

NUCLEAR REGULATORY COMMISSION

[Docket No. 70-1201]

Notice of Availability of Environmental Assessment and Finding of No Significant Impact for the Renewal of Special Nuclear Materials License for Framatome Advanced Nuclear Power, Inc., Lynchburg, VA**I. Introduction**

The U.S. Nuclear Regulatory Commission (NRC) is considering renewal of NRC Special Nuclear Material License SNM-1168 for Framatome Advanced Nuclear Power, Inc. (FANP) in Lynchburg, VA. Initial operations at the FANP Lynchburg site with enriched uranium were authorized in December 1969. The license was renewed in April 1976, June 1983, and September 1991. The license was extended for 18 months on January 4, 2001.

By application dated March 28, 2002, FANP requested renewal of SNM-1168. FANP submitted an Environmental Report by letter dated March 28, 2002. The NRC published a **Federal Register** notice on August 9, 2002 (67 FR 51894), with a Notice of Opportunity for Hearing on the proposed action. No requests for a hearing were received.

The FANP facility conducts three types of operations: producing fuel assemblies for use in commercial light-water reactors, support activities for nuclear reactor field service operations, and general manufacturing. The activities covered under license SNM-1168 are the fabrication of fuel assemblies and support activities for nuclear reactor field service operations. The proposed renewal of license SNM-1168 is necessary for FANP to continue operation.

The NRC staff performed an Environmental Assessment (EA) in support of its review of FANP's renewal request, in accordance with the requirements of 10 CFR part 51. The conclusion of the EA is a Finding of No Significant Impact (FONSI) for the proposed licensing action.

II. EA Summary

The scope of the EA included an evaluation of the activities authorized under license SNM-1168, as well as other activities which could potentially affect licensed activities. Principal activities in the facility include the processing of low-enriched uranium ($\leq 5.1\%$), received as UO_2 pellets. Other activities conducted in conjunction with nuclear fuel fabrication include: fabrication of poison rods, download of

finished fuel bundles and rods, repair of returned fuel assemblies, laboratory operations and waste disposal operations.

On the basis of its assessment, the NRC staff has concluded that the environmental impacts associated with the proposed license renewal for continued operation at the Lynchburg facility would not be significant and, therefore, the proposed action does not warrant the preparation of an environmental impact statement. All existing requirements for environmental monitoring and protection will be continued to evaluate future impacts.

III. Further Information

The full EA (ADAMS Accession No. ML030940720) and the following documents related to the proposed action, are available for inspection at NRC's Public Electronic Reading Room at <http://www.nrc.gov/reading-rm/adams.html>: (1) Framatome ANP, Inc., Response to the Request for Additional Information for License Renewal, SNM-1168, Docket No. 70-1201, November 8, 2002 (ADAMS Accession No. ML023230413); (2) Letter to Peter Lee re: Special Nuclear Material License Renewal of Framatome ANP, Mt. Athos Road Facility, #2708, Campbell County, VA, October 2, 2002 (ADAMS Accession No. ML022810449); (3) Application for License Renewal of SNM-1168, Docket No. 70-1201, March 28, 2002 (ADAMS Accession No. ML020940468); and, (4) Supplement to the Environmental Report, SNM-1168, Docket No. 70-1201, March 28, 2002 (ADAMS Accession No. ML020930031). These documents and B&W Fuel Company's letter to Robert Pierson re: Exemption from Emergency Plan, March 21, 1994, may also be examined and copies for a fee at the NRC's Public Document Room, located at One White Flint North, 11555 Rockville Pike, Rockville, MD 20852. Any questions with respect to this action should be referred to Ms. Julie Olivier, Fuel Cycle Facilities Branch, Division of Fuel Cycle Safety and Safeguards, U.S. Nuclear Regulatory Commission, Mail Stop T-8 A33, Washington, DC 20555-0001. Telephone (301)415-8089.

Dated in Rockville, Maryland, this 28th day of April, 2003.

For the Nuclear Regulatory Commission.

Susan M. Frant,

Chief, Fuel Cycle Facilities Branch, Division of Fuel Cycle Safety and Safeguards, Office of Nuclear Material Safety and Safeguards.

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NUCLEAR REGULATORY COMMISSION

[Docket No. 70-143]

Environmental Assessment and Finding of No Significant Impact of License Amendment for Nuclear Fuel Services, Inc.

AGENCY: Nuclear Regulatory Commission.

ACTION: Amendment of Nuclear Fuel Services, Inc., Materials License SNM-124 to include source reduction measures as authorized decommissioning-related activities.

Environmental Assessment*Introduction*

The U.S. Nuclear Regulatory Commission (NRC) is considering the amendment of Special Nuclear Material License SNM-124. The proposed amendment will allow the licensee to reduce the source term at the site through removal of contaminated soil from the Nuclear Fuel Services (NFS) site in Erwin, Tennessee. The NRC has prepared an Environmental Assessment (EA) in support of NFS' amendment request, in accordance with 10 CFR part 51. The conclusion of the EA is a Finding of No Significant Impact (FONSI) for the proposed licensing action.

Background

By request for license amendment dated April 3, 2002, NFS applied for approval to reduce the source term at the site by removal of contaminated soil to levels at or below those protective of worker health as defined in 10 CFR 20.1201 (Ref. 1).

NFS began operations at the Erwin, Tennessee facility in 1957. Through the years, portions of the site became contaminated with radioactive material. From 1957 until 1981, portions of the site were used for disposal, through burial, of radioactive waste in accordance with 10 CFR 20.304, which allowed for this type of disposal. The regulations in 10 CFR part 20 have since been revised and § 20.304 no longer exists and burial disposal is no longer allowed. The soil in the area of the disposal site is now considered to be contaminated. Soils in other portions of the site are also contaminated due to accidental spills of licensed material and from inadvertent leaks from process equipment.

Review Scope

In accordance with 10 CFR part 51, this EA serves to (1) present information and analysis for determining whether to

issue a Finding of No Significant Impact (FONSI) or to prepare an Environmental Impact Statement (EIS); (2) fulfill the NRC's compliance with the National Environmental Policy Act when no EIS is necessary; and (3) facilitate preparation of an EIS when one is necessary. Should the NRC issue a FONSI, no EIS would be prepared and the license amendment would be granted.

This document serves to evaluate and document the impacts of the proposed action. Other activities on the site have previously been evaluated and documented in the 1999 EA for the Renewal of the NRC license for NFS (Ref. 2). The 1999 document is referenced when no significant changes have occurred. Besides the proposed licensing action, operations will continue to remain limited to those authorized by the license.

Proposed Action

The proposed action is to reduce the source term at the site by removal of contaminated soil to levels at or below those protective of worker health as defined in 10 CFR 20.1201. The licensee's current remediation efforts are being performed under existing license conditions so that activities will be protective of worker health.

Need for Proposed Action

The current license conditions do not authorize removal of contaminated soil, thus the licensee needs approval from the NRC to do so. The proposed action is consistent with the requirements in 10 CFR 70.38 and 10 CFR part 20. At the time of license termination for the entire NFS site, the results of soil removal would be reassessed in order to include any possible contribution from the remediated area in the dose assessment for the entire site.

The proposed action would allow NFS to remove contaminated material and soil until the residual concentrations of radionuclides are at or below levels protective of human health. The major activities include the following:

- Remove buildings, surrounding tanks, utilities, and structures,
- Remove contaminated soil and dispose of it in accordance with regulations controlling material of the concentration in the soil, and
- Backfill the area with clean soil.

NFS will stockpile and cover contaminated soil that exceeds the applicable criteria as appropriate, transport it to a processing area, or load it directly into containers. This material will be disposed of in a licensed facility.

The soil remediation activities proposed are essentially the same as those NFS is currently using in the North Site area. NRC has evaluated these in detail and found that the activities were acceptable in the EA for the North Site remediation (66 FR 27168) (Ref. 3). An existing license condition authorizes building deconstruction; NRC has evaluated this and found all licensed activities to be acceptable during the licensing process. The addition of the relatively small volume of contaminated waste from the contaminated portions of the facility (~ 68,000 cubic ft), to that of the North Site Area (~ 1 million cubic feet), will not have a measurable impact, either locally, in transit to disposal, or at the disposal sites.

Ground water remediation is not a specific goal of this activity. If, however, contaminated ground water is encountered during soil excavation, it will be processed at either the licensee's Wastewater or Ground Water Treatment Facilities.

Alternatives to the Proposed Action

NRC considered two alternatives to the proposed action. These are described below.

Alternative 1—No action.

This alternative is to leave the site in its current, contaminated condition. Leaving the site in this condition would not comply with NRC regulations that require remediation of unused outdoor areas. Therefore, this alternative is not acceptable.

Alternative 2—Require remediation of both groundwater and soil to levels such that doses from all pathways meet criteria for unrestricted use.

This alternative would require calculation of doses from existing contamination both in soil and in water-borne sources. NFS would have to calculate residual contamination limits in both media. NFS would then have to reduce the residual concentration in both media to levels that would limit the all-pathways-dose to 25 mrem/yr as specified in 10 CFR 20.1402.

NRC has concluded that this alternative is not appropriate for the following reasons:

- The active use area of the facility will not be released from the license at this time, therefore it is not available for unrestricted use; and
- The licensee is obligated to remediate affected areas to comply with limits in the License Termination Rule at the time of license termination.

Affected Environment

The affected environment for the proposed action and all of the

alternatives is the NFS site. A full description of the site and its characteristics is given in the 1999 Environmental Assessment (EA) for the Renewal of the NRC license for NFS (Ref. 2).

Facility Operations

Before NFS operations, the area was a farm, as was much of the surrounding area. The area being remediated is inside the plant protected area that is defined by a double security fence. Within the protected area are Banner Spring Branch, a small marsh, open grass-covered grounds, the three surface impoundments, and Pond 4. Banner Spring Branch runs through the property originating in the east just outside the security fence and discharging into Martin Creek to the north. The grounds outside the plant protected area, but inside the outer access control fence (the perimeter fence), include grass-covered fields, wooded areas, and a marsh. Also present are a burial ground and a demolition landfill. Trees cover most of the grounds outside the perimeter fence.

Radiological Status of Surface and Subsurface Soils

The primary radioactive contaminants in the contaminated soils are uranium (U-234, U-235, and U-238), thorium (Th-228, Th-230, and Th-232), plutonium (Pu-238, Pu-239/240, Pu-241, and Pu-242), americium 241, and technetium 99. Levels of radioactive contamination currently exceed the release criteria in soil and sediment across much of the site inside the plant protected area. Contamination is present down to the level of auger refusal in much of the protected area. Contamination also exists between the cobbles.

Environmental Impacts of the Proposed Action

Radiological Impacts

NFS will ship excavated material to a licensed disposal facility. The licensee's radiological protection program requires use of hazardous work permits that will limit dose to workers to less than or equal to the limits in 10 CFR part 20.

Minor spills and releases may occur as contaminated soil is being prepared for shipment or during transport to an offsite disposal facility. Spills and releases of dirt would pose only negligible impact to human health and the environment. In case of a spill of this nature, decontamination efforts and any required notification would be performed in accordance with NFS procedures.

Non-Radiological Impacts

Portions of the site, primarily the ground water, are contaminated with solvents (perchloroethylene (PCE) and trichloroethylene (TCE)) from NFS activities. These materials are the subject of an U.S. Environmental Protection Agency (EPA) and Tennessee Department of Environment and Conservation (TDEC) Resource Conservation and Recovery Act (RCRA)/Hazardous and Solid Waste Amendments (HSWA) Permit requiring investigation and remediation in a timeframe agreed upon between, EPA, TDEC and NFS. Separate from the proposed action, however, NFS has recently implemented a pilot groundwater remediation study to accommodate all groundwater contaminants; *i.e.*, radioactive and non-radioactive. These activities were reviewed in the North Site EA by the NRC, TDEC and EPA, and are not specifically addressed herein (Ref. 3).

Historical and Archaeological Resources

The Tennessee Historic Preservation Officer reviewed the site for historic structures during the EA for the North Site decommissioning and determined "that there is no national register of historic places listed or eligible properties affected by this undertaking." This activity is in the same general area as the North Site decommissioning activities (Ref. 4), therefore, the Historic Preservation Office was not consulted for this EA.

Biota

In the consultations for the EA on the North Site area, the U.S. Fish and Wildlife Service (FWS) determined that there are two Federally endangered mollusks (*Epioblasma torulosa torulose* and *Alasmidonta reveneliana*) in the Nolichucky River upstream of the NFS site; these will not be affected by the planned operation. There is also a Federally threatened plant in the vicinity of the NFS site: Virginia spiraea (*Spiraea virginiana*). These evaluations collectively considered the entire NFS site area, and concluded that because of the industrial nature of the NFS site and surrounding area, there is no suitable habitat for these species at the site. The FWS confirmed that these are the only listed species in Unicoi County (Ref. 5).

Water Resources

Ground water remediation is not a specific part of the proposed alternative. The contamination, except that encountered during soil excavation, will remain in the alluvial groundwater. However, as previously discussed in the North Site decommissioning plan (Ref.

3), this groundwater will not be used as a water supply, therefore it will not contribute to a dose to members of the public.

Surface water is not expected to be impacted from approval of this amendment application. There will be no direct effluent discharges to surface water as a result of the proposed activity. Surface water is expected to continue to be protected from site activities through release limits and monitoring programs, as required by the National Pollutant Discharge Elimination System (NPDES) permit, which is regulated by the TDEC.

Construction Impacts

No building destruction will occur as part of this action; removal of buildings was previously authorized and evaluated by license condition. Soil excavation will be done in the same manner as for the North Site that NRC previously evaluated and authorized (Ref. 6). No adverse effects will occur in the environment from this activity.

Impacts to Aesthetic, Economic, Cultural, Social, Air Quality, Noise Resources and Habitat Destruction

There will be no discernable impacts on aesthetics, socio-economics or cultural resources because the work is being done by existing staff and the physical configuration of the facility will remain the same.

There may be minor, temporary impacts on air quality and noise during remediation activities. NFS has dust-control measures in place for excavation activities, and the use of equipment will not significantly change from the current industrial environment.

Environmental Monitoring

NFS conducts a sampling program of ambient soil, vegetation, surface water, and sediment to monitor impacts from the Erwin Plant to the surrounding area. Details of the monitoring program are described in the Renewal EA (Ref. 2). Also, environmental dosimeters are at onsite and offsite locations to monitor ambient external dose rates and to assist with the assessment of potential accidents.

The areas to be remediated will remain within licensee control and will be monitored according to the pertinent provisions of the license for operational and environmental monitoring.

Agencies and Individuals Consulted, and Sources Used

U.S. Environmental Protection Agency, Region IV
EPA Region IV has reviewed the proposed action and concludes that:

- The RCRA/HSWA Permit issued to NFS will be used to enforce appropriate groundwater pilot studies and necessary groundwater remediation of all contaminated groundwater; and

- The RCRA/HSWA Permit issued to NFS will be used to enforce appropriate and necessary layered institutional controls (ICs).

- EPA Region IV has no objection to the proposed activity (Ref. 7).

Tennessee Department of Environment and Conservation (TDEC)

TDEC has no objections to the proposed action (Ref. 8).

U.S. Fish and Wildlife Service (FWS)

The U.S. Fish and Wildlife Service was consulted for North Site decommissioning (Ref. 5). Its evaluations collectively considered the entire NFS site area, and concluded that because of the industrial nature of the NFS site and surrounding area, there is currently no suitable habitat for the three local endangered/threatened species at the site. FWS was contacted to confirm that there are still only three listed species in Unicoi County, TN.

Finding of No Significant Impact

Based upon the environmental assessment, the Commission has concluded that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has concluded that environmental impacts associated with the proposed action would do not warrant the preparation of an Environmental Impact Statement. It has been determined that a Finding of No Significant Impact is appropriate.

References

1. B. Marie Moore, April 3, 2002. License Amendment Request to Include Source Reduction Measures as Authorized Decommissioning-Related Activities. (ADAMS accession number ML021010075).
2. T. Cox, U.S. Nuclear Regulatory Commission, Letter to T.S. Baer, Nuclear Fuel Services, Inc., "Finding of No Significant Impact and Environmental Assessment (TAC NO. L30873)," January 29, 1999.
3. Nuclear Fuel Services, Inc. (NFS). 1999. North Site Characterization Report for Nuclear Fuel Services, Inc., Erwin, Tennessee, Revision 1.
4. Tennessee Historical Commission May 22, 2002. Personal communications between Jennifer Bartlett and Julie Olivier.
5. U.S. Fish and Wildlife Services, Tennessee Field Office, November 12,

2002. Personal communications between Jim Widlak and Julie Olivier.

6. NFS North Site Decommissioning Plan, Revision 1, July, 1999.

7. U.S. Environmental Protection Agency, Region 4, September 18, 2002. Personal communications between Leo J. Romanowski, Jr. to James Shepherd.

8. Tennessee Department of Environment and Conservation 2002. Communication, Debra Shults, TDEC and J. C. Shepherd. October 18, 2002.

The references with ADAMS accession numbers may also be viewed in the NRC's Electronic Public Document Reading Room at <http://www.nrc.gov/reading-rm/adams.html>. Any questions with respect to his action should be referred to Ms. Mary Adams, Fuel Cycle Facilities Branch, Division of Fuel Cycle Safety and Safeguards, U.S. Nuclear Regulatory Commission, Mail Stop T-8 A33, Washington, DC 20555-0001. Telephone 301-415-7249.

Dated in Rockville, MD, this 24th day of April, 2003.

For the Nuclear Regulatory Commission.

Susan M. Frant,

Chief, Fuel Cycle Facilities Branch, Division of Fuel Cycle Safety and Safeguards, Office of Nuclear Material Safety and Safeguards.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26040; File No. 812-12916]

Sage Life Assurance of America Inc., et al., Notice of Application

May 1, 2003.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for an order pursuant to section 26(c) of the Investment Company Act of 1940 (the "1940 Act") approving the substitution of securities.

APPLICANTS: Sage Life Assurance of America, Inc., the Sage Variable Annuity Account A and the Sage Variable Life Account A (collectively, the "Applicants").

SUMMARY: Applicants seek an order to permit, under the specific circumstances identified in the application, the substitution of shares of the portfolios ("Replaced Portfolios") of the Sage Life Investment Trust (the "Sage Trust") with shares of certain portfolios ("Substituting Portfolios") of other variable insurance products funds as follows: (1) Shares of the S&P 500® Equity Index Fund with Series I shares of the AIM V.I. Premier Equity Fund; (2)

shares of the Nasdaq-100 Index® Fund with shares of the Oppenheimer Capital Appreciation Fund/VA; (3) shares of the All-Cap Growth Fund with shares of the Oppenheimer Capital Appreciation Fund/VA; and (4) shares of the Money Market Fund with Series I shares of the AIM V.I. Money Market Fund.

DATES: The Application was filed on December 26, 2002, and amended on March 24, 2003, and May 1, 2003.

HEARING OR NOTIFICATION OF HEARING: An order granting the Application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on May 22, 2003, and should be accompanied by proof of service on Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants, c/o Lynn K. Stone, Blazzard, Grodd & Hasenauer, P.C., PO Box 5108, Westport, Connecticut, 06881. Copies to Mitchell R. Katcher, Sage Life Assurance of America, Inc., 969 High Ridge Road, Stamford, CT 06902.

FOR FURTHER INFORMATION CONTACT: Rebecca A. Marquigny, Senior Counsel, or Zandra Bailes, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the Application; the complete Application is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. Sage Life Assurance of America, Inc. ("Sage Life") is a stock life insurance company incorporated in Delaware in 1981. It is licensed to conduct an insurance business in 49 states and the District of Columbia. Sage Life is a wholly-owned subsidiary of Sage Life Holdings of America, Inc. ("Sage Life Holdings"). Sage Insurance Group Inc. ("SIGI") owns 90.1% of the common stock of Sage Life Holdings and Swiss Re Life & Health America, Inc. ("Swiss Re") owns the remaining

9.9% of the common stock of Sage Life Holdings. SIGI is a wholly-owned indirect subsidiary of Sage Group Limited ("Sage Group"), a South African corporation quoted on the Johannesburg Stock Exchange.

2. The Sage Variable Annuity Account A and The Sage Variable Life Account A (each a "Variable Account" and together the "Variable Accounts") are each segregated asset accounts of Sage Life. Each Variable Account was established by Sage Life on December 3, 1997, under Delaware law. The Variable Accounts are used to fund certain contracts issued by Sage Life. Each Variable Account is divided into subaccounts, each of which invests in and reflects the investment performance of a specific underlying registered investment company or portfolio thereof. The Sage Variable Annuity Account A is registered as a unit investment trust under the 1940 Act (File No. 811-08581). The Sage Variable Life Account A is registered as a unit investment trust under the 1940 Act (File No. 811-09339).

3. The Variable Accounts support certain variable annuity contracts and variable life insurance policies (collectively "the Contracts") issued by Sage Life. The Contracts allow the contract owners ("Owners") to allocate Contract values among the subaccounts providing variable investment options. In addition, the Contracts also allow Owners to allocate Contract values to registered fixed account options. Under the Contracts, Sage Life reserves the right to substitute one of the variable investment options with another variable investment option after appropriate notice. Moreover, Sage Life is entitled to limit further investment in a variable investment option if Sage Life deems the variable investment option inappropriate. Thus, the Contracts permit Sage Life to substitute the respective shares of each Replaced Portfolio with the corresponding shares of the Substituting Portfolio.

4. The Sage Trust is a Delaware business trust established under a Declaration of Trust dated January 9, 1998, and currently consists of four separately managed portfolios ("Portfolios" or "Replaced Portfolios"). The Sage Trust is a diversified, open-end investment management company registered under the 1940 Act (File No. 811-08623), and its shares are registered as securities under the Securities Act of 1933 ("1933 Act") (File No. 333-45293). The shares of the Sage Trust are sold exclusively to the Variable Accounts of Sage Life to fund benefits under the Contracts. Sage Advisors, Inc. ("Sage Advisors") is the investment adviser for