

July 17, 2003

TO: LICENSEES/CERTIFICATE HOLDERS ON ATTACHED LIST

SUBJECT: CONSOLIDATION OF THE FUEL CYCLE INSPECTION PROGRAM

As part of the U.S. Nuclear Regulatory Commission (NRC) agency-wide initiative to improve the agency's effectiveness and efficiency, the Commission has approved the consolidation of the fuel cycle inspection program activities into Region II, located in Atlanta, Georgia. This organizational change is expected to be effective on October 1, 2003.

Region II will be responsible for conducting the majority of the fuel cycle inspection activities, including event response. The Office of Nuclear Material Safety and Safeguards (NMSS), NRC Headquarters, will retain the nuclear criticality safety activities and inspection program oversight. The Office of Nuclear Security and Incident Response, NRC Headquarters, will be responsible for the material control and accounting activities. Licensing issues will continue to be handled by NMSS. New license applicants will continue to be managed by NMSS and subsequent oversight will be handled through Region II. This consolidation of the fuel cycle inspection program activities to Region II is part of a larger effort to restructure Agency programs and will not result in any changes to the requirements or the inspection program.

Oversight of the following licensees currently located in Region II, should not be impacted by this consolidation:

Global Nuclear, LLC	Wilmington, NC
Westinghouse	Columbia, SC
Framatome ANP, Inc.	Lynchburg, VA
Nuclear Fuel Services	Erwin, TN
BWXT	Lynchburg, VA

The direct impact of the consolidation will be on those licensees and certificate holders currently located in Regions III and IV. The impacted licensees and certificate holders will be inspected by NRC staff reporting to Region II and will communicate inspection issues, currently communicated with Regions III and IV, directly with Region II. Although the Resident Inspector Program will be managed by Region II, the resident inspectors and their responsibilities will remain the same. As previously planned, and expected to be effective September 1, 2003, the Portsmouth Gaseous Diffusion Plant will cease to have a resident inspector.

Oversight of licensees/certificate holders of the following facilities will be transferred to Region II:

Framatome ANP, Inc.	Richland, WA
Honeywell Specialty Chemicals	Metropolis, IL
Paducah Gaseous Diffusion Plant	Paducah, KY
Portsmouth Gaseous Diffusion Plant	Piketon, OH

Management from Region II will be conducting site familiarization tours to those licensees new to this regional office. Tours will be coordinated with affected licensees. Discussions of new interfaces and processes resulting from the consolidation will be held during the site tours.

If you have any questions regarding the information provided in this letter, please contact David A. Ayres, Chief, Fuel Facilities Branch, Region II, at (404) 562-4711, electronic mail daa1@nrc.gov, or fax (404) 562-4899.

Sincerely,

/RA/

Martin J. Virgilio, Director
Office of Nuclear Material Safety
and Safeguards

cc: Mr. Steve Toelle, USEC
Mr. Peter Hastings, Duke Cogema Stone & Webster
Mr. Rod Krich, Exelon Generation Company
James R. Curtis, Winston & Strawn
Mario Robles, USEC
William Szymanski, DOE
George Dials, LES
E. Nanney, Division of Radiological Health, TN
Michael Marriotte, Nuclear Information and Resources Service
Jerry Clift, Hartsville/Trousdale County Executive
Terry Sweeton, Citizens for Smart Choices

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LICENSEES/CERTIFICATE HOLDERS LIST

BWX Technologies, Inc.
ATTN: Mr. Carl Yates
Naval Nuclear Fuel Division
P.O. Box 785
Lynchburg, Virginia 24505-0785

Westinghouse Electric Company, LLC
ATTN: Ms. Nancy B. Parr
Drawer R
Columbia, South Carolina 29250

Framatome ANP, Inc.
ATTN: Bill Sharkey
Lynchburg, Virginia Facility
P.O. Box 11646
Lynchburg, Virginia 24506-16465

Global Nuclear Fuel-Americas, LLC
ATTN: Mr. C. M. Vaughan
P.O. Box 780
Wilmington, NC 28402

Nuclear Fuel Services, Inc.
ATTN: Ms. B. Marie Moore
P.O. Box 337, MS 123
Erwin, TN 37650

Framatome ANP, Inc.
ATTN: Mr. Donald W. Parker
2101 Horn Rapids Road
Richland, WA 99352-0130

Honeywell Specialty Chemicals
ATTN: Darren Mays
P.O. Box 430
Metropolis, IL 62960

U.S. Enrichment Corporation
Portsmouth Gaseous Diffusion Plant
ATTN: Patrick Musser
P.O. Box 622
Piketon, OH 45661

U.S. Enrichment Corporation
Paducah Gaseous Diffusion Plant
ATTN: Russell Starkey
P.O. Box 1410
Paducah, KY 42001