



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

March 5, 2015

Mr. Joel Duling, President  
Nuclear Fuel Services, Inc.  
P. O. Box 337, MS 123  
Erwin, TN 37650

**SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW  
(NUCLEAR REGULATORY COMMISSION INSPECTION REPORT 70-  
143/2015-001)**

Dear Mr. Duling:

The Nuclear Regulatory Commission (NRC) Region II and headquarters staff have completed a review of Nuclear Fuel Services' (NFS) performance in conducting NRC licensed activities. The review covered the period January 1, 2013, through December 31, 2014. The performance of NFS was evaluated in the following areas: Safety Operations, Radiological Controls, Facility Support, and Special Issues (Other Areas). The enclosure to this letter provides the results of our review and constitutes the basis for establishing the NRC oversight program for your facility. The details regarding the Safeguards portion of the review are documented in a separate letter marked "Official Use Only" due to the sensitive nature of that information.

Overall, the staff determined that NFS has continued to conduct activities safely and securely, and in a manner that protects public health and the environment. Based on our review of activities, no area needing improvement was identified for the areas of Safety Operations, Radiological Controls, Facility Support and Other Areas. Therefore, the NRC plans to conduct the core inspection program for a Category I Fuel Facility as described in NRC Inspection Manual Chapter (IMC) 2600, Appendix B, "NRC Core Inspection Requirements Table 1," for the period January 1, 2015 through December 31, 2016.

During the 2004 Licensee Performance Review (LPR) for NFS for the period January 20, 2003 and ending on January 24, 2004, the NRC concluded that NFS' performance and ongoing facility changes warranted increased oversight and inspection effort, including the addition of a second resident inspector. NFS has demonstrated sustained improvement over the last several years, as reflected in recent LPR assessments and the closure of the Safety Culture Confirmatory Order in February 2015. As a result, the NRC has concluded that inspection oversight of the facility should return to the Core Inspection Program for a Category I facility.

Accordingly, effective April 4, 2015, the NFS site will no longer be staffed with a second resident inspector. Your facility will continue to have a Senior Resident Inspector who will provide the requisite oversight.

The NRC expects to issue a generic letter to request that fuel facility licensees submit information to demonstrate compliance with regulatory requirements regarding the treatment of natural phenomena hazard events in the facilities' integrated safety assessments. Additional NRC inspection hours beyond the core inspection hours may be implemented in 2015 or 2016 pending the review of your response to the generic letter.

The results of our review will be discussed with you at a public meeting on April 23, 2015. During the meeting, we expect you to discuss your performance in the same major areas as those evaluated by the NRC.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Please refer questions and comments regarding your licensee performance review to Mr. James Hickey, Chief, Projects Branch 1, by telephone at 404-997-4628.

Sincerely,

**/RA/ L. Wert for**

Victor M. McCree  
Regional Administrator

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

Enclosure:  
Licensee Performance Review

cc: (See page 3)

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The results of our review will be discussed with you at a meeting open to the public on April 23, 2015. During the meeting, we expect you to discuss your performance in the same major areas as evaluated by the NRC.

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Please refer questions and comments regarding your licensee performance review to Mr. James Hickey, Chief, Projects Branch 1, by telephone at 404-997-4628.

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PUBLICLY AVAILABLE       NON-PUBLICLY AVAILABLE       SENSITIVE       NON-SENSITIVE  
ADAMS:  Yes      ACCESSION NUMBER: ML15064A006       SUNSI REVIEW COMPLETE       FORM 665 ATTACHED

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SIGNATURE	/RA/	/RA/	/RA/	/RA/	/RA/	/RA/	LWert for
NAME	CRivera-Crespo	DHartland	JHickey	MLesser	MBailey	LWert	VMcCree
DATE	2/27/2015	2/27/2015	2/27/2015	3/7/2014	2/28/2015	3/2/2015	3/2/2-15
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

OFFICIAL RECORD COPY      DOCUMENT NAME: G:\DFFI\ASSESS      LPR\INFS\2015      LPR\2015      LICENSEE PERFORMANCE  
REVIEW LETTER PUBLIC.DOCX

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Letter to Mr. Joel Duling from Victor M. McCree dated March 5, 2015

SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW  
(NUCLEAR REGULATORY COMMISSION INSPECTION REPORT 70-  
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## LICENSEE PERFORMANCE REVIEW FOR NUCLEAR FUEL SERVICES

ASSESSMENT PERIOD: JANUARY 1, 2013 TO DECEMBER 31, 2014

The following is a summary of the performance of NFS in the conduct of NRC-licensed activities.

### **PERFORMANCE AREA: SAFETY OPERATIONS**

This area is comprised of plant operations, nuclear criticality safety, and fire protection.

#### **Program Areas Needing Improvement**

- No specific area needing improvement was identified in Safety Operations.

#### **Recommended NRC Inspection Effort**

- Maintain the core inspection effort in Safety Operations.

### **PERFORMANCE AREA: RADIOLOGICAL CONTROLS**

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

#### **Program Areas Needing Improvement**

- No specific area needing improvement was identified in Radiological Controls.

#### **Recommended NRC Inspection Effort**

- Maintain the core inspection effort in Radiological Controls.

### **PERFORMANCE AREA: FACILITY SUPPORT**

This area is comprised of maintenance and surveillance, training, emergency preparedness, management organization and controls, and permanent plant modifications.

#### **Program Areas Needing Improvement**

- No specific area needing improvement was identified in Facility Support.

#### **Recommended NRC Inspection Effort**

- Maintain the core inspection effort in Facility Support.

Enclosure

**PERFORMANCE AREA: OTHER AREAS**

This area is comprised of special issues.

**Program Areas Needing Improvement**

- No specific area needing improvement was identified in Other Areas.

**Recommended NRC Inspection Effort**

- Maintain the core inspection effort in Other Areas.