



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931

[REDACTED]

October 18, 2006

CAL No. 02-06-003
NRC Event Nos. 42393, 42411

Mr. Dwight B. Ferguson, Jr.
President and Chief Executive Officer
Nuclear Fuel Services, Inc.
P. O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. - DOCKET NO. 70-143
OPERATION OF BLEU PREPARATION FACILITY

Dear Mr. Ferguson:

This letter confirms our discussion with you today, during which you were advised that the NRC has no objection to the introduction of high enriched uranium (HEU) into processes in the blended low-enriched uranium (BLEU) Preparation Facility (BPF) provided that testing of electrically operated safety controls be completed upon restart to verify fail-safe conditions upon loss of power. This NRC position is based on the results of the operational readiness review inspections conducted during the period June 5-9, June 19-23, June 26-30, July 10-17, 2006, and July 24 - 28, 2006, at your Erwin facility, and on the inspection of your configuration management and corrective action programs conducted during the period October 9-13, 2006.

The special NRC operational readiness team inspections were conducted at your plant to review your preparations for operation of this facility. The NRC staff reviewed the equipment, startup test results, procedures, hazards and safety analyses. The staff also conducted interviews with NFS personnel who will be involved in the process including employees in operations, technical support and management. In addition, the NRC verified the implementation of your correction actions as a result of the HEU solution spill in the BPF on March 6, 2006. During these inspections, NRC management personnel toured the facility, observed the readiness of processing equipment and interviewed senior management. Details from the operational readiness inspections were discussed in Inspection Report Numbers 70-143/2006-011 and 70-143/2006-012. The inspection of your configuration management and corrective action programs will be discussed in Inspection Report 70-143/2006-019.

[REDACTED]

D. B. Ferguson Jr.

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[REDACTED]

NRC is to be informed of the date and time when introduction of HEU into each of the following process areas is planned: [REDACTED]

[REDACTED]. NRC is also to be informed promptly of any problems associated with testing of electrically operated safety controls during restart or changes to the schedule for introduction of HEU. We appreciate your cooperation in this matter. Please provide the above requested information to Steven Burris, Senior Resident Inspector, as it becomes available.

If you have any questions regarding this letter, please call David Ayres at 404-562-4711.

Sincerely,

/RA/

William D. Travers
Regional Administrator

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

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

L. Edward Nanney, Director
Division of Radiological Health
Tennessee Dept. of Environment & Conservation
L&C Annex, Third Floor
401 Church Street
Nashville, TN 37243-1532

[REDACTED]

D. B. Ferguson Jr.



Distribution w/encl:

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ADAMS: Yes ACCESSION NUMBER: _____

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