



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

March 10, 2014

Mr. Joseph G. Henry  
President  
Nuclear Fuel Services, Inc.  
P. O. Box 337, MS 123  
Erwin, TN 37650

**SUBJECT: NUCLEAR FUEL SERVICES, INC., PROGRAM ADJUSTMENT REVIEW  
(NUCLEAR REGULATORY COMMISSION INSPECTION REPORT 70-  
143/2014-001)**

Dear Mr. Henry:

The Nuclear Regulatory Commission (NRC) Region II and Headquarters staff completed a program adjustment review of the Nuclear Fuel Services' (NFS) performance in conducting NRC licensed activities. In accordance with Inspection Manual Chapter (MC) 2604, "Licensee Performance Review," the program adjustment review provides an opportunity for adjustments to the inspection program to reflect emergent performance issues that may reveal themselves during the normal 24-month performance assessment period.

The review covered the period January 1 through December 31, 2013. The performance of NFS was evaluated in the following areas: Safety Operations, Radiological Controls, Facility Support, and Other Areas. This letter provides to you 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 the information.

Overall, the staff determined that NFS has continued to conduct its activities safely and securely, while protecting public health and the environment. Based on our review of activities covering the period January 1 through December 31, 2013, no Area Needing Improvement was identified. Therefore, the NRC will conduct the core inspection program for a Category I Fuel Facility as described in NRC Inspection Manual Chapter 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program," for the period of January 1, 2014 to December 31, 2014.

In addition to the core inspection program, the NRC will be conducting supplemental inspections as necessary to confirm compliance with the requirements of the 2010 Confirmatory Order (ML103210221). The additional inspections will be conducted to evaluate the June 2013 Safety Culture survey results and completion of the order commitments.

The staff is continuing efforts to assess Unresolved Item 2012-006-01 to ensure compliance with the requirements of 10 CFR Part 70 regarding accident sequences and potential consequences associated with natural phenomena events.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," 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 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 program adjustment review to Mr. James Hickey, Chief, Projects Branch 1, by telephone at 404-997-4628.

Sincerely,

***/RA/***

Anthony T. Gody, Director  
Division of Fuel Facility Inspection

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

cc: (See page 3)

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**/RA/**

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Division of Fuel Facility Inspection

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cc: (See page 3)

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cc:

Joel Duling  
Director, Operations  
Nuclear Fuel Services, Inc.  
Electronic Mail Distribution

Richard A. 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