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April 26, 2005

Mr. Kerry Schutt, President
and General Manager
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: INSPECTION REPORT NO. 70-143/2005-201

Dear Mr. Schutt:

The U.S. Nuclear Regulatory Commission (NRC) conducted a routine announced criticality safety inspection at your facility in Erwin, Tennessee, from March 28 through April 1, 2005. The purpose of the inspection was to determine whether activities involving licensed materials were conducted safely and in accordance with NRC requirements. An exit meeting was held at the conclusion of the inspection on April 1, 2005. The inspection observations and findings were discussed with members of your staff.

The inspection, which is described in the enclosure, focused on: (1) the most hazardous activities and plant conditions; (2) the most important controls relied on for safety and their analytical basis; and (3) the principal management measures for ensuring controls are capable, available, and reliable to perform their functions relied on for safety. The inspection consisted of analytical basis review, selective review of related procedures and records, examinations of relevant NCS-related equipment, interviews with NCS engineers and plant personnel, and facility walkdowns to observe plant conditions and activities related to safety basis assumptions and related NCS controls. Throughout this inspection, observations were discussed with your managers and staff. Based on the inspection, your activities involving nuclear criticality hazards were found to be conducted safely and in accordance with regulatory requirements.

[REDACTED]

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[REDACTED]

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If you have any questions concerning this report, please contact Lawrence Berg, of my staff, at (301) 415-6215.

Sincerely,

/RA/

Melanie A. Galloway, Chief
Technical Support Group
Division of Fuel Cycle Safety
and Safeguards, NMSS

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

Enclosure: Inspection Report 70-143/2005-201

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Sincerely,

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