



~~OFFICIAL USE ONLY — SECURITY-RELATED INFORMATION~~

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

July 23, 2015

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

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION INSPECTION REPORT NUMBER  
70-143/2015-003 (SAFEGUARDS PORTION)

Dear Mr. Duling:

This refers to an inspection conducted from April 1 through June 30, 2015, at the Nuclear Fuel Services (NFS) facility in Erwin, TN. The results of the non-safeguards portion of the inspection will be transmitted under a separate cover letter. The purpose of this inspection was to determine whether activities authorized under the license were conducted safely, and in accordance with U.S. Nuclear Regulatory Commission (NRC) requirements. At the conclusion of the inspection, the findings were discussed on July 9, 2015, with those members of your staff identified in the enclosed report.

The inspection consisted of an examination of activities conducted under the license as they relate to safeguards and compliance with the Commission's rules and regulations, and with the conditions of the license. Areas examined during the inspection are identified in the enclosed report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations of activities in progress, and interviews with personnel. No violations were identified in this portion of the report.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public inspections, exemptions, requests for withholding," of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room, or from the Publicly Available Records (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS); accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

The enclosure contains Sensitive Unclassified  
Non Safeguards Information (Security-Related  
Information). Upon separation, this cover letter  
is DECONTROLLED.

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J. Duling

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However, the material enclosed herein contains Security-Related Information in accordance with 10 CFR 2.390(d)(1), and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the Enclosure will not be made available electronically for public inspection in the NRC Public Document Room, or from the PARS component of NRC's ADAMS.

Should you have any questions concerning this letter, please contact David Hartland of my staff at 404-997-4722.

Sincerely,

**/RA/**

Marvin D. Sykes, Chief  
Projects Branch 1  
Division of Fuel Facility Inspection

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

~~Enclosure:~~  
~~NRC Inspection Report No. 70-143/2015-003~~  
~~–(Safeguards Portion) w/Attachment:~~  
~~–Supplementary Information~~

cc w/o encl: (See page 3)

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Sincerely,  
**/RA/**

Marvin D. Sykes, Chief  
Projects Branch 1  
Division of Fuel Facility Inspection

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

Enclosure:  
~~NRC Inspection Report No. 70-143/2015-003~~  
~~—(Safeguards Portion) w/Attachment:~~  
~~—Supplementary Information~~

cc w/o encl: (See page 3)

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Michael W. McKinnon  
Director, Operations  
Nuclear Fuel Services, Inc.  
Electronic Mail Distribution

Richard J. Freudenberger  
Safety & Safeguards Director  
Nuclear Fuel Services, Inc.  
Electronic Mail Distribution

Debra G. Shults  
Director, TN Dept. of Environment & Conservation  
Electronic Mail Distribution

Doris D. Hensley  
Mayor, Town of Erwin  
211 N. Main Avenue  
P.O. Box 59  
Erwin, TN 37650

Gregg Lynch  
Mayor, Unicoi County  
P.O. Box 169  
Erwin, TN 37650

Johnny Lynch  
Mayor, Town of Unicoi  
P.O. Box 169  
Unicoi, TN 37692

George Aprahamian  
Manager, Program Field Office – NFS  
Knolls Atomic Power Laboratory  
1205 Banner Hill Rd  
Erwin, TN 37650