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DOCKET NUMBER PR 2  
PROPOSED RULE

(45FR 66754)

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October 23, 1980

Secretary of the Commission  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Attention: Docketing and Service Branch

Gentlemen:



Reference is made to the proposed general statement of policy and procedure for enforcement actions to be codified as Appendix C to Part 2 of Title 10CFR.

We would suggest that there be incorporated in the final version a series of definitions pertinent to this specific policy. Particularly important is the definition of the word "loss" as used in Supplement III, Section A.2. and 3. The definition should be quite restrictive and should specifically exclude such losses as normal operating loss and inventory differences (frequently referred to as gains and losses). Further, it would be helpful to include definitions for Category I, II, and III materials.

With regard to Table 1 of the reference document, we suggest that provision be explicitly included in the Table for Category II and III materials for safeguards purposes only. Further, in accordance with the conclusions reached in the special report of the Institute of Nuclear Materials Management entitled, "Assessment of Domestic Safeguards for Low Enriched Uranium," published in August 1976, we suggest that Category III materials for safeguards only be incorporated in Table 1 with all other licensees and persons subject to civil penalties.

With regard to Supplement III, Sections A.2. and 3., we suggest that these sections apply to Category I materials only. It is suggested that a similar category for Category III materials be incorporated under Severity IV. Further, for Category III material there should be established some de minimis level below which there should be no regulatory concern.

We trust that you will find these comments helpful.

Sincerely,

Ralph F. Lumb  
President

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Acknowledged by card... 10/24/80

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