

MEMORANDUM TO: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

February 7, 2000

FROM: William D. Travers **IRA**
Executive Director for Operations

SUBJECT: PADUCAH SEISMIC UPGRADES AND U.S. DEPARTMENT
OF ENERGY MATERIAL STORAGE AREAS

The United States Enrichment Corporation (USEC) and the U.S. Department of Energy (DOE) have resolved disagreements on two competing schedules to complete the seismic modifications required for Paducah Gaseous Diffusion Plant Compliance Plan (Paducah CP) Issue 36, "Seismic Capability of Buildings C-331 and C-335." The interim compensatory actions that are in place today pending completion of the seismic modifications are sufficient to ensure safety during the additional time period required to resolve concerns related to criticality and complete the seismic modifications. Consequently, the staff intends to approve the USEC amendment request to extend the CP completion date for the seismic modifications to September 30, 2000.

The completion date for Paducah CP Issue 36 was changed from December 31, 1997, to June 30, 1999, by Director's Decision after the Commission denied USEC's petition for review in Commission Memorandum and Order CLI-98-02, dated March 19, 1998. By letter dated, January 12, 1999, USEC had requested an extension of the June 30, 1999, date to June 30, 2000, followed by a request for a Notice of Enforcement Discretion. The U.S. Nuclear Regulatory Commission (NRC) has currently approved a Notice of Enforcement Discretion, to allow continued operations in these two buildings, pending a final decision on an amendment to extend the current completion date. USEC subsequently submitted an amendment request, on October 21, 1999, to extend the completion date to September 30, 2000. (USEC requested that the NRC withhold action on this request in a letter dated November 3, 1999, based on new information from the DOE that would invalidate this date.)

The DOE identified criticality concerns in the DOE Material Storage Areas (DMSAs) in mid-October 1999, and restricted USEC's access to some DMSAs, delaying the seismic work within DMSAs from June to September 2000. There were 12 DMSAs identified as high-priority

CONTACT:
Charles Cox, NMSS/FCSS
301-415-6755

criticality concerns because of the unknown nature of the materials stored in those DMSAs. Although Paducah has always limited its assay production to 2.0 percent, some of the material stored in the 12 DMSAs came from the shut-down Oak Ridge facility that produced up to 90 percent high-enriched uranium.

The NRC, DOE, and USEC have had several meetings to discuss the schedule of DMSA characterization as it relates to the Paducah seismic modification project. As a result of these meetings, DOE, NRC, and USEC have agreed to an integrated schedule that would complete the seismic modifications by September 30, 2000, and the DMSA characterization by July 5, 2000.

This issue has been the subject of recent Congressional interest, and is likely to generate future Congressional interest. Staff intends to issue a letter to USEC confirming the agreement and requesting written commitments to the integrated schedule. In addition, after discussions with USEC, the NRC staff intends to proceed with action on the Certificate Amendment Request requesting the completion date of September 30, 2000, because the issues that motivated the request to withhold action expressed in the letter dated November 3, 1999, have been resolved.

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*See previous concurrence ML003678639

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