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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

August 9, 2017

Mr. Matt Feyrer, Site Manager
6705 Vallecitos Road
GE Vallecitos Nuclear Center
Building 102
Sunol, CA 94586-8524

SUBJECT: LICENSE RENEWAL APPLICATION FOR THE GENERAL ELECTRIC
VALLECITOS NUCLEAR CENTER (COST ACTIVITY CODE L36034)

Dear Mr. Feyrer:

The U.S. Nuclear Regulatory Commission (NRC) has completed its review of the General Electric-Hitachi (GEH) application to renew Special Nuclear Materials (SNM) License SNM-960, for the Vallecitos Nuclear Center (VNC), dated December 13, 2013 (Agencywide Documents Access and Management System [ADAMS] Accession Number ML13352A033), and subsequent revisions dated March 18, 2015 (ADAMS Accession Number ML15077A495), and February 26, 2016 (ADAMS Accession Number ML16057A710). Based on a review of the application and subsequent revisions documented in the enclosed Safety Evaluation Report (SER), and pursuant to Part 70 to Title 10 of the *Code of Federal Regulations* (10 CFR), NRC license SNM-960 is hereby renewed for a term of ten years. Enclosed are copies of the license and the NRC staff's SER.

Consistent with Confirmatory Order (CO) EA-14-144, dated April 22, 2015, the staff addressed the appropriate categorization (i.e., Category I, II, or III) of the VNC facility during the review of the GEH license renewal application. The NRC staff concluded that, due to the uniqueness of the facility and the type and form of the material VNC is licensed to possess, the VNC will not be categorized at this time. The NRC staff further determined that CO EA-14-144 will serve as the licensing basis for physical security and material control and accounting at the VNC. However, it should be noted that this issue may be revisited as part of the NRC's 10 CFR Part 73 material attractiveness rulemaking, if the Commission directs the staff to resume work on this effort. Additional discussion on this issue can be found in Section 1.2.13, "Special Authorizations and Exemptions" (Reactor Produced Transuranics) of the SER.

As part of its review of the license renewal application, the NRC staff conducted a review of GEH's Decommissioning Funding Plan [DFP, Cost Activity Code (CAC) Number L34379] for the VNC. To conduct this review, in addition to reviewing GEH's March 18, 2015, license renewal

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application, and its subsequent revision dated February 26, 2016, the NRC staff evaluated GEH's revised DFP submittal dated January 31, 2014 (ADAMS Accession Number ML14045A334); DFP supplemental information dated August 1, 2014 (ADAMS Accession Number ML14213A276); GEH's response (ADAMS Accession Number ML16057A130) dated February 26, 2016, to the NRC staff's Request for Additional Information (RAI) dated January 27, 2016 (ADAMS Accession Number ML15280A423); GEH's revised DFP, which included an updated decommissioning cost estimate (DCE), dated February 6, 2017 (ADAMS Accession Number ML17039A489); and GEH's response dated March 28, 2017 (ADAMS Accession Number ML17087A171), to an NRC staff RAI dated March 17, 2017 (ADAMS Accession Number ML17093A767). Based on the review of the information provided by GEH in these submittals, the NRC staff found that there is reasonable assurance that the proposed DCE would continue to provide adequate protection of public health, safety, safeguards, security, and the protection of the environment, and that the proposed update to GEH's DFP is acceptable and meets the regulatory requirements in 10 CFR 70.25(e). The NRC staff evaluation of the DFP and DCE can be found in Chapter 10 of the enclosed SER.

During the license application review process, the NRC staff also evaluated whether a new program code associated with a 10 CFR Part 171 fee category that would better describe the reduced activities being authorized at the VNC under the renewed SNM-960 materials license should be assigned. The NRC staff noted that the currently assigned program code for the VNC is 21133. This program code is associated with 10 CFR Section 171.16 fee category (d)(1)(A)(2)(c), "Others, including hot cell operations." This category currently assigns a fee of \$770,000.00 for Fiscal Year (FY) 2017. The NRC staff noted that, in its renewal application, GEH's new proposed possession limits are significantly reduced, when compared to the current possession limits. Furthermore, the NRC staff noted that GEH's proposed authorized activities are also being reduced to possession and storage of licensed material (i.e., SNM) at the Hillside Storage Facility, and possession and use of limited quantities of SNM for laboratory analysis and engineering studies within the metallurgy, chemistry and ceramics laboratory facilities at the site. The NRC staff determined that these changes to the activities currently conducted at the site would represent a change to the licensee's current primary activities at the VNC. Therefore, the NRC staff is reclassifying the VNC as a "greater than critical mass" facility (similar to universities and other commercial operations) and re-assigning program code 22155, "SNM greater than critical mass for commercial products and other non-fuel-cycle activities," because it better describes the reduced scope of activities at the facility under the renewed license. This program code is associated with annual fee category 1F of 10 CFR Section 171.16. This category currently assigns a fee of \$6,800.00 for FY 2017. With regard to the fees associated with licensing actions and inspections under the new program code 22155, the VNC will continue to be billed at full cost pursuant to 10 CFR 170.31, "Schedule of Materials Fees," Category 1F. The NRC will continue to bill GEH for these services as mandated by OBRA-90 and the regulations in 10 CFR Part 170. The NRC decision on the annual fees and fees associated with licensing actions and inspections for the VNC was previously communicated to you and discussed in detail in the NRC's, May 22, 2017, letter (ADAMS Accession Number ML15117A388) providing a response to GEH's letter dated March 25, 2014 (ADAMS Accession Number ML14085A128) requesting a reclassification of the annual fee for the VNC. The reclassification of the annual fee is being finalized concurrently with the issuance of this letter, SER, and renewed license.

This action closes CAC Number L36034, Revision of GE Vallecitos License Renewal Application, and CAC Number L34379 - Revision of VNC's Decommissioning Funding Plan.

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In accordance with 10 CFR 2.390 of the NRC's "Agency's Rules of Practice and Procedure," a copy of this letter, without enclosure 2, will be available electronically for public inspection in the NRC Public Document Room or from NRC's 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 Mr. Osiris Siurano-Perez by telephone at 301-415-7827, or via e-mail at: Osiris.Siurano-Perez@nrc.gov.

Sincerely,

/RA/

Craig G. Erlanger, Director
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

Docket No. 07000754
License No. SNM-960

Enclosures:

1. Special Materials License SNM-960 – Non Public Version
2. Safety Evaluation Report – Non Public Version
3. Special Materials License SNM-960 – Public Version
4. Safety Evaluation Report – Public Version

cc: Scott P. Murray, GE-Hitachi

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DATED: AUGUST 09, 2017

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