

ENCLOSURE 2

PREDECISIONAL ENFORCEMENT CONFERENCE AGENDA

**NUCLEAR FUEL SERVICES, INC.
AUGUST 27, 2004, 10:30 A.M.
ERWIN, TENNESSEE**

- I. OPENING REMARKS AND INTRODUCTIONS
W. Travers, Regional Administrator

- II. SUMMARY OF THE ISSUES
W. Travers, Regional Administrator

- III. NRC ENFORCEMENT POLICY
C. Evans, Enforcement Officer

- IV. STATEMENT OF CONCERN / APPARENT VIOLATION
D. Collins, Director
Division of Fuel Facility Inspection

- V. LICENSEE PRESENTATION
NFS, Inc. Management

- VI. BREAK/NRC CAUCUS

- VII. NRC FOLLOW-UP QUESTIONS

- VIII. CLOSING REMARKS
W. Travers, Regional Administrator

ISSUE TO BE DISCUSSED

Safety Condition S-1 of Special Nuclear Materials License No. SNM-124 authorizes the use of licensed materials in accordance with the statements, representations, and conditions in the License Application and Supplements.

Section 4.1.1.1 of the License Application, Engineered Controls, states, Engineered controls detect an undesired situation and implement corrective action without requiring human intervention. Engineered Controls must be capable of performing the criticality safety purpose for which they are specified.

From system startup in 1999 until May 14, 2004, an engineered control was unable to detect an undesired situation, was unable to implement corrective action without requiring human intervention, and was not capable of performing the criticality safety purpose for which it was specified.

The issue discussed at this conference are pre-decisional and are subject to change.