

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

June 7, 2011

Mr. Victor McCree  
Region II Administrator  
Nuclear Regulatory Commission  
245 Peachtree Center Avenue NE, Suite 1200  
Atlanta, Georgia 30303-1257

Subject: Public Meeting Feedback: April 7, 2011 NFS License Performance Review (LPR);  
May 23, 2011 Analysis of Cancer Risks in Populations near Nuclear Facilities, Phase I;  
May 27, 2011 NRC Agency Action Review Meeting (AARM)

Dear Mr. McCree:

April 7, 2011, NFS LPR:

The Nuclear Fuel Services, Inc. (NFS) most recent License Performance Review (LPR) was one of the worst performances I have observed by the NRC, and I have attended every NRC public meeting since September 17, 2007 after the Official Use Only policy was lifted.

It appears that the public meetings are getting less informative and are designed to mislead the public instead of informing them. It is blatantly obvious that NRC representatives cannot bring themselves to make a single negative comment about NFS. NRC representatives dance around the violations and issues and mislead the public with their "safe and secure" comments, which is nothing but a sound bite for the media.

The NFS LPR, covering the period January 1, 2010 through December 31, 2010, contained five Severity Level III violations, a \$140,000 monetary penalty – the largest in NFS history, and four Severity Level IV violations. Yet, none of these violations were ever mentioned by the Region II representatives in the LPR meeting, let alone discussed.

It was a member of the public who finally confronted the NRC representatives about them. Even then, the Region II representatives shunned the comment and still would not discuss the violations. It's as though these nine violations during this LPR period were off limits for discussion even though they were the primary part of the LPR.

Additionally, during this LPR period, a Confirmatory Action Letter (CAL) No. 2-2010-001 and a Confirmatory Order (CO) EA-10-176 were issued, along with a second scathing report by the Independent Safety Assessment Team (SCUBA), June 21, 2010. None of these were discussed.

A sentence on the first page of the March 7, 2011 LPR states that "Overall, the NRC review of the current LPR concluded that NFS continued to conduct its activities safely and securely." That statement contradicts all that is stated before it and all that follows. It is a trite, cut and pasted sentence that can be found in nearly every LPR and inspection report the NRC issues to NFS. It is ludicrous to make such a statement in an LPR that contains nine violations, a civil penalty, one CAL, one CO, and a second scathing report by an independent safety assessment team.

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You would have us believe that “we simply don’t understand how you regulate.” Whether we do or don’t, the statement does not pass the common sense test. People do not believe it, and, once again, it appears that the NRC is trying to “pull the wool” over our eyes by simply PRETENDING that everything is OK when clearly the report shows otherwise. People may be lacking in formal education here, but they do have common sense and deserve some honesty and transparency after 40 years.

At the November 30, 2010 NRC meeting, I asked questions about plans to decommission the NFS Plutonium facilities. Although I provided these questions to Region II representatives in writing, they were never answered. Therefore, I asked the same questions again in this April meeting -- five months later. Some were answered and some were not. The Region II summaries of the public meetings never show any questions or dialogue with the public, and that is not a correct representation of the public at these meetings. I have never been to a meeting in the past five years that did not have numerous questions and comments from the public regarding this facility and NRC oversight.

Mr. Steven Vias, Region II, said that we would have an opportunity to meet the new members of the inspection team and licensing branch. However, after the meeting, we were literally thrown out of the Courtroom by Officer L. Huff. He was extremely rude saying he had orders to lock up by 9 p.m. He picked up a member of the public’s jacket and threw it at her. His behavior was unprofessional and unacceptable. This officer needs to understand that it is our tax dollars that pay for that public building, and his salary.

In a conversation with the Mayor’s office the following day, I was told there was no “time limit.” Therefore, I can only surmise that the NRC imposed a time limit so they would have time to meet privately with NFS for the next hour, which appeared to be exactly what happened.

May 23, 2011, NRC Presenting at National Academy of Sciences Meeting in Atlanta regarding NRC-Sponsored Cancer Risk Study

The NRC presentation by Mr. John Pelchat, Region II, contained a slide (map) showing the Fuel Cycle Facilities by Region. NFS was not included. Once again, it appeared that Region II was attempting to hide them from the Committee chosen to do the cancer study. This was immediately called to the attention of Mr. Steven Vias, Region II, on May 23 in a phone call.

May 27, 2011, Agency Action Review Meeting (AARM), NRC Headquarters, Rockville, MD

This annual meeting before the five NRC Commissioners certainly validates my concerns (and many others) about NFS. At this meeting, it was mentioned numerous times by nearly every Commissioner that this was the fourth time in attendance for NFS. Only those licensees who have significant performance problems and significant safety challenges attend the AARM, as you know. (“The issues we will be discussing today are at the heart of our public health and safety mission.” See NRC News Release No. 11-091, May 27, 2011, subject: Opening Remarks of NRC Chairman Gregory B. Jaczko at today’s briefing on the Agency Action Review Meeting, **Encl 1.**).

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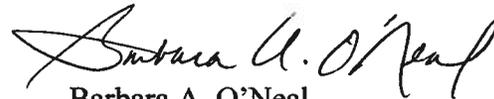
During this meeting, the Commissioners asked NFS about their public outreach program, which appears to be nonexistent. For example, a large and very visible building is being constructed behind Studsvik, Inc. the Swedish radioactive waste processor located on NFS property. I asked the County Commissioner in that District what it was, and he did not know. It appears that neither the City nor County leadership knows anything about the building, with the exception of the person who issued the building permit. However, I learned from the AARM webcast that it is a warehouse being constructed by NFS – the purpose of which was not stated.

The hypothetical question posed to NFS by Commission Chairman Jaczko during the AARM just about sums it up – How many times do you think you should attend these Agency Action Review Meetings before we should shut down the facility? (See articles from Forbes and WSMV-TV Nashville, **Encl 2** and **Encl 3**). In the Forbes article, once again, it appears that Region II is covering for NFS, i.e. “McCree reported Friday the plant is operating with due regard for public health and safety.” Yet, it is noted that the April 29, 2011 Inspection Report 70-143/2011-002, contained two violations, and that effluents from five stacks exceeded the limits of 10 CFR 20, Appendix B.

NRC Region II needs to do a better job conducting public meetings here. We need discussion of the issues and violations, not avoidance. We deserve honesty and transparency as the Agency purports to have. Continuing to minimize problems and sweep them under the rug as though they do not exist does not serve the nuclear fuel customers, the Nuclear Regulatory Commission, and certainly not the public. Additionally, disregarding the public’s questions and comments in the NRC public meeting summaries is also a disservice.

Request this letter be included in NRC’s Agencywide Document Access and Management System (ADAMS). However, request this letter not be sent to the Region II Allegations Division, because I have found communication with them to be inaccurate, ineffective and a waste of time.

Respectfully,



Barbara A. O’Neal  
Member  
ECAN, Inc.

Enclosures: as stated

CF:  
Mayor Greg Lynch, Unicoi County Mayor

NRC Commissioners:  
Honorable Gregory B. Jaczko, Chairman  
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No. 11-091

May 27, 2011

## OPENING REMARKS OF NRC CHAIRMAN GREGORY B. JACZKO AT TODAY'S BRIEFING ON THE AGENCY ACTION REVIEW MEETING

Good morning. The Commission meets today to receive a briefing on the results of the Agency Action Review Meeting (AARM). This is among the most important meetings the Commission holds every year. It provides us the opportunity to publicly review licensee safety performance over the previous year, and to focus on the most significant safety challenges that licensees experienced. The issues we will be discussing today are at the heart of our public health and safety mission.

In 2010, both reactor and material licensees demonstrated good overall performance. We did identify, however, some significant issues at certain facilities. Among those facilities is Nuclear Fuel Services (NFS), which has experienced several safety issues over the past few years. During today's discussion, the Commission would like to hear what concrete steps NFS plans to take to address these safety issues and to ensure that they do not appear at next year's AARM meeting. The Commission also will hear from representatives from the Department of Veterans' Affairs (VA) about the steps they have taken since last year's meeting to address the issues that led to multiple events at the VA Medical Center in Philadelphia.

While no reactor licensee met the criteria for participating in this year's AARM meeting, we did identify some concerning issues at certain plants over the past year. Right now, there are three reactor licensees in Column 3 of the Reactor Oversight Process Action Matrix. One plant—Brown's Ferry—is currently in Column 4 after experiencing an issue of high safety significance late last year. It's clear that both the agency and its licensees need to continue to maintain a strong safety focus to avoid those types of challenges.

During today's meeting, the Commission first will hear presentations from the NRC staff, and then from two panels of representatives from the Nuclear Fuel Services and the Department of Veterans' Affairs.

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News releases are available through a free *listserv* subscription at the following Web address: <http://www.nrc.gov/public-involve/listserver.html>. The NRC homepage at [www.nrc.gov](http://www.nrc.gov) also offers a SUBSCRIBE link. E-mail notifications are sent to subscribers when news releases are posted to NRC's website.

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## Jeff McMahon THE INGENUITY OF THE COMMONS

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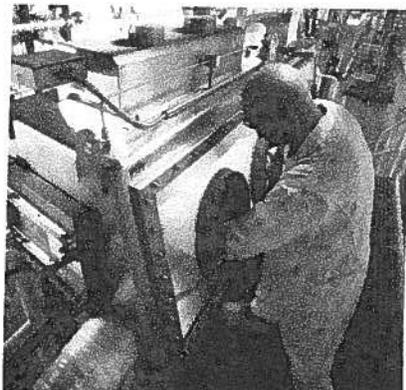
### Nuclear Fuel Maker Resumes Production After Scathing Review

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“The training wheels are off!” promised the admiral at the helm of a Tennessee company that has resumed production of nuclear fuel for the Navy after two incidents in 2009 shut the plant down.



A glove box like this one caught fire at Nuclear Fuel Services in 2009. NFS Photo.

Subsequent inspections turned up falsified inspection records and “multiple and repetitive performance issues.”

Nuclear Fuel Services of Erwin, Tennessee has resumed four of five production lines manufacturing fuel for nuclear submarines, aircraft carriers, and commercial reactors, said Victor McCree, a regional administrator for the Nuclear Regulatory Commission, during a safety briefing before the full commission Friday. The fifth line is under review for resumption.

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“Mr. delosangeles, Thank you for your comment. Always a pleasure. Your question is a complicated one. NFS has focused on...”

Posted to **NUCLEAR FUEL MAKER RESUMES PRODUCTION AFTER SCATHING REVIEW**

JEFF CALLED OUT Yesterday

**dauiddelosangeles**

Commented on **NUCLEAR FUEL MAKER RESUMES PRODUCTION AFTER SCATHING REVIEW**

“Mr. McMahon, My comment is not quite, fully germane to your posting but I will offer it nonetheless as I had...”



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The NRC shut down the five production lines in January 2010, three months after an “unexpected chemical reaction” in the process that produces uranium-aluminum fuel, and two months after a fire in a glove box designed to allow workers to handle uranium solution safely.

Subsequent inspections by NRC officials documented falsified inspections of fire dampers, inadequate management oversight, poor communication, dangerous production pressures, an inability to perform introspective evaluations and a “lack of a questioning attitude on the part of workers and management.”

A June 2010 assessment found that dubious safety culture at the plant had improved only nominally since a prior inspection in 2007, but McCree reported Friday the plant is operating with due regard for public health and safety.

And there’s a new sheriff in town. In January Admiral Joseph Henry took over presidency of the plant after 33 years in the Navy’s nuclear fleet and after leading the Y12 National Security Complex, also in Tennessee, which produces enriched uranium for fuel and weapons.

In questioning Friday, NRC Commissioner George Apostolakis asked Admiral Henry how he would encourage a questioning attitude on the part of employees.

You don’t criticize them for asking questions, Admiral Henry replied:

You always hear that there’s no such thing as a stupid question. Yeah, there are some stupid questions, but you ought to stop, you ought to answer that question, and make them feel like they contributed, at every level, whether it’s my assistant or the lowest worker on the floor, and we’re continually reinforcing that. In fact, the employee of the month last year was recognized for stopping work because she didn’t understand something. And we put her picture on the front page of our newsletter and pointed out what she did and named her employee of the month for a questioning attitude.”

The NRC allowed the plant to resume production because workers have responded well to changes implemented by management, McCree said. But the agency focused on NFS during the hearing to keep it on the hot seat.

“What we need to see is continued, sustained improved performance, and that’s what we’re waiting for.”

Adm. Henry promised commissioners that NFS has institutionalized improvements and will internalize them:

Commissioners the training wheels are off! We’re moving forward and we’re moving forward conservatively and deliberately. That’s not to say we won’t hit a bump in the road. But we hope that the processes, the training, and the behavioral expectations we’ve put in place will help us respond to those bumps correctly. We know it will take constant vigilance every day.



Admiral Joseph Henry

The plant is also facing review of its water emissions permit by the Tennessee Department of Environment and Conservation. Nuclear Fuel Services is a subsidiary of Babcock & Wilcox Nuclear Operations Group, Inc. of Lynchburg, Virginia.

**WSMV.com****NRC Grills Nuclear Fuel Services****Fuel Company's Safety Record, Problems Questioned***Reported By Demetria Kalodimos*

POSTED: 3:43 pm CDT May 31, 2011

UPDATED: 4:07 pm CDT May 31, 2011

Related To Story



**ERWIN, Tenn.** -- A troubled Tennessee nuclear fuel company has been called on the carpet for the fourth year in a row.

Nuclear Fuel Services in Erwin was grilled by the Nuclear Regulatory Commission for a lax safety record and continued problems.

"How many times is too many before we shut the facility down?" asked NRC Chairman Gregory Jaczko.

The Channel 4 I-Team reported last year about several serious accidents that led to NFS closing for half a year. NFS is still not fully operational a year and a half later.

The new CEO responded to the governments concerns this way.

"Commissioners, the training wheels are off," said NFS CEO Joseph Henry. "We're moving forward, and we're moving forward deliberately and conservatively. That's not to say we won't hit a bump in the road, but we're going to respond to those bumps correctly."

Nuclear Fuel Services is more than 50 years old. It supplies nuclear fuel for the U.S. Navy.

It's currently under review by the state for what it has discharged into groundwater and a nearby river.

**Previous Stories:**

- November 11, 2010: Study Finds Enriched Uranium In River
- March 23, 2010: Some Work Resumes At Nuclear Fuel Plant
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