



~~OFFICIAL USE ONLY – SECURITY RELATED INFORMATION~~

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

October 31, 2018

Mr. John Stewart
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. 70-143/2018-411 AND NOTICE OF VIOLATION

Dear Mr. Stewart:

This letter refers to the onsite inspection conducted from October 1-4, 2018, regarding your Erwin, Tennessee facility. The purpose of the inspection was to determine whether activities authorized by the license were conducted safely, and in accordance with the U.S. Nuclear Regulatory Commission's (NRC's) requirements. At the conclusion of the onsite inspection, the findings were discussed with you and members of your staff.

Areas examined during the inspection consisted of your programs related to security training and NRC's annual observation of a security force-on-force drill. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations of activities in progress.

Based on the results of the inspection, the NRC has determined that a Severity Level (SL) IV Violation of NRC requirements was identified. The licensee took prompt corrective action and put the issue into their corrective action program to address long term corrective actions and actions to prevent recurrence. Because the violation was identified by the NRC, this violation is being treated as a Notice of Violation (NOV), consistent with Section 2.3.3 of the Enforcement Policy. The NOV is described in the subject inspection report. If you contest the violation or significance of the NOV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to: (1) the Regional Administrator, Region II; (2) the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001; and (3) the resident inspector at your NFS facility.

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

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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).

However, the enclosed report contains Security-Related Information, so the enclosed report will not be made publicly available in accordance with 10 CFR 2.390(d)(1). If you choose to provide a response that contains Security-Related Information, please mark your entire response "Security-Related Information–Withhold from public disclosure under 10 CFR 2.390" in accordance with 10 CFR 2.390(d)(1) and follow the instructions for withholding in 10 CFR 2.390(b)(1). The NRC is waiving the affidavit requirements for your response in accordance with 10 CFR 2.390(b)(1)(ii). Publicly Available Records (PARS) components of NRC's Agencywide Documents Access and Management System (ADAMS).

Should you have any questions concerning this letter, please contact us at 404-997-4519.

Sincerely,

/RA/

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

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

Enclosure:–
~~NRC Inspection Report 70-143/2018-411~~
~~w/Attachment: Supplemental Information~~
~~–(OUO)~~

cc: (See page 3)

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J. Stewart

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cc:

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Erwin, TN 37650

Johnny Lynch
Mayor, Town of Unicoi
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David W. Deming
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Erwin, TN 3765

SUBJECT: NUCLEAR FUEL SERVICES, INC. – U.S. NUCLEAR REGULATORY
COMMISSION PHYSICAL SECURITY INSPECTION REPORT
NO. 70-143/2018-411

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ADAMS: Yes ACCESSION NUMBER:ML18305A005 SUNSI REVIEW COMPLETE FORM 665 ATTACHED

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2018-411 PUBLIC LETTER.DOC