



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

March 7, 2016

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

**SUBJECT: NUCLEAR FUEL SERVICES, INC. – PROGRAM ADJUSTMENT REVIEW OF  
LICENSED ACTIVITIES (NUCLEAR REGULATORY COMMISSION  
INSPECTION REPORT 70-143/2016-001)**

Dear Mr. Duling:

The U.S. Nuclear Regulatory Commission (NRC) staff in our Region II office and the Office of Nuclear Material Safety and Safeguards completed its review of Nuclear Fuel Services (NFS) inspection results and facility performance in conducting NRC-licensed activities. Our letter dated March 5, 2015, stated that your 24-month performance review period was from January 1, 2015, through December 31, 2016. This program review evaluated your performance during Calendar Year 2015. The performance of NFS was evaluated in the following areas: Safety Operations, Radiological Controls, Facility Support, and Other Areas. The enclosure to this letter provides the results of our review and constitutes the 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 that information.

Overall, the NRC staff determined that NFS has continued to conduct activities safely and securely, and in a manner that protects public health and the environment. Based on our review of activities, no program adjustment was identified for the areas of Safety Operations, Radiological Controls, Facility Support and Other Areas. Therefore, the NRC plans to conduct the core inspection program for a Category I Fuel Facility as described in NRC Inspection Manual Chapter 2600, Appendix B, "NRC Core Inspection Requirements Table 1," for the remainder of the current 24-month assessment period, January 1, 2016, through December 31, 2016.

Unresolved items (URIs) were opened during the conduct of Temporary Instruction (TI) 2600/015, "Evaluation of Licensee Strategies for the Prevention and/or Mitigation of Emergencies at Fuel Facilities" (Agencywide Documents and Access Management System (ADAMS) Accession No. ML12286A284). The NRC issued Generic Letter (GL) 2015-01 "Treatment of Natural Phenomena Hazards in Fuel Cycle Facilities" (ADAMS Accession No. ML14328A029) to request that licensees submit information to demonstrate compliance with regulatory requirements regarding the treatment of natural phenomena hazard (NPH) events in the facilities' integrated safety assessments. The licensee submitted this information by letter dated September 14, 2015, and is currently under NRC review.

Additional NRC inspections, beyond the core inspection hours, may be warranted to support the review of licensees' activities in response to NRC GL 2015-01. The inspections will be conducted in accordance with TI 2600/016, "Inspection of Activities Associated with NRC Generic Letter 2015-01" (ADAMS Accession No. ML15317A506). The inspection results from the implementation of this TI will be used to follow up with previously identified URIs regarding the treatment of NPH events, and to close NRC GL 2015-01.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter will be made available for public inspection at the NRC Public Document Room and accessible electronically through the ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>.

Please refer questions and comments regarding your licensee performance review to Mr. Marvin Sykes, Chief, Projects Branch 1, by telephone at 404-997-4629.

Sincerely,

*/RA/*

Mark S. Lesser, Director  
Division of Fuel Facility Inspection

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

cc: (See page 3)

Additional NRC inspections, beyond the core inspection hours, may be warranted to support the review of licensees' activities in response to NRC GL 2015-01. The inspections will be conducted in accordance with TI 2600/016, "Inspection of Activities Associated with NRC Generic Letter 2015-01" (ADAMS Accession No. ML15317A506). The inspection results from the implementation of this TI will be used to follow up with previously identified URIs regarding the treatment of NPH events, and to close NRC GL 2015-01.

In accordance with Title 10 of the *Code of Federal Regulations* Section 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter enclosure will be made available for public inspection at the NRC Public Document Room and accessible electronically through the ADAMS in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>.

Please refer questions and comments regarding your licensee performance review to Mr. Marvin Sykes, Chief, Projects Branch 1, by telephone at 404-997-4629.

Sincerely,

**/RA/**  
Mark S. Lesser, Director  
Division of Fuel Facility Inspection

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

cc: (See page 3)

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