

[REDACTED]

NFS

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The LPR for the previous review period also concluded that management oversight for certain operations needed improvement. Weaknesses in oversight and procedural compliance have continued into this LPR period and now have been found in new or modified operations. As such, your prior corrective actions have not been broadly effective. In new or modified operations, a number of procedural violations were identified, many of which stemmed from operational difficulties during facility/process start-up and in the control of modifications. Our current review also concluded that improvements were needed in the development and documentation of nuclear criticality safety bases and the oversight of your [REDACTED] program. We note that your longer-term corrective actions, in response to previously identified [REDACTED] issues, are expected to improve your [REDACTED] program.

The results of our review will be discussed with you at your facility on April 14, 2005. The meeting will be closed to the public and will discuss the material in the enclosure, which pertains to sensitive unclassified information. During the meeting, we expect you to discuss your view of your performance in the same major areas that the NRC evaluated. We ask you to specifically address what actions you have taken or are planning to take to improve the documentation of safety bases and procedural compliance in new operations.

NFS' performance and ongoing facility changes warrant increased NRC oversight with additional inspection effort. The regulatory oversight will continue at an increased level and involve routine inspections of facility modifications, with a focus on new operations, and continuing actions to improve management oversight of safety performance, including the review of nuclear criticality safety evaluations.

[REDACTED]

[REDACTED] Questions and comments about NRC's review of NFS' performance should be referred to Mr. David Ayres, who can be reached by telephone at 404-562-4711.

Sincerely,

/RA/

William D. Travers  
Regional Administrator

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

Enclosure: Licensee Performance Review  
- Summary Outline

cc w/encl: (See page 3)

[REDACTED]



NFS

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\*see previous concurrence

SISP REVIEW COMPLETE: Initials: DMC     SISP REVIEW PENDING\*: Initials: \_\_\_\_\_    \*Non-Public until the review is complete

ADAMS:  Yes    ACCESSION NUMBER: \_\_\_\_\_

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[REDACTED]

**LICENSEE PERFORMANCE REVIEW  
NUCLEAR FUEL SERVICES, INC.**

ASSESSMENT PERIOD: January 25, 2004 to January 22, 2005

The following is a summary of the performance of Nuclear Fuel Services, Inc., in the conduct of NRC licensed activities.

**PERFORMANCE AREA: SAFETY OPERATIONS**

This area is comprised of chemical safety, nuclear criticality safety (NCS), plant operations, and fire safety.

**Program Areas Needing Improvement**

- Procedural adherence in new or modified operations areas.
  - The licensee compromised an item relied on for safety (IROFS) when they failed to demonstrate that the concentration of the material in the [REDACTED] [REDACTED] BLEU Preparation Facility (BPF) was less [REDACTED] [REDACTED] prior to discharge (Violation (VIO) 2004-207-06).
  - The licensee compromised an IROFS when they failed to control [REDACTED] unfavorable geometry bags that were open and unattended [REDACTED] (VIO 2004-201-01).
  - The licensee compromised an IROFS when they failed to remove an unfavorable geometry bag from the Oxide Conversion Building process area after use (VIO 2004-207-01).
  - The licensee compromised an IROFS when they failed to remove an unfavorable geometry bag from [REDACTED] (VIO 2004-10-01).
  - The licensee failed to verify the availability of a fire safety IROFS for the [REDACTED] [REDACTED] system (Non-cited Violation (NCV) 2004-10-02).
  - The licensee failed to follow fire safety procedures that involved new areas/modifications (VIO 2004-03-03).
  - Improper implementation of the Letter of Authorization [REDACTED] [REDACTED] allowed a temporary hose to be stored in an area [REDACTED] where solutions are processed (NCV in IR 2004-206).
  - The back-up supervisor for the uranyl nitrate building failed to perform the daily NCS inspection [REDACTED] (NCV 2004-08-01).

[REDACTED]

Enclosure

- The Letter of Authorization for the [REDACTED] was not properly implemented and led to a fire [REDACTED] (VIO 2004-10-03).
- Development and documentation of NCS bases.
  - The NCS evaluation [REDACTED] failed to adequately demonstrate a k-effective below 0.95 (VIO 2004-207-05).
  - An engineered control was not capable of performing the NCS purpose for which it was specified (Enforcement Discretion, Inspection Report (IR) 2004-04-02,).
  - The NCS evaluation for the [REDACTED] operation had been modified to replace an active engineered control with an administrative control. The [REDACTED] NCS evaluation lacked justification for replacing the engineered [REDACTED] control with an administrative sampling control in a human performance-challenged operating environment (Finding in IR 2004-207).
  - The NCS Department failed to evaluate the use of a new [REDACTED] container [REDACTED] prior to use (NCV 2004-207-02).

**PERFORMANCE AREA: RADIOLOGICAL CONTROLS**

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

**Program Areas Needing Improvement**

- None

**PERFORMANCE AREA: FACILITY SUPPORT**

This area is comprised of maintenance and surveillance, training, emergency preparedness, and management controls.

**Program Areas Needing Improvement**

- Control of modifications; especially those involving electronic controls.
  - [REDACTED]
  - A safety related equipment (SRE) process logic controller [REDACTED] was identified as being degraded (Apparent Violation (AV) 2004-12-04).

[REDACTED]

- [REDACTED]

- A fire resulted when the work request procedure was not adequately performed for the installation [REDACTED] due to a weakness in the licensee's procedure for implementing configuration control in Internally Authorized Changes (VIO 2004-10-03).

**PERFORMANCE AREA: SPECIAL TOPICS (LICENSING ACTIVITIES)**

This area is comprised of safety licensing.

**Program Areas Needing Improvement**

- No specific areas needing improvement were identified for safety licensing.

**PERFORMANCE AREA: SAFEGUARDS**

[REDACTED]

[REDACTED]

■ [REDACTED]

| [REDACTED]

| [REDACTED]

| [REDACTED]

| [REDACTED]

[REDACTED]