



NUCLEAR FUEL SERVICES, INC.

a subsidiary of The Babcock & Wilcox Company

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21G-10-0172
GOV-01-55-04
ACF-10-0237

August 27, 2010

Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Reference: 1) Docket No. 70-143; SNM License 124
2) NRC Inspection Report No. 70-143/2010-002 and Notice of Violation,
dated July 29, 2010

Subject: Reply to Notice of Violation (VIO 70-143/2010-002-02)

Pursuant to the requirements of 10 CFR 2.201, Nuclear Fuel Services, Inc. (NFS) hereby submits the attached response to the violation identified in the referenced NRC inspection report.

If you or your staff have any questions, require additional information, or wish to discuss this, please contact me, or Mr. Rik Droke, Senior Regulatory Advisor, at (423) 743-1741. Please reference our unique document identification number (21G-10-0172) 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

DML/pdj

Attachment: Reply to Notice of Violation (VIO 70-143/2010-002-02)

Copy:

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

Reply to Notice of Violation (VIO 70-143/2010-002-02)

Restatement of Violation

During an NRC inspection conducted from May 24-28, 2010, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 70.62 requires, in part, that each licensee shall establish a safety program that demonstrates compliance with the performance requirements. One of the elements of the safety program is management measures.

10 CFR 70.62(d) requires, in part, that each licensee shall establish management measures to ensure compliance with the performance requirements. These measures shall ensure that engineered Items Relied on for Safety (IROFS) will be available and reliable to perform their intended function when needed, to comply with the performance requirements.

Contrary to the above, prior to May 28, 2010, the licensee failed to establish a safety program that would ensure that an engineered IROFS would be available and reliable to perform its intended function when needed, to comply with the performance requirements. Specifically, the licensee's inspection, testing, and maintenance program did not have requirements for inspecting the wet-pipe sprinkler systems designated as IROFS as required by NFPA 25. The affected IROFS included FIRE-9, FIRE-10, FIRE-12, FIRE-15, and FIRE-32. The inspectors determined that due to the lack of inspection the licensee did not identify that sprinklers designated as IROFS were in a degraded condition. The degraded condition consisted of the following: 1) inadequate sprinkler coverage per fire area, 2) inadequate distance between sprinklers, 3) inadequate distance between sprinkler heads and the adjacent wall, and 4) excessive area of protection per sprinkler. This is a Severity Level IV Violation (Supplement VI).

The Reason for the Violation, or if Contested, the Basis for Disputing the Violation or Severity Level

NFS' review of this finding indicates that there are no issues that would inhibit activation of the fire suppression systems in the event of a fire; and, should a fire occur, the systems will mitigate the spread of a conflagration. Omission of the NFPA 25 requirements from the NFS procedure was simply an oversight and NFS had not recognized the procedure deficiency. Additionally, NFS has been conducting functional testing semi-annually to confirm functionality of each sprinkler system.

The Corrective Steps That Have Been Taken and the Results Achieved

Issues associated with Notice of Violation 2010-002-02 were entered into the NFS Problem Identification, Resolution and Correction System (PIRCS) (Problem ID 24941).

In addition, on May 27, 2010, a walkdown of sprinkler systems installed in Material Access Areas performed by the NFS Fire Protection Specialist confirmed that the systems would successfully mitigate a fire. As noted in the NRC Inspection Report 2010-002, "The inspectors independently assessed the sprinkler system and reached the same conclusion."

The Corrective Steps That Will Be Taken to Avoid Further Violations

An investigation (PIRCS Investigation ID 11215) is ongoing to determine the plant-wide extent of condition relative to sprinkler inspections required by NFPA codes. (Expected completion date is October 31, 2010.)

NFS-HS-B-58, "Fire Suppression Systems Inspections," will be revised to incorporate annual floor level inspections pursuant to NFPA 25. (Expected completion date is December 31, 2010.)

The Date When Full Compliance Will Be Achieved

Full compliance was achieved on May 27, 2010, when the annual floor level inspection of the subject sprinklers was successfully completed per NFPA 25 requirements.