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

December 10, 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.
07000143/2015406

Dear Mr. Duling:

This refers to the inspection conducted from November 30 – December 3, 2015, at your Erwin, TN facility. The purpose of the inspection was to determine whether activities authorized by the license were conducted safely, and in accordance with U.S. Nuclear Regulatory Commission's (NRC) requirements. At the conclusion of the inspection, the findings were discussed with you and members of your staff.

Areas examined during the inspection included management effectiveness, records and reports, and security personnel training and qualifications. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations of activities in progress. There were no violations identified.

Thank you for your letter, Reply to Notice of Violation No. 70-143/2015-403-01, dated November 30, 2015. Your reply addressed the violation regarding the physical security issues. The NRC staff has evaluated your response and our conclusions are documented in the enclosed inspection report (IR).

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

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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.

Should you have any questions concerning this letter, please contact us.

Sincerely,

/RA/

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

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

Enclosure:
~~NRC IR No. 07000143/2015405-~~
~~w/Attachment: Supplementary Information-~~
~~(OUO)~~

cc: (See page 3)

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Richard A. Freudenberger
Director
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Nuclear Fuel Services, Inc.
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