



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION II
245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

March 6, 2013

Mr. Joseph G. Henry
President
Nuclear Fuel Services, Inc.
P. O. Box 337, MS 123
Erwin, TN 37650

**SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW OF
LICENSED ACTIVITIES (NUCLEAR REGULATORY COMMISSION
INSPECTION REPORT 70-143/2013-001)**

Dear Mr. Henry:

The Nuclear Regulatory Commission (NRC) Region II and Headquarters staffs completed a review of the Nuclear Fuel Services inspection results and performance in conducting NRC licensed activities. The review covered the period beginning January 1, 2012 and ending December 31, 2012. Nuclear Fuel Services' performance was evaluated in the following areas: Safety Operations, Safeguards, Radiological Controls, Facility Support, and Other Topics. This letter and enclosure provide the results of our review and constitute Inspection Report 70/143/2013-001. This report will be used as a basis for establishing the NRC oversight program for your facility. The details regarding the Safeguards portion of the review are documented in a separate letter marked "Official Use Only" due to the sensitive nature of the information.

The review showed that Nuclear Fuel Services continued to conduct its activities safely and securely, while protecting public health, and the environment. Based on our current review of activities covering the period January 1 through December 31, 2012, no areas needing improvement were identified. As a result of your performance during the assessment period, the NRC plans to conduct the core inspection program for a Category I Fuel Facility as described in NRC Inspection Manual Chapter 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program," for the period of January 1, 2013 to December 31, 2014.

In addition to the core inspection program, the NRC will be conducting additional inspections as necessary to confirm compliance with the requirements of the 2010 Confirmatory Order. These anticipated inspections include those required to follow up on the unresolved item (URI) pertaining to the corrective action program implementation, any inspection follow-up as part of the upcoming 2013 safety culture assessment, and verification of the new corrective action program license amendment.

Unresolved items were opened during the conduct of Temporary Instruction 2600/015, "Evaluation of Licensee Strategies for the Prevention and/or Mitigation of Emergencies at Fuel Facilities." The NRC intends to issue guidance on how fuel facility licensees should address the URIs in the form of a generic (or licensee specific) letter. Once this guidance is addressed by licensees, additional NRC inspection hours beyond the core inspection hours may be implemented in 2013 or 2014 to address the URIs.

The results of our review will be discussed with you at a meeting open to the public on April 29, 2013. During the meeting, we expect you to discuss your view of your performance in the same major areas as evaluated by the NRC.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, and its Enclosure, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Please refer questions and comments regarding your performance review to Alan Blamey, Chief, Fuel Facility Inspection Branch 1, by telephone at 404-997-4415.

Sincerely,

/RA/

Anthony T. Gody, Director
Division of Fuel Facility Inspection

Docket No. 70-143
License No. SNM-124

Enclosure:
Licensee Performance Review

cc w/encl:
Christa B. Reed
Director, Operations
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

Mark P. Elliott
Quality, Safety, & Safeguards Director
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

Debra G. Shults
Director, TN Dept. of Environment & Conservation
Electronic Mail Distribution

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PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE

ADAMS: X Yes ACCESSION NUMBER: ML13065A008 X SUNSI REVIEW COMPLETE X FORM 665 ATTACHED

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|--------------|----------|----------|-----------|-----------|----------|----------|----------|
| OFFICE | RII:DFFI | RII:DFFI | NMSS | NMSS | | | |
| SIGNATURE | MC | AB | Via email | Via email | | | |
| NAME | MCrespo | ABlamey | RJohnson | JKinneman | | | |
| DATE | 3/1/2013 | 3/1/2013 | 3/1/2013 | 3/5/2013 | 3/ /2013 | 3/ /2013 | 3/ /2013 |
| E-MAIL COPY? | YES NO | YES NO | YES NO | YES NO | YES NO | YES NO | YES NO |

OFFICIAL RECORD COPY DOCUMENT NAME: G:\DFFI\ASSESS LPR\NFS\2013 LPR\NFS 2013 LPR PUBLIC LETTER.DOCX

Letter to Mr. Joseph G. Henry from Anthony T. Gody dated March 6, 2013

SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW OF
LICENSED ACTIVITIES (NUCLEAR REGULATORY COMMISSION
INSPECTION REPORT 70-143/2013-001)

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A. Gody, RII

M. Lesser, RII

A. Blamey, RII

M. Chitty, RII

M. Toth, RII

M. Crespo, RII

K. Ramsey, NMSS

R. Rodriguez, NMSS

R. Johnson, NMSS

M. Bailey, NMSS

J. Kinneman, NMSS

Webwork.resource@nrc.gov (NFS website)

LICENSEE PERFORMANCE REVIEW FOR
NUCLEAR FUEL SERVICES
ASSESSMENT PERIOD: JANUARY 1 TO DECEMBER 31, 2012

The following is a summary of the performance of Nuclear Fuel Services in the conduct of NRC licensed activities.

PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety and fire safety.

Program Areas Needing Improvement

No specific Area Needing Improvement was identified in Safety Operations.

Recommended NRC Inspection Effort

Maintain the core inspection effort in Safety Operations.

PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

Program Areas Needing Improvement

No specific Area Needing Improvement was identified in Radiological Controls.

Recommended NRC Inspection Effort

Maintain the core inspection effort in Radiological Controls.

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance of safety controls, management organization and controls, operator training, emergency preparedness, emergency exercise evaluation, and permanent plant modifications.

Program Areas Needing Improvement

No specific Area Needing Improvement was identified in Facility Support.

Recommended NRC Inspection Effort

Maintain the core inspection effort in Facility Support.

PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

Program Areas Needing Improvement

No specific Area Needing Improvement was identified in Other Areas.

Recommended NRC Inspection Effort

No areas were identified as needing improvement. Maintain the current inspection effort.