



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

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION II

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

January 4, 2018

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  
70-143/2017-407

Dear Mr. Duling:

The U.S. Nuclear Regulatory Commission (NRC) conducted a routine inspection of the Material Control and Accounting (MC&A) safeguards program at the Nuclear Fuels Services (NFS) facility in Erwin, Tennessee from December 11-14, 2017. 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 you and members of your staff, during an exit meeting held at the conclusion of the inspection on December 14, 2017.

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, regulations, and the conditions of your license. Areas examined during this inspection included management structure, item monitoring, process monitoring, measurement systems and control, physical inventory, internal control, alarm resolution, assessment, and recordkeeping. Within these areas, the inspection consisted of performance tests, selective examinations of procedures and representative records, interviews with personnel, and observations of activities in progress. Based on the results of the inspection, no violations of more than minor 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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The enclosed inspection report 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 NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Should you have any questions concerning this report, please contact Thomas Grice at 404-997-4477, or via e-mail at [thomas.grice@nrc.gov](mailto:thomas.grice@nrc.gov).

Sincerely,

**/RA/ R. Gibson for**

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

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

Enclosure: NRC Inspection Report 70-143/2017-407  
w/Attachment: Supplemental Information

cc: (See page 3)

J. Duling

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cc:

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70-143/2017-407

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