UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8931

August 29, 2007

Mr. D. B. Ferguson, Jr.
President & CEO
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: UPGRADES TO THE SAFETY CULTURE IMPLEMENTATION PLAN FOR NUCLEAR FUEL SERVICES, INC.

Dear Mr. Ferguson:

This refers to your letter dated May 22, 2007, in which you submitted the Independent Nuclear Safety Culture Assessment Plan in compliance with the February 21, 2007 Confirmatory Order. As a result of subsequent conversations with Marie Moore of your staff, it is our understanding that NFS plans to make the following modifications to its Independent Safety Culture Assessment Plan:

1. A Safety Culture Board of Advisors (SCUBA) Assessment Team Leader will be assigned.

2. The SCUBA will utilize a comprehensive survey questionnaire as an additional method of information gathering to survey the workforce's opinions and to solicit ideas for continuous improvement. The survey questionnaire will:

   - Be similar to those previously developed and used by third party assessors;
   - Be customized to reflect the nature of Nuclear Fuel Services, Inc. (NFS);
   - Be focused on cultural attributes that are associated with each of the 13 Safety Culture Components presented in NRC Regulatory Issue Summary (RIS) 2006-13; and
   - Include two areas for survey respondents to provide write-in comments.

   The targeted population for participation in the survey will be all employees and long-term contractors working at the NFS site. Long-term contractors are defined as contractor personnel who have been providing services on-site for six months or longer.

3. The survey questionnaire will replace the Phase 2 personnel interviews (described in the Assessment Plan previously submitted to the NRC on May 22, 2007) as a method of information gathering for the assessment.

4. After the numerical survey results and survey write-in comments have been evaluated, the SCUBA Team will conduct additional personnel interviews, as needed, to:

   - Ensure that the survey results for any identified low responding organization are sufficiently representative of the entire organization, and

   - Obtain additional insights into the underlying reasons for the low numerical ratings provided by any individual organizations that are considered to be significant outliers.

Within 30 days of upon issuance of this letter, please confirm the incorporation of the above modifications into the Independent Nuclear Safety Culture Assessment Plan and resubmit the plan for NRC review.

NRC's review of the initial Safety Culture Assessment Plan submittal and the proposed modifications referenced above, identified a list of issues for your consideration (enclosed). This list does not represent requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will 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 letter, please contact us.

Sincerely,

/RA/

Douglas M. Collins, Director
Division of Fuel Facility Inspection

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

Enclosure: As stated

cc w/encl:
B. Marie Moore
Vice President
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Nuclear Fuel Services, Inc.
P. O. Box 337, MS 123
Erwin, TN 37650

cc w/encl: (Cont'd on page 3)

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*see previous concurrence

X PUBLICLY AVAILABLE ☐ NON-PUBLICLY AVAILABLE ☐ SENSITIVE X NON-SENSITIVE

ADAMS: X Yes ACCESSION NUMBER:_____

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Issues for Consideration
on
NFS Independent Nuclear Safety Culture Assessment Plan

Safety Culture Board of Advisors (SCUBA) Team Member Qualifications:

- The information submitted lacks the technical experience each SCUBA team member has in developing and applying safety culture assessment methods (e.g., safety culture surveys, behavioral observations, personal interview protocols focusing on behaviors, attitudes, and perceptions). The documentation also lacks each SCUBA member's experience in their assigned roles in the current independent safety culture assessment process. In order for NRC to adequately review the qualifications of the SCUBA members, the licensee should consider providing supporting information with consideration of the guidance in Inspection Procedure (IP) 95003 Section 03.07.b.4.(b) and (c).

- The information submitted does not clearly establish the team leader's qualifications. In order for NRC to adequately review the qualifications of the SCUBA Team Leader to develop and apply comprehensive safety culture assessment methods, to communicate and coordinate with the team members who are on site at different times, and to integrate and analyze the safety culture data to ensure a comprehensive assessment of the licensee's safety culture, the licensee should consider providing supporting information with consideration of the guidance in IP 95003-03, General Guidance, Qualification Requirements for Safety Culture Assessors.

Safety Culture Assessment Methodology:

- In order to adequately evaluate the survey methodology that will be used to obtain the majority of the data for the assessment, the licensee should consider providing supporting information with consideration of the guidance in IP 95003, Section 03.07.b.3.(f), (g) and (h) and Enclosure F.

- The information submitted does not clearly describe the interview methodology. In order to adequately evaluate the interview methodology that may be used to obtain additional data for the assessment, the licensee should consider providing supporting information with consideration of the guidance in IP 95003, Section 03.07.b.3.(b), (g) and (h) and Enclosure C, Section 3, Structured Interviews. In addition, the licensee should consider submitting information on the conduct of the interviews following the survey results with consideration to potential issues identified by both written comments and survey responses to explore them further and to provide a more reliable understanding of the survey results.

- The information submitted does not adequately describe how communication and coordination will occur with the two member teams who are assigned to collect information on specific safety culture components at different times on-site and does not adequately describe how the safety culture information will be integrated and analyzed. Because safety culture components are interrelated to provide a picture of an organization's safety culture, the licensee should consider submitting information on the approach for communication and coordination between the two-member teams and between the team leader and the two member teams throughout the on-site assessment and how the safety culture information will be integrated and analyzed to ensure reliable conclusions and recommendations.