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

September 1, 2015

Mr. Joel Duling
President
Nuclear Fuel Services, Inc.
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. – U.S. NUCLEAR REGULATORY
COMMISSION PHYSICAL SECURITY INSPECTION REPORT
NO. 07000-143/2015403

Dear Mr. Duling:

This letter refers to the onsite inspections conducted at your Erwin, Tennessee facility from August 4 – 6, 2015, and August 10 – 13, 2015. The purpose of the inspection was to determine whether activities authorized by the licensee were conducted safely, and in accordance with U.S. Nuclear Regulatory Commission (NRC) requirements. At the conclusion of the inspection, the findings were discussed with you and/or other members of your staff.

Areas examined during the inspection included physical barriers for material access areas (MAAs) and controlled access areas (CAAs), detection aids for MAAs and CAAs, fitness-for-duty program, and a followup inspection of a previously identified item involving inadequate controls of physical security subsystems. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations of activities in progress.

During these inspections an apparent violation of NRC requirements was identified involving inadequate multi-person control measures used to control access into the protected area. This apparent violation will be addressed in future correspondence.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public inspections, exemptions, requests for withholdings," of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room, or from the Publicly Available Records (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS); accessible from

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the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

However, the material enclosed herein contains Security-Related Information in accordance with 10 CFR 2.390(d)(1), and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the Enclosure will not be made available electronically for public inspection in the NRC Public Document Room, or from the PARS component of NRC's ADAMS. If you choose to provide a response and Security-Related Information is necessary to provide an acceptable response, please mark your entire response "Security-Related Information - Withhold from public disclosure under 10 CFR 2.390," in accordance with 10 CFR 2.390(d)(1), and follow the instructions for withholding in 10 CFR 2.390(b)(1). In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

If you have any questions, please contact me at 404-997-4519.

Sincerely,

/RA/

Binoy B. Desai, Chief
Plant Support Branch 2
Division of Reactor Safety

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

~~Enclosure:~~
~~NRC Inspection Report 07000143/2015403~~
~~w/Attachment: Supplementary Information~~
~~(OUO)~~

cc: (See page 3)

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Binoy B. Desai, Chief
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~~w/Attachment: Supplementary Information~~
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| NAME | O. Smith | I. Hall | M. Sykes | B. Desai | | | |
| DATE | 9/ 1 /2015 | 8/ 25 /2015 | 9/ 1 /2015 | 9/ 1 /2015 | | | |
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