

August 18, 2011

MEMORANDUM TO: Catherine Haney, Director
Office of Nuclear Material Safety
and Safeguards

Victor McCree, Regional Administrator
Region II

FROM: John D. Kinneman, Director /RA/
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
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Anthony Gody, Director /RA/
Division of Fuel Facility Inspection
Region II

SUBJECT: NUCLEAR FUEL SERVICES ENHANCED OVERSIGHT PLAN

The U.S. Nuclear Regulatory Commission's (NRC's) enhanced oversight strategy for Nuclear Fuel Services (NFS), Inc. is designed to support a future decision on whether the Licensee has implemented effective and sustainable safety culture improvements at that facility. As a result of the Confirmatory Order issued November 16, 2010 (ML103210213), NFS, Inc. is required to take specific actions to enhance their performance. Since 2007, the NRC has maintained enhanced oversight of the safety and security performance of NFS through the Safety Culture and Configuration Management Improvement Oversight Panel (SCCMIOP). On March 9, 2011 (ML110530107), the SCCMIOP activities ceased with a recommendation to establish an executive oversight panel in the future.

The enhanced oversight of NFS is intended to complement the existing oversight and inspection roles within the Division of Fuel Cycle Safety and Safeguards in the Office of Nuclear Material Safety and Safeguards and within the Division of Fuel Facility Inspection in the Region II office. The Executive Oversight Panel will consist of the Division Directors from the two offices who will provide enhanced oversight to ensure that all appropriate NRC objectives are met.

The enhanced oversight of NFS will include the following:

- Semi-annual public meetings with NFS to discuss the following items:
 - Progress in safety culture initiatives
 - Performance as reflected in performance metrics
 - Other information to support an NRC decision on the sustainability of safety culture improvements
- Periodic briefings of the Office Director and Regional Administrator with regard to the performance of NFS to the November 2010 Confirmatory Order

- Input to the Office of Enforcement of lessons learned from safety culture inspections and oversight regarding the Commission's future implementation actions related to the Final Statement of Safety Culture Policy
- Input to the Office Directors on whether NFS meets the criteria for inclusion in the Agency Action Review Meeting

The executive oversight panel is expected to operate through June 2013 when it is expected that a decision on the status of compliance with the Confirmatory Order and the need for additional action, if any, will be made. The oversight panel will reevaluate its objectives and schedule on an annual basis. The assessment of the performance of NFS will lead to appropriate adjustments of inspection/oversight resource expenditures.

- Input to the Office of Enforcement of lessons learned from safety culture inspections and oversight regarding the Commission's future implementation actions related to the Final Statement of Safety Culture Policy
- Input to the Office Directors on whether NFS meets the criteria for inclusion in the Agency Action Review Meeting

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