



NUCLEAR FUEL SERVICES, INC.

a subsidiary of The Babcock & Wilcox Company

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21G-10-0144
GOV-01-55-04
ACF-10-0205

July 19, 2010

Mr. Victor McCree, Deputy Regional Administrator
U.S. Nuclear Regulatory Commission
Region II
245 Peachtree Center Ave., NE, Suite 1200
Atlanta, GA 30303-1257

Reference: 1) Docket No. 70-143; SNM License 124
2) NRC Inspection Report No. 70-143/2010-007, dated May 26, 2010
3) Letter from NRC to NFS, "Confirmation of Open Pre-Decisional Enforcement Conference, Nuclear Fuel Services, Inc. – Docket No. 70-143," dated June 11, 2010

Subject: Additional Information Regarding the Pre-Decisional Enforcement Conference Held on July 13, 2010

As requested at the Pre-Decisional Enforcement Conference held on July 13, 2010, Nuclear Fuel Services, Inc. (NFS) hereby submits additional information to be considered during the Nuclear Regulatory Commission's (NRC) review of the apparent violations discussed in Reference 2. Attachment 1 contains corrective actions that were cultural in nature and were completed after the October 13, 2009, process upset condition in the BLEU Preparation Facility. The corrective actions presented during the meeting on July 13th were technical and/or administrative in nature. Please consider both sets of corrective actions to be the complete set that should be considered during NRC's review.

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Mr. Mark Elliott, Director, Quality, Safety, and Safeguards, at (423) 743-1705. Please reference our unique document identification number (21G-10-0144) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.

A handwritten signature in black ink that reads 'David B. Amerine'. The signature is written in a cursive, flowing style.

David B. Amerine
President

JKW/pdj
Attachment

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

Copy:

Mr. Joseph Shea, Director
Division of Fuel Facility Inspection
U.S. Nuclear Regulatory Commission
Region II
245 Peachtree Center Ave., NE, Suite 1200
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Mr. Manuel Crespo
Project Inspector
U.S. Nuclear Regulatory Commission
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245 Peachtree Center Ave., NE, Suite 1200
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Mr. Kevin Ramsey
Project Manager
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, D.C. 20555

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

Attachment 1

**Corrective Actions Taken to Improve
Safety Culture,
Safety Conscious Work Environment, and
Conduct of Operations**

6 pages to follow

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
Updated Corrective Action Program procedures to include a requirement to perform a Safety Culture Implications Review.	X	X	X	X
Implemented a Senior Engineering Watch (SEW) which provides coverage on the process floor by NFS personnel with technical knowledge of the operations.	X		X	X
A top-down face-to-face communication with management on a very clear set of behavior standards was communicated (i.e., do not proceed in the face of uncertainty, personal accountability, marshal appropriate resources to address priority problems).	X	X	X	X
Updated programmatic guidance to provide specific criteria to invoke Corrective Action Review Board (CARB) review of investigations, corrective actions, and effectiveness reviews to help ensure appropriately broad investigations and effective corrective actions.	X			
Conducted a review of procedures, policies, etc. for instances of institutionalized production priorities over safety (or production pressure).	X	X		
Added a requirement for the Training and Qualification (T&Q) form originator to route the form with the associated document as part of the formal review and approval process to assure accurate assignment of training.			X	X

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
Developed a comprehensive Conduct of Operations document based on guidance from INPO and industry best practices which includes rules for proper communication of information with safety implications.	X	X	X	X
Included a requirement for the SSRC members to be on guard for the issue of having production priorities over safety during their routine reviews of change documents to prevent that from happening.	X	X	X	
Reviewed T&Q to eliminate "orphan" procedures where the procedure is approved and in T&Q but has not been assigned to any individual or job to execute.	X			X
Conducted an independent review of NFS investigation processes to ensure the tools in the suite were being properly applied and executed.	X			
Established a Program Management department with responsibility for managing day-to-day production schedule and cost priorities for all NFS contracts.	X	X		
Restructured the Safety & Regulatory department to reduce the number of technical managers reporting directly to the Department Director. Changed the reporting location of the S&R department to report directly to the President.	X	X		
Developed training materials and lesson plans to train applicable NFS staff on the Bowl Cleaning Station (BCS) incident in order to institutionalize the lessons learned.		X	X	X
Institutionalized the Technology Reviews and release of uranium input materials to process to ensure the fidelity of the design/safety basis.	X		X	

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
Added restrictions on changes to procedures via Letter of Authorization (LOA) to require approvals by Director of Safety and Security, VP Operations or Principal Scientist.	X	X		
Established a People Team to foster SCWE principles among peers in the workplace.				X
Established an Ombudsman Program to provide peer to peer avenue for receipt of employee concerns.				X
Established a Nuclear Safety Review Board, reporting to the NFS BOD, to provide independent oversight of our efforts to improve our safety culture and safety performance.	X			
Conducted All Employee Meetings to discuss recent incidents & core values (BCS NOx, Fire Dampers).		X	X	X
Conducted Roundtable Meetings between NFS President and cross-section of employees.				X
Conducted employee surveys, shared results, and addressed issues of concern.				X
Established an Employee of the Month recognition Program to reward the behaviors associated with SCWE.				X
NFS President conducted meetings with technical staff to set standards and expectations.	X	X	X	
Created a fully integrated, resource loaded schedule; carefully folding the results into the Plan of the Day (POD)/Plan of the Week (POW) meetings.	X			X
"4-Hour Notification" reporting protocol established to inform Senior Management of incidents.	X			X
Implemented a Fatigue Management policy.	X	X		

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
Developed and Implemented a Standard Operating Guide and Flowchart for Evaluation of Unusual Incidents.	X			X
Implemented a Safety Oversight Program and Schedule.	X			X
Implemented an Engineering Oversight Program and Schedule.	X			X
Implemented a Senior Management Oversight Program and Schedule.	X			X
Enhanced SCWE Training for all employees.		X		X
Improved the visibility of process area Human Performance (HuP) Team issues by adding them to the Plan of the Day schedule.	X			X
Expanded training for technical staff skills / awareness on setpoint calculations and Safety Related Equipment.	X		X	
Implemented Organizational Changes to improve checks and balances; added the Assurance Group and the Work Management Group.	X			
Established First Line Manager Council to provide feedback to Senior Management regarding planned changes or current issues at the workplace level.	X			X
Waypoint Evaluations were conducted by Senior Management to assess the success of the Recovery Plan.	X			
Implemented a "Pause" technique prior to initial startup of Navy Fuel Line.		X		X
Established Differing Professional Opinion (DPO) protocol.	X		X	
Established and communicated clear written behavior and performance expectations for Engineering management and staff.	X		X	

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
Implemented an Engineering Work Request Record of Review to ensure appropriate engineering disciplines are engaged and work package quality is maintained.	X		X	
Completed a Process Engineering Work Environment Review to ensure appropriate resource loading and accurate task assignments.	X			
Established Independent Design Reviews to ensure technical accuracy and comprehensiveness.	X			X
Established an Executive Review Board to provide oversight of employee concerns, ethics issues, and organizational changes.	X			
Enhanced safety expectations for Subcontractors, including specifying safety requirements that must be met to be a qualified bidder on NFS projects.	X			
Added a dedicated Manager for Yard Services to improve Housekeeping efforts in support of Safety.	X			
Improved Front Line Supervisor/Manager leadership skills training, including making Corporate training opportunities more available.	X			X
Placed additional emphasis on reinvestment and maintenance of Facility infrastructure to improve work conditions and safety.	X			
Conducted "Return to Work" awareness sessions.			X	X
Rolled out "Path Forward" communication to all employees (handouts, supervisor to employee, small group meetings, all employee meetings, survey, employee communications) focusing on "how we got here" and management expectations.	X	X	X	X

Corrective Action	Cultural Focus Area			
	Management Oversight	Perceived Production Pressure	Questioning Attitude	Communication
General Employee Training was revised to include Lessons Learned on Bowl Cleaning Station, Fire Damper, and Commercial Development Line glovebox incidents.	X	X	X	X
Commissioned an independent review of restart actions prior to requesting NRC reviews.	X			
Improved the Quality Assurance Oversight of Technical Documents and Programs that included a technical basis review of Configuration Management, Corrective Action and NRC Response documents.	X			X
Established metrics for Change Control Board (CCB), Corrective Action Review Board, Safety and Safeguards Review Council (SSRC).	X			
Briefing to CCB and SSRC by Senior Managers on standards and expectations.		X	X	X