

April 9, 2003

Mr. Gerald O'Connor, President/CEO
Impact Plastics Incorporated
1070A Industrial Drive
Erwin, TN 37650

Dear Mr. O'Connor:

I am writing in response to your February 13, 2003, letter to Senator Lamar Alexander concerning existing groundwater contamination and the environmental impact of the proposed Blended Low-Enriched Uranium (BLEU) project at Nuclear Fuel Services (NFS). Your letter states that the health and welfare of the local population and other companies in the area seem to be ignored and remain secondary to the larger corporation's needs.

With respect to the environmental impact of the BLEU project, NFS is submitting several license amendment applications for different parts of the project. Our review of these complex applications is ongoing and decisions to approve any or all of the applications are still pending. However, our environmental assessment (EA) of the first license amendment application was completed in June 2002. A copy of the EA is attached.

The EA recognizes that previous operations at NFS have resulted in groundwater contamination (see page 1-1 and page 3-13). We understand that NFS is engaged in various decommissioning activities to address this issue. We are reviewing the NFS applications closely to confirm that adequate protective measures are provided for all operations.

Regarding your request for a public hearing, we published notices in the Federal Register on July 9, 2002, (67 FR 45555), October 30, 2002, (67 FR 66172), November 12, 2002, (67 FR 68699), and January 7, 2003, (68 FR 796), inviting any person whose interest may be affected by these proceedings to request a hearing. We expect to issue one more notice when the third license amendment application for the BLEU project is filed by NFS (tentatively scheduled for May 2003). Several parties have requested a hearing already. On September 9, 2002, a notice was published (67 FR 57248) announcing the designation of Administrative Judge Alan S. Rosenthal as the presiding officer for hearing requests associated with the BLEU project. A copy of this notice is attached for your information. Please note that Judge Rosenthal has ordered that all hearing requests in this matter shall be held in abeyance until all license amendment applications associated with the project have been filed.

Regarding your request for an environmental impact statement (EIS), our EA for the first license amendment application concluded that the environmental impacts associated with the proposed action would not be significant and do not warrant the preparation of an EIS. Our

assessment of the other applications are still pending. Our findings will be published in the Federal Register when each EA is completed.

I assure you that, as we review the applications from NFS, our primary goal is the protection of public health and safety. If you have any questions regarding these matters, please contact Mary Adams of my staff at (301) 415-7249 or by e-mail at mta@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA by Carl J. Paperiello Acting For

William D. Travers
Executive Director
of Operations

Attachments:

1. EA for First License Amendment Application
2. Designation of Presiding Officer

cc: Senator Lamar Alexander
Dirksen Senate Office Building
Washington, DC 20510

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Docket 70-143
License SNM

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Docket 70-143 FCFB r/f NMSS r/f NMSS DO r/f J. Olivier EDO r/f
C. Paperiello W.Travers B. Fleming P. Shea

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NAME	KRamsey*		MAdams*		JMuskiewicz*		DDambly*		LRoché*	
DATE	3/18/03		3/18/03		3/19/03		3/20/03		3/20/03	

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DATE	3/21/03		3/26/03		4/2/03		04/09/03		04/09/03		/ /03	

*see previous concurrence

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