



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

May 4, 2009

Mr. David Kudsin
President
Nuclear Fuel Services, Inc.
P. O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. OPERATIONAL READINESS REVIEW

Dear Mr. Kudsin:

The NRC is currently reviewing your proposed license amendment authorizing the processing of uranium hexafluoride compounds in a new commercial development line (CDL). In parallel with the review of that proposed license amendment, the NRC has conducted inspection of various aspects of the design and installation of the proposed CDL. The NRC inspection activities of your proposed CDL will culminate with the conduct of an NRC Operational Readiness Review. While the license amendment review continues, the NRC is conducting planning activities associated with a potential ORR of the CDL. The purpose of this letter is to provide details of the criteria that NRC will use to determine the appropriate time to perform an operational readiness review (ORR) inspection of the CDL.

The NRC believes that certain elements of a licensee's preparation leading up to an ORR are important in ensuring the success of initial startup of the CDL as well as being important inputs for NRC's decision to dispatch inspection resources to the site. These criteria are based on experience gained by the NRC in conducting these assessments of a variety of facilities and technologies over time. The criteria provided below should be considered as prerequisite conditions for the scheduling of NRC's ORR inspection.

CDL ORR Criteria:

- All equipment needed to ensure the safe operation of the CDL has been installed and supporting design packages completed.
- Plant drawings reflect the as-installed design and have been entered into the electronic Configuration Control system.
- Set point calculation data sheets and supporting documentation for components required to support the safe operation of the CDL have been completed and are available for review.
- Tests for safety-related equipment have been completed and the results of such tests are available for review.

- Nuclear criticality safety reviews have been completed and documentation is available for review.
- Development, review and approval of all new procedures and revision of any existing procedures needed to support safe operation of the CDL have been completed and are available for NRC inspection.
- Training for all necessary staff required to operate and maintain the CDL for a given shift has been completed. This training should include operators, maintenance personnel, radiation protection technicians, and all supervisors, as well as personnel from other organizations required to support CDL operations.
- Safety culture improvement initiatives applicable to the CDL startup have been completed. A review and evaluation of current safety culture performance for those people and processes involved in the proposed operation of the CDL is available for NRC review. The evaluation should include measures and metrics of safety culture and an analysis of trends in safety culture performance that are relevant to the operation of the CDL.
- Documented completion of an operational readiness review by NFS. Findings identified by NFS during the operational readiness review should be formally tracked for resolution and closure. Documentation used to verify and validate findings and issues should be completed and available for NRC review. For those corrective actions that have not been completed, a basis for not completing these actions prior to operation of the CDL should be provided including dates specifying when these actions will be completed.

Completion of the above items is signified by the availability of finalized documents that have been approved in accordance with your internal review and approval processes. Please provide us with a written reply, including a declaration that the CDL is ready for an NRC ORR, when these have been met. Include a statement identifying when you will be ready for a NRC ORR inspection.

Upon completion of the ORR the NRC will issue a letter summarizing the results of the ORR and stating whether or not CDL operations may commence based upon the ORR results. Findings identified during the ORR will also be provided. The ORR inspection report will be issued following the completion of the ORR.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

D. Kudsin

3

Should you have any questions concerning this inspection, please contact us.

Sincerely,

/RA/

Joseph Shea, Director
Division of Fuel Facility Inspection

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

cc: Timothy Lindstrom
Vice President, Operations
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

B. Marie Moore
Director
Safety and Regulatory Management
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

Lawrence E. Nanney
Director
TN Dept. of Environment & Conservation
Electronic Mail Distribution

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4

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