



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

March 18, 2015

Ms. Barbara O'Neal
Erwin Citizens Awareness Network, Inc.
P.O. Box 1151
Erwin, TN 37650

Dear Ms. O'Neal:

Thank you for your February 16, 2015, reply (ML15062A352) to my e-mail notification regarding Nuclear Fuel Service's (NFS) completion of the commitments documented in the Nuclear Regulatory Commission's (NRC) Confirmatory Order dated November 16, 2010. In your reply, you reference a November 25, 2008, Notice of Violation associated with NFS' failure to provide complete and accurate information to the NRC, and you question how there can be assurance that NFS is accurately reporting effluents given the 2008 incident and a series of past incidents involving falsification of records at NFS. You also raise a number of questions regarding past enforcement actions against NFS and event notifications made by NFS to the NRC.

We have addressed your specific questions regarding past enforcement actions, NFS event notifications and document requests in an enclosure to this letter.

Regarding your question concerning how we have assurance that NFS is accurately reporting effluent information, as you are aware, the NRC commissioned Oak Ridge Associated Universities (ORAU), an independent entity, to collect water samples from the local waterways and compare the results with NFS' ongoing sampling program. This effort has concluded and based on the eight quarters of data compiled, we have concluded that NFS is accurately reporting effluent information. During our public meeting on September 30, 2014, in Erwin, Tennessee, we explained why there is some difference in the results which included the relatively low reported activity values, and the lack of significant detections among alpha emitters. The peaks, one of which you point out with ORAU results higher than NFS', were considered random concentration peaks from naturally existing surface water constituents and well below action levels. Note a few quarters later the NFS sample result was significantly higher than the ORAU result. This effort demonstrated the accuracy of NFS' reporting and additional independent sampling is not required.

In your letter, you also referenced a series of past NRC enforcement actions against NFS for the years 1991-1993, 1996, 2006, 2007, 2009, and 2010, and recent event notifications from NFS to the NRC for 2014 and 2015. You suggest that given NFS' enforcement history, if there are safety culture improvements at the facility, they are not obvious. You also expressed concern with NFS' statement, documented in its June 18, 2014, letter to the NRC, that it had demonstrated that its safety culture improvements were sufficient and sustainable. You ask if the documented NFS events since June 18, 2014, indicate a sufficient and sustained safety culture.

The agency's conclusion that NFS has demonstrated sufficient and sustained improvement is based on 10 years of inspection effort, increased oversight activities (including the addition of a second resident inspector), and reviews of licensee internal assessments and the licensee's implementation of corrective actions to address identified deficiencies and improve the effectiveness of NFS programs and processes. We acknowledge NFS' enforcement history and the event notifications referenced in your correspondence. The hazards at the facility have been identified and engineered and/or administrative controls have been established to ensure the facility is operated safely. The NRC has approved these strategies in the Integrated Safety Analysis. If an element of a protection strategy fails or is degraded the NRC assesses the deficiency to determine the significance and issues appropriate enforcement. Improvements in safety culture cannot always be correlated to the number of events a licensee reports or violations cited. The NRC has concluded that NFS has established a framework rooted in safety culture which, among other things, demonstrates management and employee commitment to safety, the prompt identification (and where appropriate, reporting) of issues potentially impacting safety, implementation of work processes that maintain safety, continuous learning, and support and encouragement for the raising of concerns.

Thank you again for your response. We look forward to seeing you at our public meeting in April.

Sincerely,

/RA/

James A. Hickey, Chief
Projects Branch 1
Division of Fuel Facility Inspection

Enclosure: As stated

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James A. Hickey, Chief
 Projects Branch 1
 Division of Fuel Facility Inspection

Enclosure: As stated

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE
 ADAMS: Yes ACCESSION NUMBER: ML15077A004 SUNSI REVIEW COMPLETE FORM 665 ATTACHED

OFFICE	RII:DFFI						
SIGNATURE	/RA/						
NAME	JHickey						
DATE	3/18/2015	3/ /2015	3/ /2015	3/ /2015	3/ /2015	3/ /2015	3/ /2015
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO

QUESTIONS AND ANSWERS

- You stated that “isn’t it against the law to lie to the NRC?”

Yes it is. Title 10 of the Code of Federal Regulations, Part 70.9, “Completeness and accuracy of information,” requires, in part, that information provided to the NRC by a licensee shall be complete and accurate in all material aspects. Recall the 2010 safety culture confirmatory order required, among other things, the implementation of actions to assure the adequacy and accuracy of information submitted to the NRC including improvement to its processes and changes to its organizational structure. The NRC verified that the actions implemented by NFS to address this issue were adequate.

- You indicated that “speaking of Confirmatory Orders, Enforcement Actions and Safety Culture issues, we’d like to review just a few in addition to the one above.” Then you referenced several enforcement actions dating as far back as calendar year 1991.

Our review of the enforcement actions you referenced is complete and we have closed them. NFS’ performance assessment is focused on activities occurring over the previous 24 month period as described in NRC Inspection Manual Chapter 2604, “Licensee Performance Review.” A letter documenting the results of that assessment was recently issued and we will discuss the results in a public meeting with NFS in Erwin in April. You and other members of the public will have the opportunity to ask questions of the NRC at the conclusion of that meeting.

- You also referenced some more recent events that have occurred since June 18, 2014, and questioned whether they “indicate a sufficient and sustained safety culture.

Our review of those events is in progress, and the results of each will be provided when our review is completed.

- You asked “please send us information on Events 43868, 45019, 45116, and 45547, as listed in the Integrated Inspection Report.”

Event 50577 refers to the publically available NRC reportable event number, the other event numbers that you referenced are numbers assigned by NFS’ internal corrective action program, and the information contained in them is proprietary in nature. They were listed in the inspection report because they were reviewed in detail by our inspection staff, but the significance of the items did not meet the threshold to be discussed in the report.

- You also requested records and other information related to our recent effluent control and environmental protection inspection.

The information you are requesting is summarized in the biannual effluent monitoring reports that are submitted by NFS, the ones used for the inspection in question are located in ADAMS using ML14251A017 and ML14057A396.