



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

January 23, 1991

CHAIRMAN

The Honorable William H. Young
Assistant Secretary for Nuclear Energy
U.S. Department of Energy
Washington, D.C. 20585

Dear Mr. ^{Bill} Young:

I am responding to your letter of August 9, 1990, in which you requested that the Nuclear Regulatory Commission (NRC) make the necessary resources available to work with the Department of Energy (DOE) to develop a plan and schedule for performing licensing reviews for the Uranium-Atomic Vapor Laser Isotope Separation (U-AVLIS) program.

Based on meetings held with your staff, the NRC understands that your fundamental objective in this area is to ensure the viability of the U-AVLIS technology as a commercial enterprise in the future and that you believe NRC review is essential to that viability. We have carefully considered your request and have concluded that only a full licensing review, encompassing the health, safety, and environmental findings required of a private sector license application, can fully achieve your objective. For the reasons discussed with your staff, a "licensability review," as was conducted for the Fast Flux Test Facility (FFTF) project, is not possible because we lack the necessary staff with the special technical expertise involved in the U-AVLIS technology and because NRC has no previous licensing experience with enrichment facilities and the U-AVLIS technology.

There are two options which DOE could pursue to achieve licensing. The first is to continue to sponsor legislation which would amend Section 202 of the Energy Reorganization Act of 1974 to require NRC licensing of a U-AVLIS plant as a DOE program. If this approach were to be selected, NRC would adjust its budget request to provide resources for NRC to conduct the licensing reviews and inspections needed consistent with the legislative time table. A second approach would be to create a consortium or other entity in which the applicant and prospective licensee are not DOE contractors. Full cost fees should be payable to NRC under both approaches. We will be glad to discuss these options with you if you desire. Under either of these approaches, the facility would be licensed under 10 CFR Parts 40 and 70 and other requirements that result from the recent enactment of the Solar, Wind, Waste, and Geothermal Power Production Incentives Act of 1990.

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We would also suggest that it might be helpful to DOE in terms of preparing for deployment of U-AVLIS technology to monitor NRC's review of an application from Louisiana Energy Services (LES) for a gas centrifuge enrichment plant. We expect the LES application to be submitted at the end of January 1991. DOE representatives are welcome to attend our public licensing meetings with LES dealing with information which is not classified or proprietary to gain a better understanding of NRC's licensing process as it relates to uranium enrichment facilities. In the meantime, we expect to maintain only a modest level of effort to monitor DOE's U-AVLIS activities. Mr. Charles J. Haughney, Chief, Fuel Cycle Safety Branch, Office of Nuclear Material Safety and Safeguards, is NRC's contact for both of these activities. Mr. Haughney can be reached at 301-492-3328.

Sincerely,



Kenneth M. Carr