

[REDACTED]

July 31, 2006

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. - ENFORCEMENT DISCRETION FOR  
[REDACTED] EXERCISES (TAC L31959)

Dear Ms. Moore:

I am responding to your letter dated June 23, 2006, which requested a waiver from requirements to conduct periodic [REDACTED] and your license. Given the untimely submittal of your letter, one week before the expiration [REDACTED], the Nuclear Regulatory Commission (NRC) was not able to act on your request. The NRC considered the information provided in your letter and a teleconference with NRC [REDACTED] staff on June 29, 2006, and now better understands the basis for your request [REDACTED] not having performed the required exercise. Based on our consideration of this information and an assurance by you that the violation will not recur, the NRC is exercising enforcement discretion and will not cite your failure to conduct a [REDACTED] exercise during the [REDACTED]. This discretion is also based on your completion of [REDACTED] exercises during the [REDACTED] which included features such as [REDACTED]. However, we note that the labor dispute and the safety [REDACTED] that were the reasons for your request are continuing this [REDACTED], when you are required to perform the exercise again.

We recognize the challenges created by the current labor dispute and the [REDACTED] you are making in your safety [REDACTED] programs. However, the nature and timing of your request exhibits less than adequate planning and program management. We encourage you to pursue aggressive preparations for the next [REDACTED] exercise. While the NRC would consider additional requests for relief, they will have to be more timely and better supported.

If you have any questions regarding this matter, please contact Kevin Ramsey, at (301) 415-7887, or via e-mail to [kmr@nrc.gov](mailto:kmr@nrc.gov).

[REDACTED]

[REDACTED]

B. Moore

2

[REDACTED]

Sincerely,

*/RA/*

Robert C. Pierson, Director  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

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

[REDACTED]

B. Moore

2  
July 31, 2006

[Redacted]

Sincerely,

/RA/

Robert C. Pierson, Director  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Material Safety  
and Safeguards

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

**Closes TAC L31959**

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7/10/06 NMSS took to OE for concurrence. 7/26 OE notified NMSS that package was misplaced

**ML061810305**

<b>OFC</b>	FCFB	FCFB	FCFB	FCFB
<b>NAME</b>	KRamsey	VCheney	JLubinski MTA for	GJanosko
<b>DATE</b>	07/26/06	07/26/06	07/26/06	07/26/06
<b>OFC</b>	OE	NSIR/DDSO	RII/DFFI	FCSS
<b>NAME</b>	MJohnson	RCorreia by e-mail	DCollins by e-mail	RPierson
<b>DATE</b>	07/ /06	07/10/06	07/10/06	07/31/06

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[Redacted]