



Department of Energy

Portsmouth/Paducah Project Office
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APR 29 2011

Mr. Jon Kinneman
Director, Division of Fuel Cycle Safety and Safeguards
Attention: Document Control Desk
United States Nuclear Regulatory Commission
Washington, D.C. 20555-0001

PPPO-03-1192470-11

Dear Mr. Kinneman:

DEPARTMENT OF ENERGY REQUEST FOR NUCLEAR REGULATORY COMMISSION ACTION NEEDED FOR RETURN OF REMAINING LEASED FACILITIES, SYSTEMS AND UTILITIES AT THE PORTSMOUTH GASEOUS DIFFUSION PLANT

References:

1. Letter from W. Murphie to D. Dorman, "The Department of Energy Assumption of Regulatory Oversight for Portsmouth Facilities Being Returned to the Department of Energy on September 30, 2010," (PPPO-03-979296-10) dated August 19, 2010
2. Letter from W. Murphie to J. Kinneman, "Initiation of Decontamination & Decommissioning Contract Activities at the Portsmouth Site and Preparation for Assumption of Regulatory Oversight," (PPPO-03-1176976-11), dated March 25, 2011
3. Letter from W. Murphie and J. Howell, "Department of Energy (DOE) Response to United States Enrichment Corporation (USEC) Requests Concerning the Transfer of Certain Nuclear Materials and Other Items Under the Gaseous Diffusion Plant Lease at the Portsmouth Gaseous Diffusion Plant (PORTS)," dated April 28, 2011

The United States Department of Energy (DOE) is requesting the Nuclear Regulatory Commission take all necessary steps within its control to facilitate the return to DOE of all the remaining facilities, systems and utilities under the United States Enrichment Corporation's (USEC) Certificate Number GDP-2. DOE requests such actions be completed in sufficient time to allow these facilities, systems and utilities to be returned to DOE no later than June 15, 2011. As with previous returns of facilities at the Portsmouth Gaseous Diffusion Plant (PORTS), this return will be conducted pursuant to the July 1, 1993, *Lease Agreement Between the United States Department of Energy and the United States Enrichment Corporation* (GDP Lease).

The Decontamination and Decommissioning (D&D) of PORTS is a DOE Office of Environmental Management (EM) project, being executed through the Portsmouth/Paducah Project Office (PPPO). As you are aware, the GDP Lease is administered through the DOE

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Office of Nuclear Energy (NE) at Oak Ridge, TN. PPPO is coordinating with DOE NE and the United States Enrichment Corporation (USEC) to accomplish the de-lease of the remaining gaseous diffusion plant (GDP) facilities at the Portsmouth site. DOE and USEC have been and will continue to work together to ensure that facilities and materials will be transferred to DOE's D&D contractor at the site, Fluor-B&W Portsmouth, LLC (FBP), without negatively impacting safe operations at PORTS.

Enclosed you will find a proposed facility return schedule that includes the assumed time frames and associated decisions. The agreements that are being finalized between DOE and USEC have been structured to ensure FBP can safely perform the work at the site, which includes ensuring qualified personnel will be conducting the work. DOE has approved a safety basis document that is compliant with 10 CFR 830, referred to as the Basis for Interim Operation, covering the activities in the PORTS nuclear facilities following de-lease. In general, site programs including the emergency management program, the security plan, nuclear materials control and accountability, and the current safety management programs are proposed to remain substantially unchanged. DOE has agreed to take possession of certain USEC nuclear materials at PORTS and possession of any remaining USEC waste upon de-lease. The conditions associated with DOE's agreement to take possession of USEC's nuclear material and waste are outlined in reference 3 (enclosed). As a result of DOE's agreement, at the point the facilities, systems and utilities are returned to DOE, USEC will no longer possess any material at PORTS that is subject to its NRC certificate.

In addition, FBP has hired or will be hiring most of the USEC employees at PORTS. The hiring is being conducted in two phases. The first phase included hiring of the United Steelworkers (USW) personnel effective March 29, 2011, and making offers to USEC salaried personnel with a delayed report-in date of July 1, 2011. The second phase will be the USEC salaried personnel reporting to FBP on July 1, 2011. DOE's contract with FBP includes the provision of utility and site services. Following the return of the facilities, systems and utilities, DOE has agreed to provide services, through PORTS contractors, to USEC in support of the Advanced Centrifuge Project (ACP). These services will be provided to USEC in accordance with the *Master Binding Facility Agreement (MBFA) for the Return and Transfer of Property Leased by the United States Enrichment Corporation (USEC) under the Gaseous Diffusion Plant Lease at the Former Gaseous Diffusion Plant in Piketon, Ohio.*

The bulk of PORTS facilities were transferred to DOE regulatory authority on September 30, 2010 (see above referenced letter dated August 19, 2010). DOE transferred the contracted activities associated with the de-leased PORTS facilities from USEC to FBP on March 29, 2011, reference 2. DOE is prepared to assume regulatory oversight authority and responsibility for the remaining PORTS facilities, systems and utilities as soon as June 15, 2011. DOE hopes that its preparations will significantly support any required NRC actions that NRC must take to facilitate USEC's return of the facilities, systems and utilities to DOE.

If you have any questions or require additional information, please coordinate your comments and feedback with Tom Hines of my staff at 270-441-6829 or 270-816-5086.

Sincerely,



William E. Murphie
Manager
Portsmouth/Paducah Project Office

Enclosures:

1. Facility De-lease Scenario
2. Letter dated April 28, 2011 (Reference 3)

cc w/enclosures:

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