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**Certified Mail**  
**Return Receipt Requested**

**21G-07-0141**  
**GOV-01-55-04**  
**ACF-07-0321**

November 2, 2007

U.S. Nuclear Regulatory Commission  
Attention: Document Control Desk  
Washington, DC 20555

References: 1) Docket No. 70-143; SNM License 124  
2) NRC Inspection Report No. 70-143/2007-006 and Notice of Violation, dated October 5, 2007

**Subject: Reply to Notice of Violation No. 70-143/2007-006-03**

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.

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Mr. Rik Droke, Licensing and Compliance Director, at (423) 743-1741. Please reference our unique document identification number (21G-07-0141) in any correspondence concerning this letter.

Sincerely,

**NUCLEAR FUEL SERVICES, INC.**

A handwritten signature in black ink that reads 'B. Marie Moore'. The signature is written in a cursive, flowing style.

B. Marie Moore  
Vice President, Safety and Regulatory

JLQ/pdj  
Attachment

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**B. Marie Moore to U.S. NRC**  
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Copy:

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

**ATTACHMENT  
21G-07-0141  
GOV-01-55-04  
ACF-07-0321**

**NFS Reply to Notice of Violation  
No. 70-143/2007-006-03**

**Restatement of Violation**

During an NRC inspection conducted from July 29 through September 8, 2007, 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.

Section 2.7.2 of the License Application, "Operating Procedure Changes" requires modified or amended procedures to be prepared by the appropriate discipline manager and reviewed and approved by the safety review committee. Criticality safety, radiation safety, industrial safety, and environmental protection aspects of the changes will be considered and incorporated into the revised procedures as necessary. The safety analyses, required reviews and testing, required training, and distribution of procedure revisions will be completed before procedural changes are implemented.

Contrary to the above, on August 28, 2007, the inspectors noted a procedure change was made to a letter of authorization (temporary procedure) without the required discipline safety reviews, training and safety committee approval.

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

**Background**

NFS operations are performed in accordance with approved procedures which include SOPs and Letters of Authorization (LOA) and frequently are implemented with Work Instructions that originate from these approved procedures. The Work Instructions provide specific target process parameters and highlight key procedural steps that are bounded by approved SOPs or LOAs. The highlighting of key procedural steps is done

in order to improve human performance relative to the work activities being performed in accordance with approved procedures.

### **Event**

During a routine NRC inspection during the week of August 27, 2007, the Resident NRC Inspectors identified a concern regarding Work Instructions (WI) that had been issued for Area 800. The inspectors believed that work tasks were being authorized by the WI which were not specifically authorized by approved procedures or LOA. The Area Process Engineer reviewed the WI to specifically identify where the tasks were authorized in the SOPs and/or LOA for the process area. In this review, the Engineer confirmed that the steps highlighted in the WI originated from the approved SOP 401 Sections 8-1 through 8-5 and LOA-2054N-004. However, one of these steps originated from the System Preparation section of the SOP and therefore appeared out of sequence with the processing steps to be performed in accordance with the WI. Also, highlighted procedural steps in the WI did not include the specific procedural step reference, which resulted in the perception that NFS instituted procedural changes through the subject WI. On the basis of this review, NFS determined that this was an inappropriate use of the WI.

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

The violation was cited, in part, because of the difficulty in identifying the proper procedural authorization for the tasks being emphasized for execution on the Work Instructions. Also, a portion of the authorization was in a procedure section that did not seem appropriate for the point in processing at which the Work Instructions requested the task be performed. The area engineer believed that sufficient authorization was provided by the SOP and the LOA, given his extensive knowledge of the process.

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

The following corrective actions were taken:

1. The processing which was being accomplished utilizing these Work Instructions at the time the violation was identified was halted pending review of the LOA and Work Instructions. The LOA was revised, properly reviewed, and subsequently approved to authorize the steps in question.
2. The Fuel Process Engineers were instructed that any task identified in their Work Instructions must come from properly approved Standard Operating Procedures or Letters of Authorization.

3. The Area 800 Process Engineer was directed to include in his future Work Instructions, references to procedural steps for tasks that are being highlighted for execution. This will allow the easy location of the tasks in the properly authorized procedure.

Based on the above corrective actions, no further problems have been identified with regard to use of Work Instructions.

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

Refer to corrective actions above.

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

Full compliance was achieved on August 29, 2007, when corrective action No. 1 above was completed.