



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION II  
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March 2, 2018

Stephen Cowne, Chief Nuclear Officer  
and Compliance Manager  
Louisiana Energy Services, L.L.C.  
P.O. Box 1789  
Eunice, NM 88231

SUBJECT: LOUISIANA ENERGY SERVICES, L.L.C., URENCO USA FACILITY–  
LICENSEE PERFORMANCE REVIEW OF LICENSED ACTIVITIES (NRC  
INSPECTION REPORT 70-3103/2018-001, SAFEGUARDS PORTION)

Dear Mr. Cowne:

The U.S. Nuclear Regulatory Commission (NRC) staff in our Region II Office, the Office of Nuclear Material Safety and Safeguards and the Office of Nuclear Security and Incident Response completed a periodic review of Louisiana Energy Services, L.L.C., URENCO USA's (UUSA) inspection results and facility performance in conducting NRC-licensed activities. The review covered the period from January 1, 2016, through December 31, 2017. The performance of UUSA was evaluated in the performance area of Safeguards. 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 staff determined that UUSA has continued to conduct its 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 in the performance area of Safeguards. Therefore, the NRC plans to conduct the core inspection program for a gas centrifuge fuel facility as described in NRC Inspection Manual Chapter (IMC) 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program," for the review period of January 1, 2018, to December 31, 2019. Additionally, a meeting will not be scheduled to discuss your Safeguards performance during the assessment period.

Throughout the implementation of the inspection program and the review of plant events in this performance review period, the inspectors identified examples of repetitive compliance issues consisting of failure to request NRC approval for changes to the licensing basis and failure to implement administrative safety controls. While these issues did not result in escalated enforcement actions and did not raise to the level of an area needing improvement as defined in NRC IMC 2604, "Licensee Performance Review," the NRC staff determined that these issues could be indicative of weaknesses in the correction action program (CAP). Moreover, the

The enclosure contains Sensitive Unclassified Non Safeguards Information (Security-Related Information.) Upon separation, this cover letter is DECONTROLLED.
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inspection staff identified issues with the implementation of CAP procedures in the Safeguards area. These issues involved screening, evaluation, and effectiveness reviews related to Information Security.

IMC 2600, lists "As Needed," procedures used in support of implementation of the inspection program and these procedures are to be performed as necessary, or at the frequency designated in that inspection procedure. Inspection Procedure (IP) 88161, "Corrective Action Program Implementation at Fuel Facilities," was used to certify the UUSA Corrective Action Program and is one of the procedures recognized by IMC 2600. Once the CAP has been determined to be effective, IP 88161 requires that an inspection of that program be performed on a biennial basis.

In light of the examples identified during inspections, the NRC will maintain the current core program adjustment in the area of Safeguards for the upcoming performance review period. This will consist of the current level of increased inspection effort. The increased effort will not consist of an additional Information Security Inspection, as it has in previous assessment periods, but will instead consist of an inspection of your CAP in accordance with IMC-2600, Appendix B, Table 2, Inspection Procedure 88161, "Corrective Action Program Implementation at Fuel Cycle Facilities." The CAP inspection scope will focus on the safeguard's issues as well as consider all performance areas covered under the NRC core inspection program. The purpose of this inspection is to verify that the program is implemented in accordance with the program elements described in your Quality Assurance Program Description, as incorporated by reference in materials license SNM-2010. The inspection will validate that the program is effectively implemented to identify, prioritize, evaluate, and correct safety issues. The inspection results will also inform future NRC decisions for the disposition of violations of regulatory requirements.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter will be made available for public inspection at the NRC Public Document Room and accessible electronically through the ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>.

Please refer questions and comments regarding your performance review to Mr. Omar López-Santiago, Chief, Projects Branch 1, who can be reached by telephone at 404-997-4703.

Sincerely,

/RA/

Mark S. Lesser, Director  
Division of Fuel Facility Inspection

Docket No. 70-3103  
License No. SNM-2010

Enclosure:  
~~Licensee Performance Review~~

cc: (See page 3)

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PERFORMANCE REVIEW OF LICENSED ACTIVITIES (NRC INSPECTION  
REPORT 70-3103/2018-001, SAFEGUARDS PORTION), MARCH 2, 2018

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