan, BLM and DOE will no longer be involved in the project.

In a letter dated January 27, 2010, AES states that, based on its proposed new approach to construct a single line from the east, which would be mostly an upgrade of an existing transmission line and not cross any federal land, AES expects that the NRC will address the impacts of the transmission lines as cumulative impacts and issue the draft EIS in the March-April, 2010 timeframe.

The NRC staff intends to address the impacts of the transmission lines as cumulative impacts. The NRC staff notes certain "preconstruction activities" fall outside of the NRC's statutory jurisdiction, such as in the case of the building of transmission lines for the AES EREF. Therefore, they are not required to be considered as direct or indirect impacts of the federal action itself, which is the NRC's issuance of a license for the construction and operation of the enrichment facility. The impacts of the transmission lines, however, are to be evaluated in sufficient detail to determine any cumulative impacts from the activities to be authorized by the license. For this reason, AES must prepare an environmental report that contains information regarding a description of these impacts necessary to support the construction and operation of the facility. This will require that AES describe the impacts of the transmission lines in sufficient breadth and detail such that the NRC staff understands the potential impacts of their construction and can complete its independent analysis. The NRC staff is currently reviewing the January 29, 2010, supplement and will provide AES with any additional information needs in the near future.

Regarding the schedule for completion of the EIS, NRC's original schedule was predicated, in part, on the receipt of complete RAI responses by September 9, 2009. NRC staff has considered the impacts on the EIS schedule of the information provided on January 19, 2010. Although the schedule impacts of evaluating the environmental effects of the transmission lines under AES's January 19th proposal will be less than those for AES's proposal submitted on December 7, 2009, development of the EIS has been impacted.

The EIS schedule delay associated with AES's January 19th proposal is primarily due to: (1) the delay in obtaining final information on the location and environmental impacts of transmission lines until approximately five months after receipt of the September 9, 2009, RAI responses, and 12 months into the staff's review; (2) the need to review additional information on relocated portions of the route not included in the December 7, 2009, ER supplement; and (3) the need to complete evaluations that were delayed in the fall of 2009 consistent with NRC's revised schedule to accommodate AES's original transmission line project.

The NRC staff currently estimates that the Draft EIS and Final EIS could be issued in approximately July 2010 and February 2011, respectively, provided that AES's revised transmission line supplemental information is found by the staff to be reasonably complete and acceptable. The planned review schedule assumes that RAI responses will be timely, of sufficient quality, and complete, and may be impacted should AES propose additional changes to the application or ER. This would be within the timeframe of the Commission's July 23, 2009,

Order for the Atomic Safety and Licensing Board to conduct hearings and issue its licensing decision by November 25, 2011, and for the Commission to issue a license by January 2012.

In accordance with 10 CFR 2.390, "Public Inspections, Exemptions, Requests for Withholding," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room, or from the Publicly Available Records component of (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

If you have any questions regarding this matter, please contact Ms. Breeda Reilly, at 301-492-3110, or to Breeda.Reilly@nrc.gov

Sincerely,

/RA/

Daniel H. Dorman, Director
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 70-7015

Order for the Atomic Safety and Licensing Board to conduct hearings and issue its licensing decision by November 25, 2011, and for the Commission to issue a license by January 2012.

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Sincerely,

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