

Erwin Citizens Awareness Network, Inc.
P. O. Box 1151
Erwin, TN 37650

September 30, 2010

Mr. Martin Virgilio
Deputy Executive Director, Reactor & Preparedness Programs
Nuclear Regulatory Commission
One White Flint, 11555 Rockville Pike
Rockville, MD 20852-2738

(Hand-carried)

Dear Mr. Virgilio:

This is a follow up to our discussion after the April 29, 2010 Fuel Cycle Facility Oversight Process Commission Meeting, and also includes a comment on the Groundwater Contamination at Nuclear Fuel Services, Inc. (NFS), Erwin, TN.

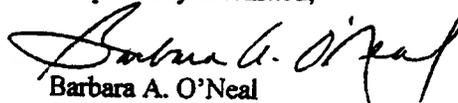
At the April meeting, you asked if I had been to NFS recently, and you commented that they had "state-of-the-art equipment." I responded that I had not, the public is not allowed in the plant, but that I had, over the past three years, attended every public meeting, read hundreds of inspection reports, special and augmented inspection team reports, license performance reviews, and other NRC public documents. And in my research, I had not found any mention of state-of-the-art equipment. What I found was just the opposite, and that is degraded equipment, which is run to failure, including the major safety systems of a fuel cycle facility, such as Items Relied on for Safety (IROFS) and Safety Related Equipment (SRE).

On June 21, 2010, the second Safety Culture Board of Advisors (SCUBA) 2009/2010 Report was released. I, and others, have read and studied this 331-page report, and find it to be worse than the 2007/2008 Report, in that the commitments made to the NRC, in exchange for not pursuing escalated enforcement actions, had not been kept, although documents were signed saying they were. As in the 2007/2008 Report, the 2009/2010 report once again emphasized degraded equipment, which was run to failure, and this most recent report also addressed a degraded infrastructure for this 53-year-old plant, as well as accountability issues.

If you have not read the report, a member of ECAN has summarized it into 50 pages (which we can provide), and another member has further summarized it into one page at Encl 1. Based on this report, I believe your statement about "state-of-the-art equipment at NFS" could be construed as misleading. The taxpaying public does not need the NRC to be cheerleaders for the industry, as it often seems; we need the NRC to be good regulators to protect the workers, the public, and the environment.

And regarding the environment, the subject of groundwater contamination at Nuclear Fuel Services, Erwin, TN, is well-documented on the NRC website and has been an ongoing issue for decades. See Encl 2, paragraphs 1 and 5, which is a portion of a September 17, 1981 NRC document obtained through the Freedom of Information Act at a personal cost of \$169.08

Respectfully submitted,



Barbara A. O'Neal
f/ECAN, Inc.

2 Enclosures
as stated

SCUBA II Report Excerpts on Nuclear Fuel Services, Inc., Erwin, TN, (SNM-124), June 21, 2010 (ML101820096)

Safety Culture initiatives were mandated by NRC Confirmatory Order (a docketed commitment) to NFS, Feb. 21, 2007. NFS made promises to NRC, which in return agreed not to pursue a number of pending escalated enforcement issues (p. 147). However, NFS did not comply with the 2007 Confirmatory Order. NFS made only nominal progress in improving safety culture since the 2007/2008 (SCUBA I) findings. Findings are essentially repeat from 2007/2008 (p.2). Findings for needed improvements increased from 41 (2007/2008) to 74 (2009/2010).

A Confirmatory Action Letter was issued on Jan. 7, 2010. NFS shutdown from Dec. 31, 2009 to March 23, 2010 due to safety concerns. On March 23, 2010, NRC authorized NFS to deliberately restart production activities in the Navy Fuel process lines (p. 13).

SCUBA team believes the following are long-standing NFS cultural deficiencies: Lack of a questioning attitude/willingness to proceed in the face of uncertainty; Non-conservative decision-making/susceptibility to production pressure; Lack of formality and/or systematic approach; Lack of management oversight; A standard of "minimal regulatory compliance" (p. 10). Non-conservative assumptions are tolerated. Inappropriate use of management authority may suppress questioning attitude. Decisions are not consistently developed with the requisite degree of conservatism, particularly when a potential for personal injury is involved (p. 43).

NFS has not yet demonstrated that it can successfully take on new processes without having safety and regulatory related upsets and problems (p. 23). Safety culture at NFS is generally deficient compared to industry norms and generally fails to meet regulatory expectations. (p. 24). Most of NFS's major projects are behind schedule and over budget (p. 53). NFS has no formal written internal or external Operating Experience (p. 93). NRC revealed in an August 3, 2010 public meeting that a Nuclear Quality Control/Assurance Program does not exist in the NFS license.

Despite repetitive urgings by the SCUBA team, NFS senior management had not conducted a single Effectiveness Review of the safety culture initiatives that were declared to have been completed by NFS management (p. 26). Actions/commitments processed through the Corrective Actions Program (CAP) are all too often inappropriately closed out based on future actions/promises that are frequently not rigorously followed up (p. 14). SCUBA's review indicated approx 50% of those completed actions do not meet acceptable standards for closure of an action (p. 26). Signing that an action was complete when it was not are examples of falsification and/or fraudulent behavior that are unacceptable at NFS. (p. 147).

NFS has demonstrated a bias for production, cost and schedule priorities over safety (p.26). Production pressures negatively influenced organizational priorities in that the support for required new projects compromised safe facilities operations. (p. 44). NFS policies indicating safety as the overriding priority were not practiced or reinforced (p. H-2).

NFS does not routinely drill its Emergency Response Organization to ensure it will operate well in an actual accident or event (p. 48). Site practice avoids invoking the ERO. There is essentially only one trained team and no back-up team in the event of an emergency (p. D-5 & 6).

NFS continues to tolerate recurring equipment problems, operational burdens and workarounds, and degraded infrastructure issues (p. 49). Rather than improving its safety culture and performance, NFS has continued to divert its resources to pursue new business opportunities (p. 52). Equipment problems have become accepted on a basis of "run to failure" philosophy (p. 53). (Includes Safety Related Equip, p. 89). Fire dampers had not been inspected since 2003 and inaccurate information was given to NRC. (Attach. G-1, p. G-2, 3 & 5). There is significant potential for the list of degraded equipment/processes to undergo substantial expansion (Attach. E-3, p. 7). There are no stated plans to back fit the large number of existing condition reports to assist with analyzing repeat or recurring events (p. 89)

Integrated Safety Analysis (ISA) functions need strengthening and Operational Readiness Reviews (ORRs) were ineffective (p. 76). Four recommendations made by INPO April 21-24, 2010, for the Configuration Management Program, all are currently open; they were classified as low priority (p. 104). Security components are not in Configuration Mgt Program (Attach. E-3, p. 24). Don't be misled by the de-facto "standards of acceptability" used by the NRC. These are not indicative of "world class standards." (Attach. E-3, p. 3)

There is still evidence that employees perceive negative outcomes and retaliation from management and peers for raising concerns and safety issues (p. 115). There is a long-standing antagonism between bargaining unit leadership and HR that is not being mitigated (Attach. E-3, p. 16). There were a number of areas where NFS did not meet OSHA requirements; executive mgt was not aware of these issues (Attach. E-2, p. 2). Chemical Safety is an area of risk at the Site (Attach. E-3, p. 3). The injury rate for the site does not compare favorably with the industry and any emphasis to improve the situation has been limited and not a priority (p. 76). The number of allegations received by the NRC concerning NFS is high, relative to other fuel facilities even given the caveat that a significant number come from outside the workforce (p. 108).

Significant problems related to accountability have continued to exist within the NFS (p.26). It is highly unlikely that NFS will be able to operate without another significant loss event unless/until it can resolve its accountability issues – especially those that exist in senior management. The tendency to downplay the significance of errors typified the Site's approach to problem solving, largely because these behaviors were practiced at the most senior levels of NFS management (Attach. H, p. H-1).

NUCLEAR FUEL SERVICES, INC. (NFS) MEETING AGENDA

Retyped for legibility

a portion of the

September 17, 1981 Meeting

(This is an NRC document obtained through FOIA)

1. Outside Contaminated Control Area

Historically NFS has used the areas adjacent in the process buildings as a contaminated control area. The surfaces (asphalt, soil, etc.) in these areas have been permitted to become contaminated to the limits specified in the license. The contamination is resuspended into atmosphere and also discharged from plant environs through surface water run-off. The licensee has no control over the quantity discharged; nor is the licensee able to satisfactorily measure the quantity of material released. The licensee presently collects grab samples upstream and downstream in Martins Creek to determine the total liquid effluent discharged from the plant. This value would also reflect any other sources such as seepage from the old treatment ponds. Reference memorandum of November 21, 1978, Sutherland to Higginbotham (AITS F2-2043-H3); memorandum of November 21, 1979, O'Reilly to Burnett; memorandum of December 12, 1979, O'Reilly to Burnett; NMSS meeting of January 28, 1980; IE:RII, IE:HQ and NMSS; memorandum of January 30, 1980, Gibson to Crow; RII Meeting of March 24, 1980, NFS, IE: RII and NMSS; Amendment Number 5 to SNM-124, dated April 30, 1980 and NFS Letter of June 30, 1981.

2. Old Treatment Ponds

For many years NFS used a series of retention ponds for treatment of chemical and radioactive liquid wastes. The use of these ponds was discontinued approximately three years ago; however, the sediment in the ponds, which is covered with water, contains a significant quantity of licensed special nuclear material. Sampling from Banner Spring Creek, which flows between the ponds, indicates that the radioactive material is leaking from the ponds into Banner Spring Creek. The ponds serve no useful purpose and are an unnecessary source of radioactive liquid effluent discharged to the environment. Reference memorandum of September 13, 1978, Sutherland to Higginbotham (AITS F2-2040-H3); letter of October 12, 1978, Rouse to NFS, memorandum of October 13, 1978, Crow to Sly; memorandum of October (20 (?)), 1978, Sly to Sutherland, memorandum of December 13, 1978, Sutherland to Sly and Inspection Report Nos 78-19 and 78-32.

3. Wearing Protective Clothing Outside Contaminated Controlled Areas and in the Lunchrooms

NFS workers are permitted to wear protective clothing outside the contaminated controlled areas. Through the years license conditions have been added requiring that workers monitor their person and clothing when exiting the controlled areas and prior to eating in the lunchrooms. Although the licensee has initiated procedural requirements to control the spread of contamination to the noncontrolled areas Region II believes that the wearing of protective clothing in noncontrolled areas, especially lunchrooms, breakrooms where food is consumed, cafeterias, etc., should be entirely discontinued. Reference RII meeting of January 10, 1977, IE:RII and NMSS; memorandum of November 21, 1978, Sutherland to Higginbotham (AITS F2-2043-H3); memorandum of November 21, 1979, O'Reilly to Burnett; memorandum of December 12, 1979, O'Reilly to Burnett; NMSS meeting January 28, 1980 and memorandum of January 30, 1980, Gibson to Crow.

4. Health Physics Staffing

With the present NFS health physics/radiation protection organization and responsibility assignments, the Radiation Monitors assume no responsibility for review of process operations to assure that licensed material is processed, handled and stored in a radiologically and/or nuclearly safe manner. The monitors collect air samples and conduct surveys without any interpretation of results. The health physics specialist staff is not adequately manned to perform the required observations, audits and reviews of the process operations on a frequent, routine basis.

5. Groundwater Monitoring

The NRC consultants from Los Alamos Scientific Laboratory reviewed the potential groundwater contamination in the vicinity of NFS in November 1980. In addition to the potential migration of radioactive waste from the treatment ponds to the groundwater, NFS has buried waste lines which could leak and a solid waste burial ground on-site from which contamination could be released to the groundwater. Currently only one well is used to monitor the burial site, the design of which is not understood. Reference memorandum of February 4, 1981, Stohr to Higginbotham (AITS H08000334F02).

6. Quality Assurance Program

A significant weakness in the NFS program for effluent and environmental monitoring has been the lack of a good quality assurance program. This also applies to other health physics/radiation protection measures. There are no license conditions that require a formal quality assurance or quality control program in this area. Regulatory Guide 4.15 could be used as guidance for establishment of such a program.

7. Redundant Stack Samplers

Redundant stack samplers have been placed on the stacks for Buildings (redacted, FOIA Ex. 2). A comparison of the results shows very poor correlation between the primary and redundant stack samples, consequently the representativeness of the stack sampling is questionable. The licensee has committed to upgrading the effluent treatment and sampling system. Region II believes that NFS should continue the comparison of the primary and redundant stack samplers until the modifications for upgrading the effluent treatment and samplings systems are completed. Reference confirmation of action letter of November 24, 1980, O'Reilly to Manser, and NFS reports of February 18, 1981, and June 11, 1981.

8. Decommission of the Uranium-233 and Plutonium Facilities

Decommissioning of the U-233 facilities has been underway for several months. There has been no decommissioning of the plutonium facilities because there are no available burial sites and no presently approved package for plutonium wastes. Region II would like to discuss alternatives for securing DOE burial Site authorization for plutonium decommissioning.

9. Decontamination of Nonrecovery Low Enriched Uranium Buildings

NFS has not performed low enriched uranium oxide and metal work in Buildings 301 and 130 for several years. It appears that the process equipment has deteriorated to a condition that the safety of the operations is doubtful should NFS decide to perform these processes. Decontamination would minimize the possible adverse consequences in the event of a fire in these buildings. It appears NFS plans to perform high enriched uranium operations in Building 301. Region II would like to discuss this proposal.

10. Contaminated Soil - Unrestricted Area

NFS is awaiting further guidance from the NRC on the levels which to decontaminate the area adjacent to the railroad and outside the restricted area fence. Reference Inspection Report No. 79-40; RII meeting of March 24, 1980, IE:II. NMSS and NFS and Inspection Report No. 80-31.

11. Emergency Planning

Region II would like to discuss the status of the Commission Paper and proposed License Conditions on upgrading NFS emergency planning. Reference memorandum of December 24, 1980, O'Reilly to Stello (AITS F02600031H10); facsimile message of January 7, 1981, (Possible License Conditions for the NFS-Erwin License with respect to Offsite Emergency Planning), Sly to Stohr and memorandum of January 9, 1981. Stohr to Higginbotham.