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AIRBORNE EXPRESS

21G-03-0132
GOV-01-55-04
ACF-03-0164

May 28, 2003

Director
Office of Nuclear Material Safety & Safeguards
U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Reference: 1) Docket No. 70-143; SNM License 124
 2) Letter from B.M. Moore to NRC, Supplemental Environmental Report for
 Licensing Actions to Support the BLEU Project, dated November 9, 2001
 (21G-01-0261)
 3) Letter from NRC to B.M. Moore, Nuclear Fuel Services, Inc. Uranyl Nitrate
 Storage Building Environmental Assessment and Finding of No Significant
 Impact (TAC NO. L31567), dated July 18, 2002
 4) Letter from B.M. Moore, License Amendment Request for BLEU Preparation
 Facility, dated October 11, 2002 (21G-02-0310)
 5) Electronic mail submitted by Kevin Ramsey (NRC) to Scott Kirk (NFS),
 Request for Information to Update Environmental Assessment for BLEU
 Preparation Facility, dated May 6, 2003

**Subject: Supplemental Information to Complete an Environmental Review for the
 BLEU Preparation Facility**

Dear Sir:

As requested by your staff (Reference 5), Nuclear Fuel Services, Inc. (NFS) hereby submits additional information to support completion of the environmental review for the BLEU Preparation Facility. This information is needed to reflect revisions to the Environmental Assessment and Finding of No Significant Impact that was issued for the Uranyl Nitrate Building (Reference 3).

Nmssol

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Mr. Rik Droke, Licensing and Compliance Director at (423) 743-1741. Please reference our unique document identification number (21G-03-0132) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.



B. Marie Moore
Vice President
Safety & Regulatory

JSK/lsn

Attachment

xc: Regional Administrator
U. S. Nuclear Regulatory Commission
Region II
Atlanta Federal Center
61 Forsyth Street, SW
Suite 23T85
Atlanta, GA 30303

Mr. William Gloersen
Project Inspector
U. S. Nuclear Regulatory Commission
Region II
Atlanta Federal Center
61 Forsyth Street, SW
Suite 23T85
Atlanta, GA 30303

Mr. Daniel Rich
Senior Resident Inspector
U. S. Nuclear Regulatory Commission

Attachment 1

Information to Complete an Environmental Review for the BLEU Preparation Facility

(3 pages to follow)

NRC Question 1: The 2002 Environmental Assessment (EA), pages 2-10 and 4-4, states that the air pollution control permit for the main stack must be modified for BPF operations. NFS confirmed that the permit was modified and agreed to provide a copy.

NFS Response: A copy of the permit issued by the Tennessee Department of Environment & Conservation to modify an air contaminant source is provided in Attachment 2. The modification includes the BPF (Recovery and Blending Process in Building 333), material input changes for the fuel expansion project and removal of the Building 200 Complex Process Operations from the permit.

NRC Question 2: The 2002 EA, Section 3.6.1, page 3-8, states that the Jonesborough water treatment facility planned to install a new water intake closer to the NFS plant. NFS stated that the new intake hasn't been installed yet. NRC noted that if the new intake is installed, NFS will need address the impact on the public dose estimates, especially the liquid release unit dose factors on page 5-6 of the 2002 EA.

NFS Response: The expansion project at the Jonesborough Water Treatment Plant has not been completed as of May 12, 2003. However, the overall dose attributable to the BPF will decrease because of changes NFS has made regarding the treatment of the BPF's liquid effluents. Previous liquid effluent dose estimates for the BPF were dominated by the raffinate effluents. The raffinate effluent stream is a low volume effluent stream that accounted for nearly 100% of the estimated dose. The raffinate effluent stream will no longer be discharged to the Nolichucky River, because NFS has decided to solidify the raffinate stream and dispose of it offsite as a radioactive waste. This decision reduces the estimated dose attributable to the BPF's liquid effluent from 2.45 mrem/yr to 0.000859 mrem/yr. When the new water intake is completed, it will be 0.42 miles (0.68 km) closer than the existing water intake. Once the construction of the new water intake is completed, a revised dose estimate can be provided to the NRC; however, the slight decrease in downstream distance is expected to result in a minimal change to the current 0.000859 mrem/yr estimated dose.

NRC Question 3: The 2002 EA, page 3-9, states that a new groundwater baseline survey was to be conducted in June 2002. NFS stated that the survey was conducted, but the report wasn't available yet. NRC believes that the EA for the BPF can proceed without this report, but requested that NFS provide a copy of the report when it is issued.

NFS Response: The groundwater report has not yet been finalized. While this report was planned to be completed in June 2002, delays in construction activities at the BLEU Complex impacted the schedule for installing groundwater wells. Installation of these wells was needed to complete the referenced baseline survey.

Installation of the groundwater wells was completed in March 11-12, 2003 and groundwater samples from these wells have since been collected and analyzed. As discussed with your staff, a draft groundwater report is currently in review by NFS. A final groundwater report will be submitted in the near future.

NRC Question 4: The 2002 EA, Table 3.8, page 3-15, provides environmental monitoring results up to the Year 2000 for most categories. NFS agreed to update the table with monitoring results to date.

NFS Response: Provided below are updates to Table 3.8 in the 2002 EA.

Table 3.8 - Updates

	BSB		MC		NR	
	S.W.	Sed.	S.W.	Sed.	S.W.	Sed.
2001	---	---	6.07	12.03	0.11	4.21
2002	18.37	93.19	5.40	6.37	0.31	8.62

NRC Question 5: The 2001 Supplemental Environmental Report, Chapter 6, discusses the status of compliance with the applicable licenses, permits and other approvals. NFS agreed to provide an updated list on the status of compliance.

NFS Response:

Table 26 Environmental Permits/Licenses and Approvals Issued to NFS - Updates

<i>Permit/License/Approvals</i>	<i>Issuing Agency</i>	<i>Number</i>	<i>Exp. Date</i>
Radioactive Material (Decommissioning) License	TDEC	S-86007-G08	7/31/2008
Radioactive Material (UCAR Carbon Co.) License	TDEC	S-86010-C08	3/31/2008
Delete Waste Transportation Permit	State of South Carolina	0030 41 01 X	12/31/2001 Annual Renewal
Hazardous Materials Certificate Of Registration	DOT	070102005002K	Annual Renewal
General NPDES Permit (Stormwater)	TDEC	TNR050873	12/31/2006

NPDES Permit (Treated Process Water)	TDEC	TN0002038	8/31/2005
Air Quality Permits	TDEC	86-0002-06 08, 12, 21, 24, 27, and 28 (7 air permits)	Timely Renewal
Delete HSWA (mixed Waste) permit	EPA	TND003095635	Timely Renewal
Delete RCRA Part B	TDEC	TNHW 066	Timely Renewal
Hazardous Waste Management Permit	TDEC	TNHW-108	9/30/2012
Aquatic Resources Alteration Permit	TDEC	99-501	Timely Renewal
NPDES Construction Permit for Stormwater Discharges for BLEU Complex	TDEC	TNR160123	5/31/05

Attachment 2

Building 333 Construction Air Permit

(3 pages to follow)

TENNESSEE AIR POLLUTION CONTROL BOARD
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
NASHVILLE, TENNESSEE 37243-1531

15N020243
GOV 05
860002-08



Permit to Construct or Modify an Air Contaminant Source Issued Pursuant to Tennessee Air Quality Act

Date Issued: October 10, 2002

Permit Number:
955420P

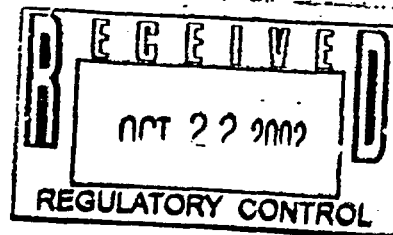
Date Expires: October 10, 2003

Issued To:
Nuclear Fuel Services, Inc.

Installation Address:
1205 Banner Hill Road
Erwin

Installation Description:
Enriched Uranium Processing and
Mercury Mixed Waste Treatment Process
Located in Bldg. 300 Complex and Bldg. 333
Complex with Emissions Controlled by Activated
Carbon, HEPA Filtration, Filters, and Venturi and
Demisting Scrubbers. Unloading System and
Precipitation Column. Modification: Material Input
Changes, Addition of Recovery and Blending Process in Bldg. 333
Removal of Bldg. 200 Complex Process Operations from Permit.

Emission Source Reference No.
86-0002-08



The holder of this permit shall comply with the conditions contained in this permit as well as all applicable provisions of the Tennessee Air Pollution Control Regulations.

CONDITIONS:

1. The application that was utilized in the preparation of this permit is dated March 27, 2002 and signed by B. Marie Moore, Vice-President of Safety and Regulatory for the permitted facility. If this person terminates his/her employment or is reassigned different duties such that he/she is no longer the responsible person to represent and bind the facility in environmental permitting affairs, the owner or operator of this air contaminant source shall notify the Technical Secretary of the change. Said notification shall be in writing and submitted within thirty (30) days of the change. The notification shall include the name and title of the new person assigned by the source owner or operator to represent and bind the facility in environmental permitting affairs. All representations, agreement to terms and conditions and covenants made by the former responsible person that were used in the establishment of limiting permit conditions on this permit will continue to be binding on the facility until such time that a revision to this permit is obtained that would change said representations, agreements and covenants.

(conditions continued on next page)

TECHNICAL SECRETARY

No Authority is Granted by this Permit to Operate, Construct, or Maintain any Installation in Violation of any Law, Statute, Code, Ordinance, Rule, or Regulation of the State of Tennessee or any of its Political Subdivisions.

NON-TRANSFERABLE

POST AT INSTALLATION ADDRESS

2. Maximum process material input rates shall not exceed the amounts given in the approved application dated March 27, 2002.
3. Particulate matter emitted from this source shall not exceed 1.0 pound per hour. This limitation is established pursuant to Rule 1200-3-7-.01(5) of the Tennessee Air Pollution Control Regulations and the information contained in the agreement letter dated February 10, 1998 from the permittee.
4. Sulfur dioxide (SO₂) emitted from this source shall not exceed 1.0 pound per hour. This limitation is established pursuant to Rule 1200-3-14-.01(3) of the Tennessee Air Pollution Control Regulations and the information contained in the agreement letter dated October 9, 2002 from the permittee.
5. Nitrogen oxides (NO_x) emitted from this source shall not exceed 5.282 pound per hour.
6. Volatile organic compounds (VOC) emitted from this source shall not exceed 0.304 pound per hour.
7. Carbon monoxide (CO) emitted from this source shall not exceed 0.045 pound per hour.
8. Hydrogen flouride (HF) emitted from this source shall not exceed 0.061 pound per hour.
9. Hydrogen Chloride (HCl) emitted from this source shall not exceed 0.213 pound per hour.
10. Ammonia emitted from this source shall not exceed 2.005 pound per hour.
11. Silicon tetraflouride (SiF₄) emitted from this source shall not exceed 0.016 pound per hour.
Nitric acid emitted from this source shall not exceed 0.097 pound per hour.
13. Hydrogen sulfide (H₂S) emitted from this source shall not exceed 0.00559 pound per hour.
14. Mercury emitted from this source shall not exceed 0.00072 pound per hour.
15. The owner or the operator of this facility shall use, operate, and maintain all air pollution control equipment associated with this operation in good working condition.
16. Routine maintenance, as required to maintain specified emission limits, shall be performed on the air pollution control device(s). Maintenance records shall be recorded in a suitable permanent form and kept available for inspection by the Division. These records must be retained for a period of not less than five years.
17. Upon the malfunction/failure of any emission control device(s) serving this source, the operation of the process(es) served by the device(s) shall be regulated by Chapter 1200-3-20 of the Tennessee Air Pollution Control Regulations.
18. Visible emissions from the stack(s) shall not exceed twenty percent (20%) or greater opacity as determined by EPA Method 9, as published in the Federal Register, Volume 39, Number 219 on November 12, 1974. (6 minute average)
19. This permit shall not preclude any requirements promulgated by the Division of Radiological Health, Division of Water Pollution Control, and the Division of Solid Waste Management.

(conditions continued on next page)

20. The issuance of this permit supersedes operating permit #950886P previously issued for this air contaminant source.
21. This permit shall serve as a temporary operating permit for the existing equipment during the installation of the new process equipment and as a temporary operating permit for the entire facility from start-up of modified air contaminant source until the receipt of a standard operating permit, provided the operating permit is applied for within thirty (30) days of start-up of the modified air contaminant source and the conditions of this permit and any applicable emission standards are met.
22. The permittee shall certify the start-up date of the modified air contaminant source regulated by this permit by submitting

A COPY OF ALL PAGES OF THIS PERMIT.

with the information required in A) and B) of this condition completed, to the Technical Secretary's representatives listed below:

A) DATE OF START-UP: ____ / ____ / ____
month day year

B) Anticipated operating rate: ____ percent of maximum rated capacity

For the purpose of complying with this condition, "start-up" of the modified air contaminant source shall be the date of the setting in operation of the modified source for the production of product for sale or use as raw materials or steam or heat production.

The undersigned represents that he/she has the full authority to represent and bind the permittee in environmental permitting affairs. The undersigned further represents that the above provided information is true to the best of his/her knowledge and belief.

Signature		Date
Signer's name (type or print)	Title	Phone (with area code)

Note: This certification is not an application for an operating permit. At a minimum, the appropriate application form, usually an APC-20, must be submitted requesting an operating permit. The application must be submitted in accordance with the requirements of this permit.

The completed certification shall be delivered to Compliance Validation Program and the Field Office at the addresses listed below no later than 30 days after the modified air contaminant source is started-up.

Division of Air Pollution Control
Compliance Validation Program
9th Floor, L & C Annex
401 Church Street
Nashville, TN 37243-1531

Division of Air Pollution Control
Johnson City Field Office
2305 Silverdale Road
Johnson City, TN 37601-2162

(end of conditions)

The permit application gives the location of this source as 36°07'50" latitude; 82°26'00" Longitude.