



Nuclear Fuel Services, Inc.  
1205 Banner Hill Road  
Erwin, TN 37650

(423) 743-9141

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

**21G-07-0005  
GOV-01-55-04  
ACF-07-0012**

January 23, 2007

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington, D.C. 20555

References: 1) Docket No. 70-143; SNM License 124  
2) NRC Inspection Report No. 70-143/2006-014 and Notice of Violation, dated December 21, 2006

**Subject: Reply to Notice of Violation No. 70-143/2006-014-01**

Dear Sir:

Pursuant to the requirements of 10 CFR 2.201, Nuclear Fuel Services, Inc. (NFS) hereby submits the attached response to the violation identified in the referenced NRC inspection report. On January 19, 2007, Mr. Douglas Collins approved an extension until Tuesday, January 23, 2007, for this response.

If you or your staff have any questions, require additional information, or wish to discuss this matter further, please contact me or Mr. Rik Droke, Licensing and Compliance Director, at (423) 743-1741. Please reference our unique document identification number (21G-07-0005) in any correspondence concerning this letter.

Sincerely,

**NUCLEAR FUEL SERVICES, INC.**

A handwritten signature in cursive script that reads "B. Marie Moore".

B. Marie Moore  
Vice President, Safety & Regulatory

JHP/rcy  
Attachment

IE07

Cc: Regional Administrator  
U.S. Nuclear Regulatory Commission  
Region II  
Atlanta Federal Center  
61 Forsyth Street, SW  
Suite 23T85  
Atlanta, Georgia 30303

Mr. Manuel Crespo  
Project Inspector  
U.S. Nuclear Regulatory Commission  
Region II  
Atlanta Federal Center  
61 Forsyth Street, SW  
Suite 23T85  
Atlanta, Georgia 30303

Mr. Steve Burris  
Senior Resident Inspector  
U.S. Nuclear Regulatory Commission

***ATTACHMENT***

**NFS Reply to Notice of Violation  
No. 70-143/2006-014-01**

### **Restatement of Violation**

During an NRC inspection conducted October 15 through November 25, 2006, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Safety Condition S-1 of Special Nuclear Materials License No. SNM-124 authorizes the use of licensed materials in accordance with the statements, representations, and conditions in the License Application and Supplements.

Section 2.7 of the License Application, "Procedures," requires SNM operations and safety function activities to be conducted in accordance with written procedures.

Procedure NFS-GH-36, "Lockout/Tagout," Rev. 5, Section 6.6.1 and 6.6.2, requires removal of system and personnel locks only when the equipment is ready for operation.

Contrary to the above, on October 25, 2006, a lockout was removed on the 1E01 Uranium-Aluminum centrifuge prior to work being completed on the component. Specifically, the inspectors noted the removal of locks and tags without the scheduled work being completed and the shaft guard on the centrifuge being reinstalled.

This is a severity Level IV violation (Supplement VI).

### **The Reason for the Violation, or, if Contested, the Basis for Disputing the Violation or Severity Level**

The violation occurred because work being performed under the lockout/tagout program on a bowl change-out on the 1E01 centrifuge in the U/Al system was thought to be completed and the locks and tags removed. However, the shaft guard had not been re-installed. As a result, the potential existed for the equipment to be re-started without all required guards in place. The personnel performing the work intended to replace the shaft guard before restarting the equipment, but they mistakenly thought that action was not part of the lockout/tagout permit.

### **The Corrective Steps That Have Been Taken and the Results Achieved**

The incident was entered into the NFS Problem Identification, Resolution, and Correction System (Reference PIRCS Problem ID# 8570), evaluated (Reference PIRCS Investigation ID# 5479), and corrective actions (Reference PIRCS Corrective Action ID# 3841) were implemented to prevent re-occurrence. Shift toolbox safety sessions were conducted by the BPF Senior Project Director and the Industrial Safety Manager for the BPF operations staff to review the incident and re-emphasize expectations regarding attention to detail and strict compliance with all lockout/tagout requirements. Employees were reinstructed that the work is not complete and the system is not ready for re-start until all appropriate safety features are in place. No further incidents involving failure to replace the shaft guard have been identified in the BPF.

**The Corrective Steps That Will Be Taken to Avoid Further Violations**

The inability to maintain consistent 100% compliance with all components of the lockout/tagout program is an area of significant concern. In order to address this concern, the Industrial Safety Manager is conducting training sessions with all plant employees who are qualified to perform lockout/tagout related work activities. These sessions utilize a "lessons learned" format, focusing on recent examples in the plant where the desired results were not totally achieved.

**The Date When Full Compliance Will Be Achieved**

Full compliance was achieved on December 6, 2006, when the shift toolbox safety sessions were completed for BPF operations staff. The planned completion date for expanded training sessions with all employees performing lockout/tagout activities is February 28, 2007.