



HITACHI

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TAC 13-001

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Chief Financial Officer
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001
Attn: Document Control Desk

Subject: NRC Annual Fees for Vallecitos Nuclear Center – Reclassification or
Exemption Request

References: 1- USNRC License SNM 960, Docket 70-754
2- Letter, GEH to USNRC, dated 11/12/12, Subject: Revised License
Renewal Application (LRA) for Vallecitos Nuclear Center
3- Letter, USNRC to GEH, dated 6/27/13 Subject: Conditional
Acceptance of Revised License Renewal Application for Vallecitos
Nuclear Center (TAC NO. L32793)
4- Letter, GEH to California Department of Public Health,
dated 10/10/12, Subject: License Renewal Application for Vallecitos
Nuclear Center, Docket No. 110209-0017

Dear Mr. Dyer,

Pursuant to 10CFR171.9, GE Hitachi is submitting this request to the US Nuclear Regulatory Commission (NRC) for reclassification of the Vallecitos Nuclear Center (VNC) from the provisions of § 171.16, Schedule of Materials Annual Fees, Category (1) (A) (2) (c), "Others", including hot cell facilities to Category (1)(D). This reclassification request is associated with Reference 2 as the utilization of the VNC facilities has significantly changed. Reference 3 provides conditional acceptance of the submitted application which dramatically restricts the activities and material limits at the Vallecitos site.

VNC has requested regulatory licensure (References 2 & 4) to only possess and store SNM in a fixed location and limit additional SNM quantities to less than a critical mass as defined in § 70.4. This requested, desired state contrasts the previous SNM operations that included examinations and analysis on irradiated fuel and reactor components in the VNC hot cells and license conditions allowing use of several kilograms of SNM. The technological advances in material designs and fabrication have greatly reduced the need for extensive post irradiation examinations (PIE) campaigns.

The provisions of § 171.16, Schedule of Materials Annual Fees, Category (1) (D) appear to more appropriately apply to VNC given the significant changes in the facility operations and pending limited license quantities for SNM. Should the NRC determination not concur with this assessment, we request an exemption from FY2013 fees such that the FY 2014 fees, commencing October 1, 2013, be suspended until the final determination is issued.

In support of an exemption for the FY2013 and FY 2014 annual fees, GEH provides the following:

- 10 CFR 171.11 specifies that an exemption be filed within 90 days of the annual fees. GEH is requesting exemption from FY 2013 fees within 90 days of the effective date of the annual fees rule. The FY2013 fee rule was effective August 30, 2013. 78 Fed. Reg. 39462 (July 1, 2013). GEH is requesting exemption from FY2014 fees in advance of the FY2014 rulemaking.
- Assessment of the FY2013 and FY2014 annual fees will result in a significantly disproportionate allocation of costs to GEH for license SNM-960 because GEH has not conducted activities under the license for effectively the entire period of the FY2013 rule applicability and will not be conducting licensed activities during FY2014. GEH has not performed any post irradiation exams on SNM.
- GEH believes that assessment of the annual fees for the period when a license amendment request to change the licensed activities to possession only is not based on a fair and equitable allocation of NRC costs, and is not in the public interest.
- It is in the public interest for GEH to amend the license rather than terminate the license, because GEH maintains other licenses for the same site and will continue to manage the SNM in accordance with a possession only license, while continuing to conduct activities under the other licenses until such time that all licensed activities are expected to cease and GEH requests (at that time) termination of all of the licenses. This also allows GEH to continue to conduct activities that relate to the handling of radioactive sources that are used in the medical field, thus further justifying that not terminating the various licenses at the facility is in the public interest.

Should the NRC determine that it must assess an annual fee for the period of FY2013 and FY2014, GEH believes that the fee for Category (1)(D) is a more equitable fee category for SNM-960 during the period and reflects more appropriately the status of the activities conducted by GEH at the facility during the period of FY2013 and FY2014, until such time that the license amendment is approved. Accordingly, GEH requests that the NRC consider the exemption request to include prorating as a

downgraded license the annual fees under 10 CFR 171.17(b) for FY2013 and FY2014 to be consistent with a possession only category of license.

If you have any questions in the above matters, please contact me.

Respectfully Yours,

A handwritten signature in black ink, appearing to read "Tim A. Christman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tim A. Christman
Manager, Advanced Programs

Cc: Mark Satorius – NRC EDO
Michael Weber – NRC EDO
Catherine Haney – NRC NMSS