



a subsidiary of The Babcock & Wilcox Company

■ 1205 banner hill road ■ erwin, tn 37650 ■ phone 423.743.9141
■ www.nuclearfuelservices.com

21G-10-0146
GOV-01-55-04
ACF-10-0210

July 29, 2010

Mr. Luis A. Reyes, Regional Administrator
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Avenue NE, Suite 1200
Atlanta, GA 30303-1257

- References:
- 1) Docket No. 70-143; SNM-124
 - 2) Confirmatory Action Letter (CAL No. 2-2010-001), dated January 7, 2010, Mr. Luis A. Reyes (NRC) to Mr. David L. Kudsins (NFS)
 - 3) Letter (21G-10-0061), dated March 11, 2010, Mr. David Amerine (NFS) to Mr. Luis Reyes (NRC), "NFS Approach to Resumption of Operations"
 - 4) Letter, dated July 6, 2010, Mr. Luis A. Reyes (NRC) to Mr. David B. Amerine (NFS), "Authorization to Resume Operation of the Uranium-Aluminum Line"

Subject: NFS Approach to Start-up of Supporting Equipment in Building 301

Dear Sir:

In accordance with Reference 2, per the clarifications made in Reference 3 describing our conservative, measured approach to restart one line of production at a time, and in accordance with your request in Reference 4, Nuclear Fuel Services, Inc. (NFS) is hereby submitting an outline of the plans to use supporting equipment in Building 301. This information is being provided to facilitate scheduling of NRC inspection resources.

After receiving NRC authorization on March 23, 2010, to resume Navy Product Process Line (NPPL) operations, NFS initiated a "pause" to reflect on the changes made and the expected behaviors during the impending restart. Using our improved approach to conduct of operations, the NPPL was then restarted on March 25, 2010, one process area at a time. Subsequent operations were monitored and assessed by Senior Engineering Watch personnel, as well as by senior management observers and executive management. In addition, a "Way Point Evaluation" was conducted to assess the performance of the NPPL operations. The results demonstrated the necessary improvement in the areas of management oversight, communications, questioning attitude, and safety over production and that continued operation was warranted. These results also indicated that we were ready to restart the first BPF line, as well as the Building 301 Column Dissolvers.

Since receiving NRC authorization to restart the BPF U-Metal/Oxide line on May 19, 2010, and Uranium-Aluminum on July 6, 2010 (Reference 4), NFS has continued the behaviors that have provided safe and successful operations since the restart of the NPPL in March. NFS also plans to complete another Way Point Evaluation in the near future, in order to confirm that we are sustaining performance in the areas of management oversight, communications, questioning attitude, and safety over production and that continued operation is warranted.

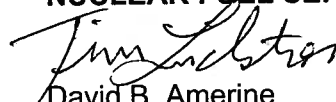
nuclear fuel services, inc., a subsidiary of The Babcock & Wilcox Company

The outline of the plans to use supporting equipment in Building 301 is provided below.

Target Start-Up Date	Supporting Equipment Included
9/1/2010	Ammonium Diuranate (ADU) Precipitation & Filtration Calciner & Product Unloading Station (existing equipment) Heel Removal Station
10/1/2010	Reliable Fuel Supply (RFS) Calciner (new equipment) Sorting Station Packaging Station
11/30/2010	Limited Scope Cold Pressure Testing of ~20 UF ₆ Cylinders using the Vent and Tap Station
1/2011	Vent & Tap Station Hoke Tube Processing Station Tray Dissolver & Filtration UF ₆ Sublimation Stations 1, 2, and 3 UO ₂ F ₂ Transfer System / UF ₆ Knockout Off-Gas & Trap System

If you or your staff have any questions, require additional information, or wish to discuss this further, please contact me at (423) 743-1702, or Mr. Mark Elliott, Director of Quality, Safety & Safeguards, at (423) 743-1705. Please reference our unique document identification number (21G-10-0146) in any correspondence concerning this letter.

Sincerely,
NUCLEAR FUEL SERVICES, INC.

 TEL for DDA
David B. Amerine
President

JKW/smd

Copy:

Mr. Joseph Shea, Director
Division of Fuel Facility Inspection
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Avenue NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Steven Vias, Branch Chief
Division of Fuel Facility Inspection
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Avenue NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Kevin Ramsey
Fuel Manufacturing Branch
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Mr. Eugene Cobey, Deputy Director
Division of Fuel Facility Inspection
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Avenue NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Manuel Crespo
Project Inspector
U.S. Nuclear Regulatory Commission, Region II
245 Peachtree Center Avenue NE, Suite 1200
Atlanta, GA 30303-1257

Mr. Galen Smith
Senior Resident Inspector
U.S. Nuclear Regulatory Commission