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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II

245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

May 9, 2016

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

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION INSPECTION REPORT
70-143/2016-406

Dear Mr. Duling:

The U.S. Nuclear Regulatory Commission (NRC) conducted a routine safeguards inspection at your Nuclear Fuels Services (NFS) facility in Erwin, Tennessee from April 18-21, 2016. The purpose of this inspection was to determine whether activities authorized by your license were conducted safely and in accordance with NRC requirements. The enclosed report presents the results of the inspection, that were discussed with members of your staff, during an exit meeting held at the conclusion of the inspection on April 21, 2016.

This inspection examined activities conducted under your license as they relate to public health and safety, the common defense and security, and to confirm compliance with the Commission's rules and regulations, and with the conditions of your license. The inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel. No findings of significance were identified.

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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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 report, please contact Manuel Crespo [at 404-997-4733](tel:404-997-4733), or via e-mail at manuel.crespo@nrc.gov.

Sincerely,

/RA/

Omar R. López-Santiago, Chief
Safety Branch
Division of Fuel Facility Inspection

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

~~Enclosure:~~
~~Inspection Report 70-143/2016-406~~
~~w/Attachment: Supplementary Information~~

cc: (See page 3)

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Should you have any questions concerning this report, please contact [Manuel Crespo](mailto:Manuel.Crespo@nrc.gov) at [404-997-4733](tel:404-997-4733), or via e-mail at manuel.crespo@nrc.gov.

Sincerely,
/RA/

Omar R. López-Santiago, Chief
Safety Branch
Division of Fuel Facility Inspection

Docket No. 70-143
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cc: (See page 3)

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