



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION IV
1600 E. LAMAR BLVD.
ARLINGTON, TX 76011-4511

January 26, 2018

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

SUBJECT: GE-HITACHI - VALLECITOS NUCLEAR CENTER
INSPECTION REQUIREMENTS – DOCKET NO. 070-00754

Dear Mr. Feyrer:

This letter provides information regarding the U.S. Nuclear Regulatory Commission (NRC) inspection program for your special nuclear material (SNM) activities conducted at Vallecitos Nuclear Center (VNC) in Sunol, California, under NRC license number SNM-960. As discussed in the cover letter associated with the approval of VNC's license renewal application (Agencywide Documents Access and Management System [ADAMS] Accession No. ML17097A187), the NRC concluded that, due to the uniqueness of the facility and the type and form of the material VNC is licensed to possess, the VNC would not be categorized as a Category I, II, or III fuel cycle facility. The NRC staff also determined that Confirmatory Order (CO) EA-14-144, issued on April 22, 2015, would serve as the licensing basis for physical security and material control and accounting (MC&A) requirements at the VNC.

The NRC issued the SNM license (SNM-960) renewal for the VNC on August 9, 2017, for a period of 10 years. The NRC Office of the Chief Financial Officer issued a letter dated May 22, 2017 (ADAMS Accession No. ML15117A388), concluding that, based on the reduced scope of authorized licensed activities, the VNC would no longer be considered a major fuel cycle facility. As a result, Program Code 22155, "SNM greater than critical mass for commercial products and other non-fuel cycle activities," is assigned to your facility and all inspection activities are fee billable. Based on the revised program code, the NRC will implement Inspection Manual Chapter 2800, "Materials Inspection Program" for your SNM-960 licensed activities. Therefore, starting in fiscal year 2018, the inspection program for the VNC will consist of the following:

- Inspection procedure 71130.11, "Material Control and Accounting (MC&A)," will be used for MC&A inspections on a triennial frequency.
- Inspection procedure 87126, "Industrial/Academic/Research Programs," will be used for all safety operations, radiological controls, and facility support inspections on a triennial frequency.
- Inspection procedure 81700.09, "Security Measures for Licensed Facilities" will be used for all physical security inspections on a triennial frequency.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter and your response if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's ADAMS document management system. ADAMS is accessible from the NRC's Website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the Public without redaction.

Should you have any questions concerning this matter, please contact Rachel Browder, Senior Health Physicist, at 817-200-1452 or the undersigned at 817-200-1191.

Sincerely,

/RA/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket: 070-00754
License: SNM-960