

November 6, 1996

MEMORANDUM TO: Stuart A. Treby, Assistant General
Counsel for Rulemaking and Fuel Cycle
Office of the General Counsel

FROM: Robert C. Pierson, Chief Original signed by: LRoche for
Licensing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

SUBJECT: ALLIEDSIGNAL "PROOF OF CONCEPT" PILOT PLANT FOR THE
DECONVERSION OF UF_6 TO HF AND U_3O_8

We have received a request dated October 29, 1996, (attached) from AlliedSignal requesting guidance on whether a deconversion pilot plant at their Metropolis, Illinois, site would require licensing from the Agreement State of Illinois or an amendment to their NRC License SUB-526 (a UF_6 conversion license). A deconversion plant would require a source material license (10 CFR Part 40). We request your legal opinion as to whether NRC has regulatory jurisdiction in the State of Illinois for this type of activity.

If you have any questions, please contact Michael Lamastra of my staff on (301) 415-8139.

Docket 40-3392
License SUB-526

Attachment: 10/29/96 ltr fm M. Kosmider,
AlliedSignal, to NRC

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NAME	Lamastra		PShea		MTokar		RPierson
DATE	11/6/96		11/6/96		11/6/96		11/06/96

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

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AlliedSignal, to NRC



AlliedSignal Inc.
Nuclear Fluorine specialties
Route 45 North
P.O. Box 450
Metropolis, IL 62960 USA

618 524 2111
618 524 6239 Fax

October 29, 1996

Mr. Michael Lamastra
Licensing Branch, NMSS, Mail Stop T 8-0-14
U.S. Nuclear Regulatory Commission
One White Flint North, 11555 Rockville Pike
Rockville, MD 20852-2738

Dear Mr. Lamastra:

AlliedSignal wishes to install a "Proof of Concept" pilot plant at Metropolis Works for the deconversion of UF_6 . The pilot unit will have the capability to deconvert 100 lbs./hr. of natural UF_6 to HF and U_3O_8 . The time line for design, construction, and operation is approximately 18 months. We understand that a License Amendment will be required for the pilot plant and we have questions as to whether this permitting process falls under the auspices of the NRC or the Illinois Department of Nuclear Safety.

Please give us some guidance so that we may pursue the licensing process with the appropriate agency. Timing is very important to the successful completion of this project.

Sincerely,

A handwritten signature in cursive script, appearing to read 'M.D. Kosmider'.

M. D. Kosmider
Plant Manager

MDK/sm

cc: W. Murrell
J. Wang
M. Shepherd
H. Roberts