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

SEP 26 1988

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Morton B. Margulies, Chairman
Administrative Judge
Atomic Safety and Licensing
Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dr. Oscar H. Paris
Administrative Judge
Atomic Safety and Licensing
Board Panel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dr. Emmeth A. Luebke
Administrative Judge
5500 Friendship Boulevard, Apt. 1923N
Chevy Chase, Maryland 20815

In the Matter of
ALL CHEMICAL ISOTOPE ENRICHMENT INC.
(AlChemIE Facility-1 CPDF)
Docket No. 50-603-P/OL; ASLBP No. 88-570-01-CP/OL

and

In the Matter of
ALL CHEMICAL ISOTOPE ENRICHMENT INC.
(AlChemIE Facility-2 Oliver Springs)
Docket No. 50-604-CP; ASLBP No. 88-571-01-CP

Dear Administrative Judges:

Enclosed for the Licensing Board's information are copies of the following correspondence:

Letter dated August 30, 1988 from the Tennessee Department of Health and Environment (Charles P. West) (State) to the NRC Staff;

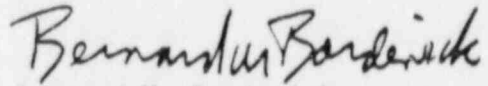
Letter dated September 22, 1988 from the NPC Staff (A. Thomas Clark, Jr.) to the State.

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PDR ADOCK 050006C3
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The Staff presently anticipates that the SER for the AlchemIE applications will be publicly available in approximately two weeks.

Sincerely,

A handwritten signature in cursive script that reads "Bernard M. Bordenick".

Bernard M. Bordenick
Counsel for NRC Staff

cc: Service List



TENNESSEE DEPARTMENT OF HEALTH AND ENVIRONMENT

Bureau of Environment
T.E.R.R.A. BUILDING
150 NINTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-5404

August 30, 1988

U. S. Nuclear Regulatory Commission
Document Control Desk
Office Nuclear Material Safety and Safeguards
Washington, DC 20555

ATTN: Mr. Hugh L. Thompson, Jr.

Gentlemen:

We have reviewed the letters dated August 17, 1988, from AlChemIE, Inc. to the NRC concerning Docket Numbers 50-603 and 50-604. Attached are some comments generated from the review and for which we still desire clarification.

Sincerely,

Charles P. West
Division of Radiological Health

CPW/E3018243

Attachment

cc: Dr. A. Thomas Clark, Jr. NRC
Mr. W. A. Pfeifer, AlChemIE
Michael Pearigan, Deputy Attorney General

8809120054 2pp.

ALCHEMIE'S LETTER DATED 8-17-88 TO NRC
COMMENTS

10 CFR 50 Non Applicability
(Revision 1 to Nov. 17, 1987 submitted)

- 50.34(b)(6)
(iii), (iv) AlChemIE has not shown Tennessee Department of Health and Environment (TDH&E), conclusively, that there is no radiological hazard.
- 50.34(b)(8)
50.54(i-1)
(j), (k), (l)
(m), (y) AlChemIE has not shown TDH&E, conclusively, that there is no radiological hazard.
- 50.34(c)(d)
(c)
50.54(p) Statement made that there are approximately 170 grams of U-235 on equipment. In a letter to NRC, dated 5/9/88, other numbers are given that differ from the above. Which is correct? One hundred seventy grams is licensable under Tennessee regulations and jurisdiction.

10 CFR 50 EXEMPTION REQUIREMENTS

1. A. AlChemIE has not positively shown TDH&E that there will be no radiological release. Also, statement is made that the "facility is to be used for the production of stable isotopes" but in July 20, 1988, letter from AlChemIE to NRC, item 2, it is stated that Tellurium-123 will be enriched "to about 50" percent. These statements present confusion that has not been clarified.
- D. Again AlChemIE has not shown that there will be "no threat of radiological release."

CPW/E3018243

SEP 22 1988

Docket Nos. 50-603
5C-604

Mr. Charles P. West
Division of Radiological Health
Tennessee Department of Health and
Environment
150 Ninth Avenue North
Nashville, TN 37219-5404

Dear Mr. West:

I am writing in response to your letter dated August 30, 1988, concerning letters from AlChemIE to the U.S. Nuclear Regulatory Commission, dated August 17, 1988. The letters concerned AlChemIE's revision to its information submitted previously on the applicability (or non-applicability) of all sections of 10 CFR Part 50 to their applications for licenses for facilities which enrich stable isotopes.

Based on my reading of the information in those letters and on my telephone conversation with you on September 14, 1988, I wish to provide the following observations:

1. In its letter of February 3, 1988, AlChemIE attached a letter from the Department of Energy which indicated that a total of 21.3 kilograms of uranium was firmly fixed to the centrifuge machines from the Department's testing program. If all of the feed material used in the test were natural uranium, the total uranium 235 would be about 150 grams (21300×0.0071). Thus, the 170 grams cited by AlChemIE for item §50.34 (c)(d) is an overestimate of that total.
2. Apart from the question of the quantity of uranium to be possessed by AlChemIE, Section 150.15 (a)(1) of 10 CFR Part 150 states that the Commission retains authority with respect to the construction and operation of any production or utilization facility and Section 8.4 of 10 CFR Part 8 indicates that the Atomic Energy Act sets forth a pattern for licensing production facilities on the basis of common defense and security, which pattern requires, in general, that the construction and operation of production facilities and the possession and use of source and special nuclear material, be licensed and regulated by the Commission. In simpler terms, if we license the facility, we license the material which goes with it. This is the basis for our jurisdiction over the residual uranium in this particular instance.

~~8809290004~~ 2PP

Charles P. West

2 SEP 22 1988

3. With respect to the possible enrichment of naturally occurring radioactivity and State jurisdiction, we fully agree that the State has jurisdiction, but do not believe that it is an issue pertinent to our review and evaluation of the AlChemIE applications. In other words, if the State exercises its jurisdiction, AlChemIE will need the approval of both the Commission and the State in order to operate the two proposed facilities.

Sincerely,

Original Signed By:

A. Thomas Clark, Jr.
Advanced Fuel and Special
Facilities Section
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material
Safety and Safeguards

cc: M. Pearigen, TN
W. Pfeifer, AlChemIE