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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II

245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

July 28, 2016

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.
70-143/2016-403

Dear Mr. Duling:

This letter refers to the onsite inspection conducted from July 18 – 21, 2016, at your Erwin, Tennessee facility. 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 and review, the inspection was discussed with Mr. M. McKinnon and other members of your staff.

Areas examined during the inspection included security systems testing and maintenance program; locks, keys, and combination program; physical barriers for the protected area and owner controlled area; security system power supply; lighting; compensatory measures; communications; assessment aids; and alarm stations. 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.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public inspections, exemptions, requests for withholding," 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).

This letter, and the enclosed inspection report, contain Sensitive Unclassified Information and will not be available for public inspection in the NRC Public Document Room, or from the Publicly Available Records (PARS) components of NRC's Agencywide Documents Access and Management System (ADAMS).

The enclosure contains Sensitive Unclassified Non Safeguards Information (Security-Related Information). Upon separation, this cover letter is DECONTROLLED.
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J. Duling

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

Sincerely,

/RA/

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

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

~~Enclosure:~~

~~NRC IR 70-143/2016-403~~

~~-w/Attachment: Supplementary Information~~

~~-(OUO)~~

cc: (See page 3)

J. Duling

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

Sincerely,
/RA/

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

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

Enclosure:
NRC IR 70-143/2016-403
~~w/Attachment: Supplementary Information~~
~~(OUO)~~

cc: (See page 3)

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J. Duling

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