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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II

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

April 27, 2017

Mr. Joel W. 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 INSPECTION REPORT NUMBER 70-143/2017-002
(SAFEGUARDS PORTION)

Dear Mr. Duling:

This letter refers to an inspection conducted from January 1 through March 31, 2017, at the Nuclear Fuel Services, Inc. facility in Erwin, TN. The results of the non-safeguards portion of the inspection will be transmitted under a separate cover letter. The purpose of this inspection was to determine whether activities authorized under the license 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 members of your staff at an exit meeting held on April 12, 2017.

The inspection consisted of an examination of activities conducted under the license, as they relate to safeguards and compliance with the Commission's rules and regulations, and with the conditions of the license. Areas examined during the inspection are identified in the enclosed report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, observations of activities in progress, and interviews with personnel.

No violations were identified in this portion of the report.

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).

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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This letter and the enclosure contain sensitive unclassified security-related information, and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, in accordance with Title 10 of the *Code of Federal Regulations* Section 2.390(d)(1), this letter and its enclosure will not be made available electronically for public inspection in the NRC Public Document Room, or from the NRC's Agencywide Documents Access and Management System; accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Should you have any questions concerning this letter, please contact Leonard Pitts of my staff at 404-997-4708.

Sincerely,

/RA/

Marvin D. Sykes, Chief
Projects Branch 1
Division of Fuel Facility Inspection

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

Enclosure:
~~NRC Inspection Report No. 70-143/2017-002~~
~~–(Safeguards Portion) w/Attachment:~~
~~–Supplementary Information~~

cc:
Mike McKinnon
Operations Director
Nuclear Fuel Services, Inc.
Electronic Mail Distribution

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

J. Duling

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COMMISSION INSPECTION REPORT NUMBER 70-143/2017-002
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