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August 1, 2017

Director
Office of Nuclear Material Safety and Safeguards
U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

Subject: Submittal of License Condition S-2 Authorized Changes

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

Pursuant to License Condition (LC) S-2, Nuclear Fuel Services, Inc. (NFS) hereby submits changes to the following chapter of License SNM-124:

Chapter 2 - Organization and Administration

The revised chapter is attached in its entirety, in addition to a revised Chapter Index. Changes are denoted by vertical lines in the right margin of affected pages. In accordance with the criteria of LC S-2, NFS has determined that the changes reflected in the above chapter do not reduce safety or the level of effectiveness of the License Application and do not require prior NRC approval.

If you or your staff have any questions, require additional information, or wish to discuss this matter further, please contact me at (423) 743-1705, or Mr. Randy Shackelford, Nuclear Safety and Licensing Manager, at (423) 743-2504. Please reference our unique document identification number (21G-17-0157) in any correspondence concerning this letter.

Sincerely,

NUCLEAR FUEL SERVICES, INC.

A handwritten signature in black ink, appearing to read 'Richard J. Freudenberger', written in a cursive style.

Richard J. Freudenberger, Director
Safety and Safeguards

Attachment 1: NFS License Condition S-2 Authorized Changes Description
Attachment 2: SNM-124 Chapter Index
Attachment 3: SNM-124, Chapter 2

RPD/pj

NM5520

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Attachment 1

NFS License Condition S-2 Authorized Changes Description

(1 page to follow)

NFS License Condition S-2 Authorized Changes Description

The changes described below are administrative in nature, as determined by reviewing the examples provided in NRC Regulatory Guide 3.74, "Guidance for Fuel Cycle Facility Change Processes." For such changes, a detailed evaluation to demonstrate that the criteria in License Condition (LC) S-2 are met is unnecessary.

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The administrative changes to Chapter 2 are as follows:

- Page 2-3: Revised the Production Discipline activities to reflect a recent organizational change whereby the transportation and waste management function was split into two functions – one supporting operations-related activities and one supporting regulatory-related activities (see change to Page 2-4).
- Page 2-4: Revised the Safety Discipline activities to include regulatory-related activities for transportation and disposal of licensed material. This function will provide oversight of the operations-related activities performed by the Production Discipline (see change to Page 2-3) and assure compliance with applicable regulations, licenses, and permits.
- Page 2-12: Updated the Functional Organization Chart to reflect the above-described changes to the transportation and waste management function.

Please see Attachment 3 for a copy of Chapter 2 with the changes noted.

Attachment 2

SNM-124 Chapter Index

(1 page to follow)

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1	General Information	6	11/21/16
2	Organization and Administration	4	08/01/17
3	Integrated Safety Analysis	0	06/30/2009
4	Radiation Protection	2	11/21/16
5	Nuclear Criticality Safety	2	11/21/16
6	Chemical Process Safety	0	06/30/2009
7	Fire Safety	2	09/09/2014
8	Emergency Management	0	06/30/2009
9	Environmental Protection	2	11/21/16
10	Decommissioning	2	10/22/2015
11	Management Measures	3	11/21/16
Addendum	Sensitive Information	1	09/09/2011

Attachment 3

SNM-124, Chapter 2

(13 pages to follow)

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CHAPTER 2**

**ORGANIZATION AND ADMINISTRATION
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ORGANIZATION AND ADMINISTRATION

2.1 General Safety Policy and Responsibilities

It is NFS' policy that radiation exposures to employees and the general public be kept as low as reasonably achievable (ALARA). Responsibility for safety in the various production lines, processes, and services is delegated to the lowest practical level of supervision. Safety is the responsibility of each supervisor within his own area. Through training and periodic retraining, each individual, regardless of position, is made aware that safety in his work area is ultimately his responsibility.

2.2 Site Organization

The NFS corporate organization provides the management, administrative, and technical capabilities for ensuring that NFS site operations utilizing SNM are conducted in a manner that is protective of its workers, the public, and the surrounding environment, and remain in compliance with applicable Federal, State, and local regulations, licenses, and permits. This responsibility is implemented through the functional disciplines of production, decommissioning, engineering, safety, material control and accountability, security, and quality assurance, as described in the sections below, all of which have safety-related responsibilities. Figure 2-1 shows the current NFS functional organization.

The management positions for each discipline together have the delegated responsibility for plant safety and for compliance with conditions of SNM licenses and with federal, state, and local regulations and laws governing operation of a nuclear facility in order to maintain a safe work place for all employees. Each discipline management team is responsible for

- ensuring that all activities in their area are performed in a safe and effective manner;
- managing and directing operations within their discipline;
- ensuring that all operations under its guidance comply with safety and license conditions, requirements for quality-related safety activities, and safety-related configuration management requirements;
- being knowledgeable of the safety procedures and programs as they relate to their area of responsibility;
- developing, approving, and implementing procedures that incorporate safety and quality controls and limits commensurate with the particular operation involved; and

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- ensuring that conditions adverse to safety are reported and investigated promptly, and that corrective actions are tracked to completion and, as applicable, monitored for effectiveness.

2.3 Organizational Responsibilities, Authority, and Qualifications

This section describes the functional responsibilities, education, and experience of key positions required by this license.

Key personnel are those individuals who are responsible for safety and for safe operation of the site and include the president and the senior managers of the disciplines described in this section. Senior managers include discipline directors and managers that meet the qualifications specified below. Company policy requires written delegation of authority when senior managers are unavailable to perform their duties. The emergency plan delineates responsible management personnel and reporting relationships for handling site emergency situations.

The positions described in this section are intended to be generic in nature and do not reflect specific organizational titles or jobs. The responsibilities of the positions described may be fulfilled by one or more different organizational positions as long as the minimum position qualifications specified in this chapter are met.

2.3.1 President

The president, or the director authorized to be his alternate, has the overall responsibility for the safety, security, quality, and operational aspects of all activities conducted at the NFS site. Daily responsibility for licensed activities may be delegated in writing to one or more of the director positions specified in Sections 2.3.2 and 2.3.5.

The minimum qualifications for the president are a BS/BA degree in science or engineering and ten years of experience in industry or nuclear reactor operations – five of which have been in a supervisor position in the nuclear industry or reactor operations.

2.3.2 Production

The Production Discipline is responsible for production-related activities involving the handling and processing of special nuclear material, including developing operating procedures and maintaining facilities and equipment in a safe operating condition. This discipline includes activities associated with product

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research and development, process engineering, enriched uranium processing, transportation and waste management operations, and related equipment installation, start-up, and maintenance. This discipline manages a majority of the hourly work force, and has line management responsibility for implementation of the safety programs and systems for conducting an active ALARA Program.

The qualifications for a production discipline director are a BS/BA degree in science or engineering and ten years of experience in industry or nuclear reactor operations – five of which have been in a supervisory position in the nuclear industry or reactor operations.

The minimum qualifications for a production discipline manager are a BS/BA degree and at least five years experience in production-related activities, two years of which have been in the nuclear fuel cycle.

2.3.3 Decommissioning

The Decommissioning Discipline develops plans for the decommissioning of facilities and equipment, writes and obtains approval of procedures to conduct decommissioning, obtains any special equipment and/or facilities needed for decommissioning, and assures that decommissioning activities are conducted in accordance with approved documents and in the spirit and intent of ALARA.

The minimum qualifications for a decommissioning discipline manager are a BS/BA degree and at least five years experience in decommissioning-related activities, two years of which have been in the nuclear fuel cycle.

2.3.4 Engineering

The Engineering Discipline designs and installs new and modified facilities and equipment; supplies maintenance and process engineering support; conducts activities associated with product research and development; and assures that all equipment and facilities have appropriate safety controls and have been evaluated within the spirit and intent of ALARA.

The minimum qualifications for an engineering discipline manager are a BS/BA degree in science or engineering and at least five years experience in engineering-related activities, two years of which have been in the nuclear fuel cycle.

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2.3.4.1 Configuration Management

The Configuration Management function is responsible for establishing consistency among design and regulatory requirements, physical configuration, and facility configuration information; and for maintaining this consistency throughout the life of the facilities and activities until the point that CM is no longer needed.

The minimum qualifications for a CM function manager are a BS/BA degree and at least five years experience understanding CM requirements (understanding document control, equipment identification, change control, etc.), two years of which have been in the nuclear fuel cycle.

2.3.5 Safety

The Safety Discipline provides programs, procedures, and reviews to assure worker health and safety; environmental protection; and compliance with licenses and permits, including those related to transportation and disposal of licensed material. These activities are conducted with the ALARA principle in mind. Functional areas include nuclear criticality safety, radiation protection, industrial safety, environmental protection, licensing, and integrated safety analysis. Emergency preparedness and response programs are supported by each functional area as needed. The Safety Discipline monitors operations to ensure they are conducted in compliance with federal, state, and local regulations, and is authorized to suspend operations, approve re-start of operations, and/or require additional safety precautions when such measures are necessary in the interest of plant safety. The Safety Discipline is administratively independent of the Production Discipline, but both disciplines may report to a common management position. The Safety Discipline is responsible for overseeing the safety review committee, and as such provides a manager to fill the role of the chairman. The ISA process is supported by each functional area providing ISA Team members as needed.

The qualifications for a safety discipline director are a BS/BA degree in science or engineering and ten years of experience in industry or nuclear reactor operations – five of which have been in a supervisory position in the nuclear industry or reactor operations.

The qualifications for a safety discipline manager are a BS/BA degree in science or engineering with at least eight years experience in applied health physics and/or nuclear safety. An MS degree in radiological physics or nuclear engineering may be substituted for two years of the experience.

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2.3.5.1 Nuclear Criticality Safety Function

The nuclear criticality safety function has responsibility for the development and implementation of a comprehensive nuclear criticality safety program, as defined in Chapter 5. Key responsibilities include the performance of nuclear criticality evaluations of applicable SNM operations and proposed changes to those operations; establishing limits and controls based on those evaluations; assuring the proper incorporation of limits and controls into applicable procedures and work instructions; and monitoring plant compliance with the nuclear criticality safety requirements through inspections and audits.

The qualifications for the manager of the nuclear criticality safety function are a BS/BA degree in science or engineering and at least three years experience in nuclear criticality safety.

The qualifications for a nuclear criticality safety senior member are a BS/BA degree in science or engineering and at least three years experience in criticality safety work. The qualifications for a criticality safety junior member are a BS/BA degree in science or engineering and at least one year of experience in criticality safety work.

2.3.5.2 Radiation Protection Function

The radiation protection function has responsibility for establishing and maintaining the radiation safety program necessary to ensure the protection of employees at NFS and the community, as defined in Chapter 4. Key responsibilities include management of the ALARA, dosimetry, and radiation monitoring and surveillance programs; analysis and approval of operations involving radiological safety and proposed changes to those operations; establishing radiation protection criteria, procedures, and training programs to control contamination and exposure to individuals and the environment; and monitoring plant compliance with the radiological protection criteria through inspections and audits. Radiation monitoring includes measurement of airborne radionuclide concentration, contamination level, and external radiation levels; evaluation of the operational integrity and reliability of radiation detection instruments; and maintenance of records related to the radiation monitoring program. These tasks are accomplished through the use of radiation technicians, radiation technician supervisors, health physicists, the radiation monitoring manager, and the manager of the radiation protection function.

The manager of the radiation protection function is responsible for administering the activities associated with radiological safety. He or she is responsible directly to the NFS president (or equivalent) in vital matters of radiological safety. This includes monitoring and control of areas of airborne radioactivity, surface

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contamination, containment, ventilation, internal and external dosimetry, and bioassay services. To assist the manager, health physicists have been charged with developing and implementing radiological control programs to meet program goals and objectives.

The radiation monitoring manager administers the safety monitoring program to comply with license conditions and government regulations. The radiation technician supervisors coordinate and assign daily radiation monitoring tasks supporting health physics. The radiation technicians perform the monitoring tasks as assigned by the supervisors.

The qualifications for the manager of the radiation protection function are a BS/BA degree in science or engineering and at least three years of experience in applied health physics in a program dealing with radiation safety problems similar to the one managed.

The qualifications for a health physicist are a BS/BA degree in science or engineering, and at least one year of experience in health physics. A Master's degree in health physics or related discipline may be substituted for one year of experience.

The qualifications for the radiation monitoring manager and the radiation technician supervisor are at least two years of college, and one year of experience in applied health physics.

Training and qualifications for radiation protection personnel are based on guidance from NRC Regulatory Guide 1.8 (2000).

2.3.5.3 Environmental Protection Function

The environmental protection function has responsibility for establishing and maintaining the environmental protection program necessary to ensure the protection of the public and the environment, as defined in Chapter 9. Key responsibilities include identification of environmental requirements of federal, state, and local regulations governing NFS' operations; assurance of proper federal and state permits, licenses, and registrations for radiological and non-radiological discharges from the facility; analysis and approval of operations involving potential environmental releases and proposed changes to those operations; establishing environmental protection criteria, procedures, and training programs to monitor gaseous and liquid effluents; and monitoring plant compliance with the environmental protection criteria through inspections and audits.

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The qualifications for the manager of the environmental protection function are a BS/BA degree in science, and at least three years experience in applied health physics or environmental protection.

The qualifications for an environmental protection analyst are a BS/BA degree in science, and at least one year of applied health physics or environmental protection experience.

2.3.5.4 Industrial Safety Function

The industrial safety function has responsibility for industrial hygiene or chemical safety; industrial safety; and respiratory protection. Key responsibilities include analysis and approval of operations involving industrial safety and proposed changes to those operations; establishing industrial safety criteria, procedures, and training programs to protect the workers from industrial hazards; and monitoring plant compliance with the industrial safety/hygiene program through inspections and audits.

The qualifications for the manager of the industrial safety function are a BS/BA degree in industrial hygiene, or safety, or other appropriate field, and at least three years industrial experience in fire protection, respiratory protection, industrial hygiene, or other closely related areas.

The requirements for advanced industrial safety specialist positions are a BS/BA degree with specialized training in environmental health, fire protection, industrial safety/hygiene, or closely related field, and at least three years of industrial safety experience. Lower level positions require at least two years of industrial safety or equivalent plant experience. Only personnel knowledgeable in hazards evaluation and control methods for chemical process safety will perform chemical process safety reviews.

2.3.5.5 Licensing and Integrated Safety Analysis Function

The licensing function has overall responsibility for acquiring and maintaining safety-related licenses as required to operate facilities at the NFS site, as well as the broad responsibility for interface with regulatory agencies.

The integrated safety analysis function has the overall responsibility for the ISA program, as defined in Chapter 3. Key responsibilities include the performance of chemical, radiological, and fire evaluations of applicable SNM operations and proposed changes to those operations; establishing IROFS based on those evaluations; assuring the proper incorporation of IROFS into applicable procedures and work instructions; coordinating updates to the ISA; and

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monitoring plant compliance with ISA requirements through inspections and audits. The ISA function also has responsibility for managing the Safety Related Equipment program for functionally testing IROFS on a periodic basis, as defined in Chapter 11, as well as the fire protection program defined in Chapter 7.

The qualifications for the manager of the licensing and/or ISA functions are a BS/BA degree in science or engineering and at least three years experience in licensing, regulatory compliance, safety, or safety analysis in the nuclear or another highly regulated industry. In addition, the manager of the ISA function must have at least three years experience in fire protection.

2.3.6 Material Control and Accountability

The Material Control and Accountability (MC&A) Discipline maintains programs to assure that SNM is received, processed, stored, and transferred in accordance with federal regulations, and implements these functions through the areas of SNM safeguards, SNM accountability, shipping, receiving, and warehousing.

The minimum qualifications for an MC&A discipline manager are a BS/BA degree and at least five years experience in MC&A-related activities, two years of which have been in the nuclear fuel cycle.

2.3.7 Security

The Security Discipline provides on-site security forces which control access to protected and material access areas; administers facility and personnel security clearance programs and protects against material and equipment theft and unauthorized personnel entry.

The minimum qualifications for a security discipline manager are a BS/BA degree and at least five years experience in security-related activities, two years of which have been in the nuclear fuel cycle.

2.3.8 Quality Assurance

The Quality Assurance Discipline assesses systematic programs for indoctrination and training of personnel performing quality-related safety activities; for specifying during the design phase the extent of quality assurance or confidence necessary for quality-related safety structures, systems, and components; and for performing audits, surveillances, and assessments of quality-related safety activities. The quality assurance program is based on, but is not limited to, applicable requirements and guidance such as ASME NQA-1,

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MIL-Q-9858A, or other similar guidance. The quality assurance discipline is administratively independent of operations, and has no other duties or responsibilities unrelated to quality assurance that would interfere with carrying out the duties of this discipline.

The qualifications for a quality assurance discipline director are a BS/BA degree in science or engineering and ten years of experience in industry or nuclear reactor operations – five of which have been in a supervisory position in the nuclear industry or reactor operations.

The qualifications for a quality assurance discipline manager are a BS/BA degree and at least five years experience in quality assurance-related activities, two years of which have been in the nuclear fuel cycle.

2.4 Safety Review Committee

The safety review committee membership includes senior managers of the following disciplines:

- Production;
- Engineering;
- Safety;
- Material Control and Accountability; and,
- Security.

The chairman, other committee members, and their alternates, are appointed by the president, or the director authorized to be his alternate. At a minimum, the chairman is required to have the qualifications specified for a safety function manager, and the other committee members are required to have the qualifications specified for a discipline manager. Members of the safety review committee, as identified above, have completed training in incident investigation methods, and the completion of the training is documented.

The committee is responsible to the president, or the director authorized to be his alternate, who retains overall authority for the approval or disapproval of committee actions.

The authority and responsibilities of the full safety review committee include the following:

- Reviewing proposed license changes affecting safety, physical security, and/or material control and accountability before the associated license amendment applications are submitted to the NRC.

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- Reviewing the ALARA program for at least the following:
 - ❖ Trends in air activity,
 - ❖ Cumulative exposure,
 - ❖ Engineering design and personnel work practices.
- Working with the safety discipline to implement the ALARA program.
- Reviewing results of safety inspections, audits, and investigations which the license requires be conducted.
- Reviewing all violations of regulations or license conditions having safety significance.

The committee will meet at the following frequencies:

- to discuss topics such as proposed license changes – as needed;
- to discuss ALARA considerations – at least semiannually;
- to review license-required safety inspections, audits, investigations, and violations of regulations or license conditions – at least quarterly.

Its proceedings, findings, and recommendations will be documented in writing and made available to the president, discipline directors, and discipline managers. Such reports will be retained for at least five years.

The chairman of the safety review committee, with concurrence of the remaining committee members, is authorized to select individual committee members to review and approve new or revised operating and general safety procedures. However, the review and approval of such procedures, as described herein, include at a minimum the initiating discipline manager, the safety discipline manager, and the appropriate safety review committee members, as selected by the safety review committee chairman. If an active procedure has not been revised within a three-year period, the chairman may select individual committee members to review the procedure to ensure it remains current and relevant. Records of procedural changes will be maintained for a minimum of five years.

Committee review of matters other than the bulleted items above may be conducted by either individual review or collectively at a meeting; however, individual members of the committee have the authority to request a meeting of the entire committee on any given matter.

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2.5 Administration

2.5.1 Reporting of Potentially Unsafe Conditions or Activities

A problem identification system is available for any person at the NFS site to report potentially unsafe conditions or activities to the Safety Discipline. Prompt reporting is expected so that conditions adverse to safety can be corrected as soon as practicable. The concern is entered in the system, and processed through a screening committee with Safety Discipline representation. The screening committee assigns the issue to an owner and defines follow-up investigation/evaluation requirements. Corrective actions are assigned and tracked to completion. The Corrective Action Program is discussed further in Chapter 11.

2.5.2 Management Measures

Management measures that ensure the reliability and availability of IROFS are established as described in Chapter 11.

2.5.3 Off-Site Emergency Response Resources

Written agreements with off-site emergency response organizations are described in Chapter 8.

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Figure 2-1: Functional Organization Chart

