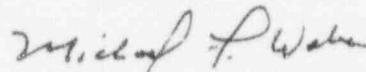


MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee		3. License Number	SNM-1227 Amendment 2
1. Siemens Power Corporation		4. Expiration Date	November 30, 2001
2. 2101 Horn Rapids Road Richland, WA 99352-0130		5. Docket or Reference No.	70-1257
6. Byproduct, Source and/or Special Nuclear Material	7. Chemical and/or Physical Form	8. Maximum Amount that Licensee May Possess at Any One Time Under This License	
A. Uranium enriched in U-235	A. Any	A. 350 g U-235	
B. Uranium enriched up to 5.00 wt % U-235	B. Uranium compounds	B. 25,000 kg U-235	
C. Plutonium	C. Sealed sources and standards	C. 1 mg Pu and not more than 1.5 millicuries	
D. Plutonium	D. PuO ₂ -UO ₂ stored waste	D. 500 g Pu	
9. Authorized place of use: The licensee's existing facilities at Richland, Washington.			
10. This license shall be deemed to contain two sections: Safety Conditions and Safeguards Conditions. These sections are part of the license, and the licensee is subject to compliance with all listed conditions in each section.			

FOR THE NUCLEAR REGULATORY COMMISSION

Date: June 25, 1997By: Michael F. Weber
Division of Fuel Cycle Safety
and Safeguards
Washington, DC 205559706270264 970625
PDR ADOCK 07001257
C PDR

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

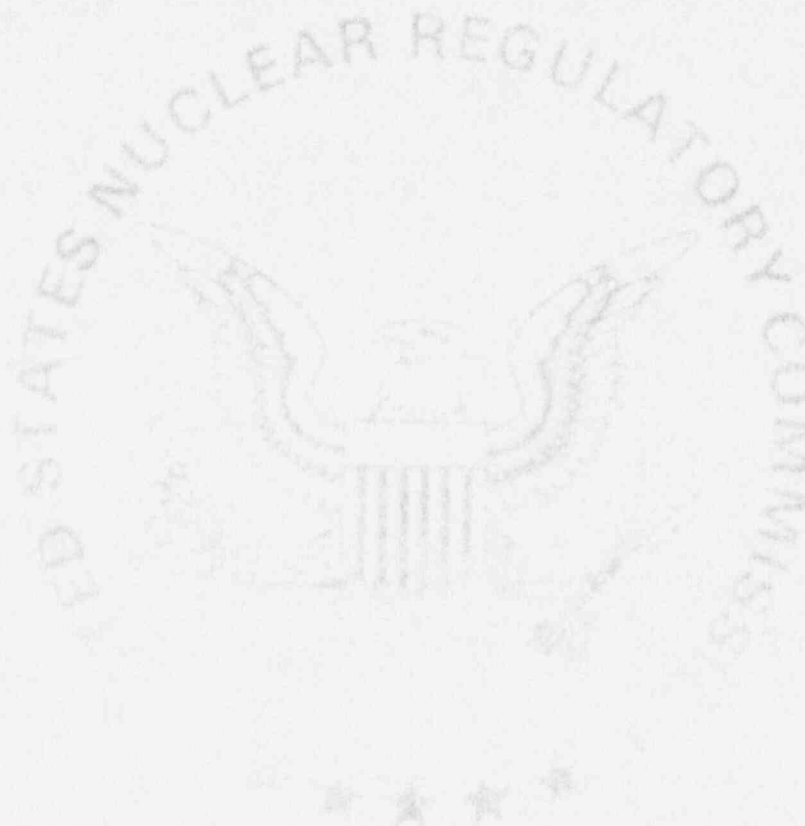
License Number
SNM-1227 Amendment 2

Docket or Reference Number
70-1257

SAFETY CONDITIONS

SAFETY CONDITIONS

- S-1. Authorized use: For use in accordance with the statements, representations, and conditions of Part I of the licensee's application dated October 28, 1996, and revised pages submitted with letter dated November 11, 1996, and May 1, 1997, and with letters dated June 14, 1996, March 5 and March 12, 1997.



**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

SNM-1227 Amendment 2

Docket or Reference Number

70-1257

SAFEGUARDS CONDITIONS

SAFEGUARDS CONDITIONS

Section 1.0 - Material Control & Accounting

SG-1.1 The licensee shall follow Sections 0.0, 1.0, and 6.0 (with all pages designated as Revision 28 and dated June 1996), and Sections 2.0 through 5.0, and 7.0 through 8.0 (with all pages designated as Revision 30 and dated February 1997) of its Fundamental Nuclear Material Control Plan, titled "Nuclear Materials Safeguards Procedures Description for the Fuels Fabrication Plants, EMF-12(P)." Revisions to this Plan shall be made in accordance with, and pursuant to, the provisions of either 10 CFR 70.32(c) or 70.34.

SG-1.2 Notwithstanding Chapter 0.0 of the Plan identified by Condition SG-1.1, which commits to meeting all Affirmation Statements contained in NUREG-1065 (Rev. 1), the licensee is hereby granted a limited exception from the first Affirmation contained in Section 4.3 of NUREG-1065 in that receipt of returned fuel rods and/or fuel assemblies (that were originally fabricated at the licensee's facility and whose SNM encapsulation has not been compromised) need not be measured if the original fabrication values are booked as receipt values.

SG-1.3 A special shutdown, cleanout physical inventory shall be initiated whenever:

- (i) a loss/theft indication involving an SNM quantity equal to or greater than the licensee's Detection Quantity (as defined in Section 8.2.7 of the Plan identified by Condition SG-1.1) cannot otherwise be resolved within 60 days of the initial recognition of such indication, and
- (ii) a Regulatory ID (as defined in Section 5.13 of the Plan identified in Condition SG-1.1) equals or exceeds the licensee's Detection Threshold Quantity (as defined in Section 8.2.7 of the Plan identified by Condition SG-1.1).

Whenever a special inventory is required by either (i) or (ii) above, all unsealed and unencapsulated SNM items that are on hand at the time that such a situation is determined to exist, shall be measured (even if previously measured) for SNM content.

SG-1.4 Operations involving special nuclear materials which are not described in the Plan identified in Condition SG-1.1 shall not be initiated until an appropriate safeguards plan has been approved by the appropriate safeguards licensing authority of the Nuclear Regulatory Commission.

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

SNM-1227 Amendment 2

Docket or Reference Number

70-1257

SAFEGUARDS CONDITIONS

Section 2.0 - Physical Protection For SNM of Low Strategic Significance

- SG-2.1 The licensee shall follow the physical protection plan entitled "Siemens Power Corporation Physical Protection Plan for Special Nuclear Material of Low Strategic Significance," Revision 13, dated October 1995 (letter dated October 16, 1995); and as it may be further revised in accordance with the provisions of 10 CFR 73.32(e).
- SG-2.2 The licensee shall ensure that the UO₂ Building is locked when unoccupied.

Section 3.0 - International Safeguards

- SG-3.1 The licensee shall follow, as applicable, Codes 2 through 7 of Transitional Facility Attachment No. 1a dated May 1, 1986, to the US/IAEA Safeguards Agreement.
- SG-3.2 Notwithstanding the requirements of 10 CFR 75.11(d) to submit facility data on forms supplied by the Commission (including IAEA DIQs), the licensee may submit required data in the Advanced Nuclear Fuels Corporation license paper format.