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~~**Security Related Information Notice**~~

~~Attachment 1 to this letter contains sensitive security related information which is to be withheld from public disclosure in accordance with 10CFR2.390. The balance of this letter may be considered non-sensitive upon the removal of attachment 1.~~

TAC 13-004

December 13, 2013

Director, Office of Nuclear Material Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001  
Attn: Document Control Desk

Subject: Revised License Renewal Application (LRA) for Vallecitos Nuclear Center (VNC)

References:

- (1) NRC License SNM-960, Docket 70-754, TAC # L32793
- (2) SNM-960 License Renewal Application – A.E. McFadden, 11/12/12
- (3) Letter S.P. Murray, GEH to NRC NMSS, VNC Decommissioning Funding Plan, 11/30/12
- (4) Letter S.P. Murray, GEH to NRC NMSS, VNC License Renewal Supporting Documents, 6/5/13
- (5) Letter R. Reeves, NRC NMSS to A. McFadden, GEH “Conditional Acceptance of Revised License Renewal Application for VNC”, 6/27/13
- (6) NRC/GEH Telephone Conference Summary, 8/23/13
- (7) Letter S.P. Murray, GEH to B. Reilly, NRC NMSS, VNC License Renewal Supporting Documents, 10/18/13

GE - Hitachi Nuclear Energy Americas LLC (GEH) hereby re-submits its application pursuant to 10 CFR 70.33 to renew Special Nuclear Materials License SNM-960 for the Vallecitos Nuclear Center (VNC), in Sunol, California, for a term of 10 years. The current license expired June 30, 2010, but is under timely renewal as provided in 10 CFR 2.109(a).

As we discussed during our telecom on August 9, 2013 (Reference 6), GEH has decided to stop pursuing the transfer of special nuclear material (SNM) from NRC license SNM-960 to California license CA-0017-01. As a result, the SNM-960 renewal application has been modified to authorize usage of a limited amount of SNM (quantity not sufficient to form a critical mass) and possession and storage of irradiated nuclear fuel and high level (Greater Than Class C (GTCC) waste currently at the Hillside Storage Facility due to a lack of disposal options. As requested by NRC (Reference 5), the actual inventory of material present in the Hillside Storage Facility has been provided in the revised renewal application. This material will remain in storage and will not be used for any purpose unless authorized by NRC.

In support of these licensing efforts, a detailed site specific Inventory Consolidation Plan was developed and submitted to NRC on June 5, 2013 (Reference 4). The Consolidation Plan

provides an overview of the prior quantities of SNM in various locations on the VNC site and describes activities taken to remove and reduce the amount of inventoried SNM material outside of the Hillside Storage Facility to a quantity not sufficient to form a critical mass. The activities in the Consolidation Plan are scheduled to be completed in early 2014. It should be noted that the consolidation efforts described in the plan do not include final status survey activities or other activities associated with a facility decommissioning effort. An updated Inventory Consolidation Plan with a revised physical inventory summary is scheduled to be provided to NRC by February 28, 2014.

The US Department of Energy has contractual responsibility to dispose of the irradiated nuclear fuel and GTCC waste currently stored at VNC. GEH requested DOE take immediate possession of this material in a letter dated November 7, 2012. DOE responded to this request in a letter dated January 30, 2013 by acknowledging their contractual responsibility but stated they are unable to take possession of these materials at this time. Copies of these letters were also submitted to NRC on June 5, 2013 (Reference 4).

A Radiological Contingency & Emergency Plan (RC&EP) is not required for SNM 960 licensed activities because a release of radioactive materials would not cause a member of the public to exceed 1 rem effective dose equivalent or an intake of 2 milligrams of soluble uranium as provided in 10 CFR 70.22(i)(1)(i) and (i)(2). An evaluation demonstrating that an RC&EP is not required was provided to NRC on April 21, 1989 and NRC concurred with the evaluation on December 20, 1990. A recent review of this demonstration determined that the 1989 analysis remains valid and continues to be supported by the conditions in 10 CFR 70.22(i)(1)(i) and (i)(2)(ii) and (vi). A copy of this review was submitted to NRC on October 18, 2013 (Reference 7).

A recent evaluation was performed to address potential seismic activity and subsequent accidents at the Hillside Storage Facility. A copy of this evaluation was also submitted to NRC on October 18, 2013 (Reference 7).

VNC continues to maintain the Site Physical Security Plan approved by NRC on July 24, 2008 as amended, and is able to safely possess, store and maintain control over the special nuclear material at VNC for an extended period of time.

A Fundamental Nuclear Material Control Plan is not required for the facility because the inventory is less than 1-effective kilogram of SNM as provided in 10 CFR 74.31. However, VNC continues to maintain an acceptable material accountability program pursuant to 10 CFR 74.11, 74.13, 74.15, 74.19 and to ensure the SNM currently at VNC is adequately controlled and reported.

GEH is updating the Decommissioning Funding Plan dated November 30, 2012 (Reference 3) to include portions of the site consistent with the revised application. An updated funding plan is scheduled to be provided to NRC by January 31, 2014. An updated financial assurance certification in accordance with 10 CFR 70.25(f)(2) will be submitted to NRC in March 2014.

Attachment 1 to this letter is the complete updated SNM 960 License Renewal Application. This document contains security related information and should be withheld from public disclosure.

Attachment 2 to this letter is a redacted copy of the SNM 960 License Renewal Application with the security related information removed.

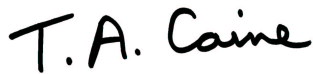
As described in Chapter 3 of the application, it has been determined that the requirements of 10 CFR 70.61 through 70.76 do not apply to VNC activities licensed under SNM-960. While VNC is licensed to possess and store greater than a critical mass, VNC is not engaged in any of the qualifying activities related to that material and is therefore excluded. Consequently there are no IROFS identified at the facility.

GEH recommends retaining the same license conditions as contained in the current license (Amendment 2) as follows:

- Safety Condition S-1 with an updated reference to this letter.
- Safety Condition S-4 for the release of equipment or materials for unrestricted use.
- Safety Condition S-5 should be changed to reference the current decommissioning funding plan and financial surety instrument submitted annually in March in accordance with 10 CFR 70.25.
- Safety Condition S-9 to establish, maintain and follow written procedures.
- Safeguard Condition SG-1.1 for a physical protection plan
- Safeguard Conditions SG 2.1 and 2.2 for Facility Operations
- Transportation Condition T-1.1 for a transportation security plan

Please contact me at (925) 862- 4344 if you have questions.

Sincerely,



Thomas A. Caine, Site Manager  
Vallecitos Nuclear Center

Commitments:

1. Provide an updated decommissioning funding plan to NRC by January 31, 2014.
2. Provide an updated inventory consolidation report to NRC by February 28, 2014.
3. Provide an updated financial assurance certification to NRC by March 30, 2014.

Attachments:

1. Updated SNM 960 License Renewal Application (contains security related information)
2. Redacted copy SNM 960 License Renewal Application (security related information removed)