

June 30, 2005

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

FROM: Annette L. Vietti-Cook, Secretary **/RA/**

SUBJECT: STAFF REQUIREMENTS - SECY-05-0078 - STAFF
RECOMMENDATIONS FOR REGULATORY IMPROVEMENTS
TO THE NUCLEAR MATERIALS MANAGEMENT AND
SAFEGUARDS SYSTEM DATABASE

The Commission has approved the staff's recommendation to proceed directly to development of a proposed rulemaking, in lieu of a rulemaking plan, to incorporate the regulatory improvements to the Nuclear Materials Management and Safeguards System (NMMSS) proposed in recommendations 1 through 4 in SECY-05-0078.

The staff needs to engage stakeholders, including Agreement States and affected NRC and Agreement State licensees, early in the development of the proposed rule to ensure that the complications that inevitably accompany significant changes are identified and addressed.

The staff and stakeholders should ensure that the language of the proposed rule and its associated guidance is specific to the purposes for which material is being used, yet flexible to achieve a materials reporting structure that will be practical. Development of the rule and guidance should accommodate the many different quantities and forms of materials used by licensees. Among the different characteristics that should be considered are chemical composition, physical form (for example, bulk material, sealed sources, or fission chambers), and enrichment, depletion, and burnup.

NRC requirements, and the resulting material accountability practices of licensees, should be developed in a manner cognizant of and informed by those of the Department of Energy (DOE). To obtain this cognition, the staff must closely interface with DOE, which is also enhancing its NMMSS reporting as part of the joint government initiative to standardize nuclear materials reporting requirements, and is planning to upgrade NMMSS software.

The staff should proceed with the development and implementation of procedures to remove extraneous information randomly reported by our licensees from the NMMSS database and the staff should look for a technological solution to ensure extraneous data is kept out of the database. Extraneous information invalidates the usefulness of the database to achieve its intended function. In addition to removing the extraneous information from the existing database, the staff should aggressively notify the specific licensees involved why the information is extraneous and why it should not be submitted in the future. However, if some of the current extraneous information would be retained in the database as a result of the proposed new rulemaking, the staff can leave that information in the NMMSS database until a final decision is reached on implementing the new regulations.

cc: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield
Commissioner Jaczko
Commissioner Lyons
DOC
OGC
CFO
OCA
OPA