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September 27, 2005

Ms. B. Marie Moore, Vice President  
Safety and Regulatory  
Nuclear Fuel Services, Inc.  
P.O. Box 337, MS 123  
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. - REQUEST FOR CHANGES TO CERTAIN  
ADMINISTRATIVE PROGRAMS (TAC L31904)

Dear Ms. Moore:

Your application dated December 3, 2004, and supplemental letter dated June 22, 2005, proposed changes, in part, to the following administrative programs under Material License SNM-124:

1. Safety-Related Equipment (SRE) and Configuration Controlled Equipment (CCE), and
2. Procedure Reviews by the Safety Review Committee.

On August 24, 2005, Amendment 64 was issued to approve other program changes, but these two changes remain open. The Nuclear Regulatory Commission's (NRC's) evaluation of the information provided by Nuclear Fuel Services (NFS) and our conclusion that this information provides an inadequate basis for approving these two changes are as follows:

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1. SRE and CCE:

NFS requested that the SRE/CCE definition and requirements be removed from the license because important controls are now identified as items relied on for safety (IROFS) in the integrated safety analysis (ISA) summary and subject to management measures specified in Section 2.12 of the license application.

While the criteria specified in Section 1.7.21 of the license application are essentially the same as the performance requirements in 10 CFR 70.61, it is unclear whether the original concern behind License Condition S-40 has been negated.

License Condition S-40 was issued with Amendment 1 (August 1999) to address a concern about items relied on to meet the double contingency principle according to the license application, but not identified and maintained as SRE. In response to a request for additional information (RAI) for Amendment 1, NFS proposed criteria for classifying criticality safety controls as SRE and CCE and requiring specific actions for each. The criteria became License Condition S-40. NFS has stated that there is equipment identified as either SRE or CCE that is not identified as an IROFS and, therefore, is not covered by the management measures Section 2.12 of the application. In order for the NRC to approve this change to the license application, the NRC needs to determine that deleting the requirements requiring this equipment to be identified and maintained as SRE/CCE will not reduce the effectiveness of the safety program. To make this determination, it is necessary that NFS provide NRC with the safety basis for the request, including a description of what equipment is identified as SRE/CCE, but not as an IROFS. The description should address the safety function of the equipment and why deleting SRE/CCE requirements would not reduce the effectiveness of the safety program.

In addition, staff notes that Section 2.12 of the application states that management measures shall be implemented for IROFS upon approval of the ISA Summary. If the NRC determines that deleting the SRE/CCE requirements would not reduce the effectiveness of the safety program, the reference to "approval of the ISA Summary" would need to be removed.

2. Procedure Reviews by the Safety Review Committee:

NFS requested that the review of existing operating procedures be changed from the current 2-year requirement to a 5-year requirement.

In the June 22, 2005, RAI, the NRC noted that the guidance in NUREG-1520, "Standard Review Plan for the Review of a License Application for a Fuel Cycle Facility," applies to a wide range of fuel cycle facilities and as general guidance does not provide a sufficient basis for extending the review period to 5 years. In the RAI, the NRC requested that NFS provide site-specific information, such as the results of previous 2-year reviews, to justify the change.

B. Moore

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In the RAI response, NFS indicated that, based on the personal knowledge of the Safety Review Committee Chairman, the vast majority of the comments over the last 5 years have been editorial, and only a small percentage of the comments related to correcting operating steps or safety controls. However, NFS did not provide any supporting data. In order for the NRC to consider this change to the license application, it is necessary for NFS to provide the NRC with performance-based data concerning its operational experience with the 2-year review cycle.

We are available to meet with you to discuss these issues. To schedule a meeting, please contact me at (301) 415-7887 or via e-mail to [kmr@nrc.gov](mailto:kmr@nrc.gov).

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Sincerely,

\RA\

Kevin M. Ramsey, Project Manager  
Fuel Cycle Facilities Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

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

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Sincerely,

\RA\

Kevin M. Ramsey, Project Manager  
Fuel Cycle Facilities Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

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

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