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

June 7, 1988

DOCKETED
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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

OFFICE OF
DOCKETING & COMPLIANCE
BRANCH

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

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

and

(AlChemIE Facility-2 Oliver Springs)
Docket No. 50-604-CP; ASLBP No. 88-571-01-CP

Dear Administrative Judges:

Enclosed for your information is a copy of SECY-88-88 which was the paper sent to the Commission by the Staff for the purpose of obtaining Commission approval for issuance of a notice of opportunity for hearing in the above captioned proceedings that differed from the standard Part 50 notice. The Commission approved the Staff recommended notices without substantive change. The "Enclosure", sent to the Commission with the paper, resulted in the notices which were ultimately published in the Federal Register on April 28, 1988, at 53 Fed. Reg. 15,315-19.

Sincerely,

Bernard M. Bordenick
Bernard M. Bordenick
Counsel for NRC Staff

Enclosure: As stated

cc w/encl.: Service List

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POLICY ISSUE

(Notation Vote)

March 23, 1988

SECY-88-88

For: The Commissioners

From: Victor Stello, Jr.,
Executive Director for Operations

Subject: FEDERAL REGISTER NOTICE OF OPPORTUNITY FOR HEARING ON
ALCHEMIE APPLICATIONS

Purpose: To obtain Commission approval for issuance of a notice of opportunity for hearing that differs from the standard Part 50 notice.

Background: The Department of Energy intends to sell its uranium enrichment centrifuge machines to the All Chemical Isotope Enrichment Company (AlChemIE). The machines will not be used to enrich uranium. They will be used to enrich stable (non-radioactive) isotopes.

AlChemIE submitted two license applications on November 17, 1987, pursuant to 10 CFR Part 50. Two applications are necessary because the machines are intended for use at two locations, viz., the Centrifuge Plant Demonstration Facility (CPDF) on the Federal reservation at Oak Ridge, Tennessee, and a new private facility to be built near Oliver Springs, Tennessee.

Since the CPDF at Oak Ridge is already constructed, but will be modified, the applicant has requested both a construction permit and operating license for that facility. The application for the Oliver Springs facility is for a construction permit only.

Contact:
A. Thomas Clark, Jr., NMSS
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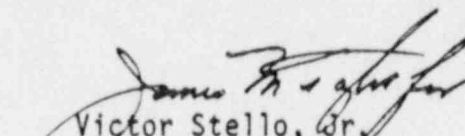
Discussion

Even though the centrifuge machines will not be used to enrich uranium, a production facility license is nevertheless required under the Commission's regulations and the Atomic Energy Act, since the machines are "designed or used for the separation of isotopes of uranium" (10 CFR 50.2; see also Atomic Energy Act § 11 v.). However, since they will be used only to process non-radioactive isotopes, there is no radiological health and safety concern with respect to the operation of the machines. The only licensing issues of importance in connection with such a license are those associated with assuring adequate protection of common defense and security (safeguards issues). Although some of the machines are slightly contaminated with uranium (actual figures are classified information), the safety implications of the quantities are negligible and would be adequately controlled by routine licenses under Parts 40 and 70.

The Commission has instructed the staff, in connection with processes involving uranium hexafluoride, to consider both the radiological and non-radiological hazards of licensed material (see "Staff Requirements" memorandum, SECY-86-99, October 28, 1986). In this case, however, the chemical hazards, if any, are unrelated to materials licensed under the Atomic Energy Act. Such hazards would be subject to regulation by other agencies (e.g., Environmental Protection Agency under the Resources Conservation and Recovery Act, and the Toxic Substances Control Act). Therefore, in this instance, the staff believes that the Commission should not exercise any authority it may have over chemical hazards that may arise from operation of the machines to produce non-radioactive materials. Accordingly, the staff proposes that Notices of Hearings be issued which are specifically tailored to assure that the review is limited to issues relating to common defense and security and to required National Environmental Policy Act findings. Special notices are provided for in 10 CFR 2.104(b). Since the Oak Ridge facility will use existing machines in their present locations with only minor modifications, the staff proposes to publish a single notice on both the construction permit and operating license.

Coordination: The Office of General Counsel has reviewed the proposed notice and has no legal objection.

Recommendation: The Commission approve publication of the enclosed Federal Register notices.


Victor Stello, Jr.
Executive Director
for Operations

Enclosures:

1. Federal Register Notice
for CPDF
2. Federal Register Notice
for Oliver Springs

Commissioners' comments or consent should be provided directly to the Office of the Secretary by c.o.b. Thursday, April 14, 1988.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT Tuesday, April 5, 1988, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional time for analytical review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

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