



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

July 12, 2011

Mr. Joseph G. Henry
President
Nuclear Fuel Services, Inc.
P. O. Box 337, MS 123
Erwin, TN 37650

**SUBJECT: NUCLEAR FUEL SERVICES, INC. - DOCKET NO. 70-143 AUTHORIZATION
TO RESUME OPERATION OF THE URANIUM HEXAFLUORIDE PROCESSES**

Dear Mr. Henry:

On January 7, 2010, the Nuclear Regulatory Commission (NRC) issued Confirmatory Action Letter (CAL) 2-2010-001 to confirm a commitment by Nuclear Fuel Services (NFS) to take certain actions prior to restarting the process lines at the NFS facility in Erwin, TN. The specified actions required by the CAL were intended to ensure that the root causes of an event which occurred on October 13, 2009, in the Uranium-Aluminum line of the Blended Low Enriched Uranium Preparation Facility (BPF) were adequately evaluated and that appropriate corrective actions were implemented before resumption of operations. The actions were determined to be necessary to provide reasonable assurance of NFS' ability to safely operate the facility.

By letter dated March 24, 2011, you indicated that NFS was ready for the NRC to commence its review of the readiness to resume operation of the uranium hexafluoride (UF₆) processes. The specific portions of the NFS facility included sublimation stations 1 - 3, the vent and tap station, the hoke tube processing station, the uranyl fluoride (UO₂F₂) transfer system / UF₆ knockout off-gas and trap system, and the tray dissolver and filtration station. On May 6, 2011, the NRC completed its on-site inspection activities associated with NFS' readiness to restart this process line. Additional in-office inspections were conducted until June 30, 2011. The inspection report for the restart readiness assessment is currently being finalized. The report will document the following inspection conclusions listed below:

- (1) The NRC inspected the implementation of the change control program and determined that NFS had provided adequate improvement in management oversight and the level of detail for modifications.
- (2) The NRC evaluated the ability of organizations within NFS to respond to the added workload of an additional process area and concluded that sufficient organizational capacity exists.
- (3) The NRC concluded that NFS was effectively displaying a questioning attitude and properly prioritized safety with regard to the application of conservative assumptions in safety evaluations.

- (4) The NRC noted improvement in NFS' communication between organizations based on the plant wide use of planning tools and meetings designed to ensure the various organizations were aware of their responsibilities.
- (5) The NRC determined that NFS continued to comply with the CAL commitments.

Subsequent to the completion of the inspection activities, the NRC conducted a management review to assess the results of the inspection and other performance related information. Based on that review, the NRC has determined that the actions taken by NFS since the October 13, 2009 event and the issuance of the subsequent CAL are sufficient to provide reasonable assurance that the UF₆ processes can be operated safely.

Therefore, pursuant to the terms of the CAL, I am authorizing you to resume operation of the UF₆ processes listed above. Please advise the NRC resident inspectors of your specific schedule for conducting training and resuming production activities. The NRC intends to conduct a period of enhanced inspections and oversight during startup and initial operation of these processes. In addition, please keep the NRC resident inspectors informed of the status of processing the remaining 5A/B cylinders.

With this authorization letter, NFS has completed the commitments from the CAL listed as "Actions Prior to Restart of Operations" and no other processes require NRC authorization for restart under the commitments of the CAL. However, the CAL will remain open until NRC has verified that NFS has satisfactorily completed the commitments listed as "Actions Post-Restart of Operations."

Please be advised that the NRC intends to conduct an exit meeting with you to discuss the results of this restart readiness assessment. The exit meeting will be conducted as a public meeting. Specific details regarding the date and location of the exit meeting will be determined in the near future. The complete report of the restart readiness assessment team will be issued within thirty days of the inspection exit meeting.

If you have any questions on this matter, please contact Anthony T. Gody, Director, Division of Fuel Facility Inspection at 404-997-4700.

Sincerely,

/RA/

Victor M. McCree
Regional Administrator

Docket No. 70-143
License No. SNM-124

cc: (See page 3)

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cc: (See page 3)

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Letter to Joseph G. Henry from Victor M. McCree dated July 12, 2011

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