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April 2, 1997

Mr. Robert C. Pierson
Chief, Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS
United States Nuclear Regulatory Commission
Washington, D.C. 20555-0001

SERIAL: GDP 97-0049

Paducah Gaseous Diffusion Plant (PGDP)
Portsmouth Gaseous Diffusion Plant (PORTS)
Docket Nos. 70-7001 and 70-7002
Request for Approval of Alternate Schedule for Submittal of Material Balance and Inventory Composition Reports Per 10 CFR 74.13

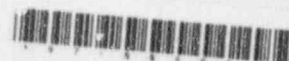
Dear Mr. Pierson:

The purpose of this letter is to request NRC approval of an alternate schedule for the submittal of material balance and inventory composition reports pursuant to 10 CFR 74.13. The cited regulation requires USEC to submit, in computer-readable format, material balance and inventory composition reports. These reports are to be prepared and submitted in accordance with instructions contained in NUREG/BR-0007 and NMMSS Report D-24. Parties subject to the rule are required to compile the reports as of March 31 and September 30 of each year and file within 30 days of the end of the period covered by the report.

10 CFR 74.13(a)(1) authorizes the NRC to approve an alternate schedule for submittal of these reports when good cause is shown. USEC is hereby requesting NRC approval for the material balance and inventory composition reports filed for the period ending September 30, 1997 and all subsequent reporting periods to be filed within 60 days of the end of the reporting period instead of within 30 days. Good cause exists to provide for this alternate schedule as discussed below.

The GDPs handle a very large amount of nuclear material and engage in an extensive number of nuclear material transactions. The size and volume of material and data is illustrated by the fact that each GDP submitted more data to NMMSS in fiscal year 1996 than all five fuel fabricators combined. Therefore, due to the considerable effort involved in compiling and verifying this large volume of information, it is impractical for USEC to file the material balance and inventory composition reports within the standard 30 day period.

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In addition, since USEC was under DOE regulation for five out of the six months ending March 31, 1997, USEC has monitored material balances at the Portsmouth and Paducah Gaseous Diffusion Plants (GDPs) in accordance with DOE requirements. Consistent with the DOE requirements in effect during almost all of this time period, USEC reported the material balances by reconciling facility records with Report M-742, which satisfies DOE requirements and is issued from NMMSS following closure of all domestic facility transactions. Recent experience indicates that this report has been made available to the sites from NMMSS anywhere from 60 to 90 days after the inventory period. Therefore, since USEC was under DOE regulation for the majority of the six month time frame ending March 31, 1997, the material balances and inventories for both sites will be reported to NMMSS by reconciling NMMSS report M-742 with facility records at the time the M-742 report is received by the sites from NMMSS.

Recently, USEC and the NRC staff have been discussing certain possible options for the format and content of information submitted by USEC pursuant to 10 CFR 74.13. USEC plans to request a meeting well in advance of the end of the September 30, 1997 reporting period in order to propose a revised reporting form that is similar to that required by 10 CFR 74.13, but with a slightly different format and content. USEC anticipates that the result of this meeting would be an agreement on an acceptable alternative format and content of the form and a determination of the proper course of action for implementation.

USEC is aware that the NRC is soliciting public comments regarding the material balance reports required by 10 CFR 74.13 (Federal Register, March 27, 1997), and plans to provide comments to the NRC by the required May 27, 1997 due date.

To support USEC's continued effort to fully comply with NRC requirements, we request your review and at least preliminary response to this letter within a week of its receipt. Should you have any questions or require additional information, please contact me at (301) 564-3413 or Mark Lombard at (301) 564-3248. There are no new commitments made in this letter.

Sincerely,

S.D. Roth for

Robert L. Woolley
Nuclear Regulatory Assurance and Policy Manager

cc: NRC Region III Office
NRC Resident Inspector - PGDP
NRC Resident Inspector - PORTS
DOE Regulatory Oversight Manager