



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II**

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

March 8, 2017

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

**SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW
(NUCLEAR REGULATORY COMMISSION INSPECTION REPORT 70-
143/2017-001)**

Dear Mr. Duling:

The U.S. Nuclear Regulatory Commission (NRC) staff in our Region II office, the Office of Nuclear Material Safety and Safeguards, and the Office of Nuclear Security and Incident Response completed its review of Nuclear Fuel Services (NFS) inspection results and facility performance in conducting NRC-licensed activities. The review covered the period January 1, 2015, through December 31, 2016. 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 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 area needing improvement 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 (IMC) 2600, Appendix B, "NRC Core Inspection Requirements Table 1," for the period January 1, 2017 through December 31, 2018. Additional NRC inspection hours beyond the core inspection hours may be implemented in 2017 or 2018 pending the review of your response to the Generic Letter (GL) 2015-01 "Treatment of Natural Phenomena Hazards (NPH) in Fuel Cycle Facilities" (ADAMS Accession No. ML14328A029). The inspections will be conducted in accordance with Temporary Instruction (TI) 2600/016, "Inspection of Activities Associated with NRC Generic Letter 2015-01" (ADAMS Accession No. ML16293A899). The inspection results from the implementation of this TI will be used to follow up with previously identified Unresolved Items (URIs) regarding the treatment of NPH events, and to inform the closure process of NRC GL 2015-01.

The results of our review will be discussed with you at a public meeting on April 20, 2017, in Erwin, TN. During the meeting, we expect you to discuss your performance in the same major areas as those evaluated by the NRC.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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

Enclosure: Licensee Performance Review

cc:

Michael McKinnon
Director, Operations
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

Erwin, TN 37650
Greg Lynch
Mayor, Unicoi County
P.O. Box 169
Erwin, TN 37650

Richard A. Freudenberger
Safety & Safeguards Director
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

Johnny Lynch
Mayor, Town of Unicoi
P.O. Box 39
Unicoi, TN 37692

Debra G. Shults
Director, TN Dept. of Environment &
Conservation
Electronic Mail Distribution

David W. Deming
Manager, Program Field Office – NFS
Knolls Atomic Power Laboratory
1205 Banner Hill Rd
Erwin, TN 37650

Doris D. Hensley
Mayor, Town of Erwin
211 North Main Avenue
P.O. Box 5

SUBJECT: NUCLEAR FUEL SERVICES, INC., LICENSEE PERFORMANCE REVIEW
(NUCLEAR REGULATORY COMMISSION INSPECTION REPORT 70-143/2017-001)

DISTRIBUTION:

M. Lesser, RII
M. Sykes, RII
L. Pitts, RII
C. Rivera-Crespo, RII
C. Erlanger, NMSS
R. Johnson, NMSS
M. Baker, NMSS
K. Ramsey, NMSS
PUBLIC

PUBLICLY AVAILABLE NON-PUBLICLY AVAILABLE SENSITIVE NON-SENSITIVE

ADAMS: Yes ACCESSION NUMBER: ML17067A335 SUNSI REVIEW COMPLETE FORM 665 ATTACHED

OFFICE	RII:DFFI	RII:DFFI	RII:DFFI	FCSE	
SIGNATURE	/RA/	MDS for	/RA/	/RA/	
NAME	CRivera-Crespo	LPitts	MSykes	CErlanger	
DATE	3/1/2017	3/8/2017	3/8/2017	3/2/2017	
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO

OFFICIAL RECORD COPY DOCUMENT NAME: G:\DFFI\ASSESS LPR\2017\NFS\2017 LICENSEE PERFORMANCE REVIEW
LETTER PUBLIC_FINAL.DOCX

LICENSEE PERFORMANCE REVIEW FOR NUCLEAR FUEL SERVICES

ASSESSMENT PERIOD: JANUARY 1, 2015 TO DECEMBER 31, 2016

The following is a summary of the performance of NFS in the conduct of NRC-licensed activities.

PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety, and fire protection.

Program Areas Needing Improvement

- Four violations were identified and assessed during the assessment period. Two additional apparent violations were identified later in the period and are under review. No specific area needing improvement was identified in Safety Operations.

Recommended NRC Inspection Effort

- Maintain the core inspection effort in Safety Operations.

PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

Program Areas Needing Improvement

- Two violations were identified and assessed during the assessment period. No specific area needing improvement was identified in Radiological Controls.

Recommended NRC Inspection Effort

- Maintain the core inspection effort in Radiological Controls.

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance, training, emergency preparedness, management organization and controls, and permanent plant modifications.

Program Areas Needing Improvement

- One violation was identified and assessed during the assessment period. No specific area needing improvement was identified in Facility Support.

Recommended NRC Inspection Effort

- Maintain the core inspection effort in Facility Support.

Enclosure

PERFORMANCE AREA: OTHER AREAS

This area is comprised of special issues.

Program Areas Needing Improvement

- No violations were identified in this area during the assessment period. No specific area needing improvement was identified in Other Areas.

Recommended NRC Inspection Effort

- Maintain the core inspection effort in Other Areas.