

May 4, 2010

Mr. Mark P. Elliott, Director  
Safety and Security  
Nuclear Fuel Services, Inc.  
P.O. Box 337, MS 123  
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC., AMENDMENT 90 - EXTENSION OF  
SAFEGUARDS CONDITION SG-4.34 FOR RECEIPT VERIFICATION  
(TAC L32925)

Dear Ms. Moore:

In accordance with your application dated November 20, 2009, and pursuant to Part 70 to Title 10 of the *Code of Federal Regulations* (10 CFR), Materials License SNM-124 is hereby amended to approve an extension to the expiration date of Safeguards Condition SG-4.34. Accordingly, Safety Condition S-1 has been revised to add the date of November 20, 2009. In addition, Safeguards Condition SG-4.34 has been revised to read as follows:

SG-4.34 Notwithstanding the commitment in Section 4.7.1 of the Fundamental Nuclear Material Control Plan identified in Condition SG-5.1 to perform certain receipt verification measurements of strategic special nuclear material, the licensee shall have five (5) additional days to fulfill the above stated commitment relative to the shipments of high-enriched uranium identified in the November 20, 2009, request letter. This condition automatically expires on April 30, 2011.

All other conditions of this license shall remain the same.

Enclosed are copies of the revised Materials License SNM-124 (Enclosure 1), and the Safeguards Evaluation Report (Enclosure 2).

Upon issuance of this document, TAC L32925 will be **closed**.

This letter transmits sensitive, unclassified information. Upon removal of the sensitive information, it is decontrolled. In accordance with 10 CFR 2.390 of the U.S. Nuclear Regulatory Commission's (NRC) "Rules of Practice," a copy of this letter and the non-sensitive portions of the enclosures will be available electronically for public inspection in the NRC Public Document Room or from the Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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M. Elliott

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If you have any questions regarding this matter, please contact Kevin Ramsey of my staff at (301) 492-3123, or via e-mail to [Kevin.Ramsey@nrc.gov](mailto:Kevin.Ramsey@nrc.gov).

Sincerely,

*/RA/*

Michael D. Tschiltz, Deputy Director  
Fuel Facility Licensing Directorate  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 70-143  
License No.: SNM-124  
Amendment 90

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B. Moore

If you have any questions regarding this matter, please contact Kevin Ramsey of my staff at (301) 492-3123, or via e-mail to [Kevin.Ramsey@nrc.gov](mailto:Kevin.Ramsey@nrc.gov).

Sincerely,

**/RA/**

Michael D. Tschiltz, Deputy Director  
Fuel Facility Licensing Directorate  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 70-143  
License No.: SNM-124  
Amendment 90

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Enclosures: As stated

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<b>OFFICE</b>	FMB	FMB	FMB	FFLD
<b>NAME</b>	KRamsey	LAllen	PHabighorst	MTschiltz
<b>DATE</b>	04/28/10	4/30/10	5/3/10	5/4/10

**OFFICIAL RECORD COPY**

DOCKET: 70-143

LICENSEE: Nuclear Fuel Services, Inc.  
Erwin, Tennessee

SUBJECT: SAFEGUARDS EVALUATION REPORT: SUBMITTAL DATED NOVEMBER 30,  
2009, REQUEST TO EXTEND SAFEGUARDS LICENSE CONDITION SG-4.34

## 1.0 BACKGROUND

By cover letter dated November 30, 2009, Nuclear Fuel Services (NFS) requested an amendment to renew the previously issued Safeguards License Condition SG-4.34. This license condition automatically expires on April 30, 2010. This amendment in response to this request, which authorizes a time extension to complete certain receipt verification measurements for shipments of strategic special nuclear material (SSNM), would relieve the licensee from a commitment in Section 4.7.1 of its Fundamental Nuclear Material Control Plan (FNMCP). The staff processed this amendment request in accordance with the provisions of 10 CFR 70.34.

## 2.0 DISCUSSION

The extension request addresses shipments of SSNM containers conducted by the Department of Energy Office of Secure Transportation (OST). The OST scheduling needs related to the transport of SSNM to the NFS facility remain the same as for shipments for the past six years. Due to the limited availability of secure transport and schedule constraints, the licensee must maintain the capability to accommodate larger quantities of material than usual in each shipment and receive shipments in a compressed time frame. Therefore, additional time is requested by the licensee to perform the gross weight checks associated with the larger shipment quantities.

However, Section 4.7.1 of the facility's FNMCP contains the commitment that "incoming containers of HEU are gross weighed within five (5) working days, excluding weekends and holidays, of the time the material is received." Therefore, a time extension has been requested for the past six years for the receipt of this material and to modify the requirements to accommodate the receipt measurement activities. It is noted that this request is to extend the license condition for an additional year in order to accommodate similar material receipts and schedules occurring at the facility during 2010.

In the request letter, the licensee stated that the containers of SSNM received from the secure transport shipments will be physically verified for container numbers and tamper-indicating devices.

Once verified, the material will be placed into vault storage until gross weighing is performed. "Category IA" designated material will be gross weighed within five (5) working days, excluding weekends and holidays, of the time the material is placed in vault storage. "Category IB" designated material will be gross weighed within ten (10) working days, excluding weekends and holidays, of the time the material is placed in vault storage. The staff found that the proposed practices for handling the materials during receipt activities continue to be acceptable. Also, the staff found the request is necessary and appropriate to allow NFS to fulfill all initial verification measurement requirements for the shipments.

### 3.0 ENVIRONMENTAL REVIEW

The staff has determined that the changes requested are related to safeguards matters which are categorically excluded from the requirements to prepare a site-specific environmental assessment. Therefore, in accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 51.22(c)(12), neither an environmental assessment nor an environmental impact statement is warranted for this action.

### 4.0 CONCLUSION

The staff concludes that granting the licensee's time extension request for completing the verification measurements of received SSNM is justified and warranted, and will not reduce the effectiveness of the licensee's safeguards program. Therefore, the currently expired Safeguards License Condition SG-4.34 should be reissued to allow for the limited extension of time as follows:

SG-4.34        Notwithstanding the commitment in Section 4.7.1 of the FNMC Plan identified in Condition SG-5.1 to perform certain receipt verification measurements of strategic special nuclear material, the licensee shall have five (5) additional days to fulfill the above stated commitment relative to the shipment of high-enriched uranium identified in the November 30, 2009, request letter. This condition automatically expires on April 30, 2011.

### PRINCIPAL CONTRIBUTOR

Thomas N. Pham