



NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

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No. II-10-060

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September 3, 2010

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NRC PROPOSES \$140,000 FINE AGAINST NUCLEAR FUEL SERVICES

The U.S. Nuclear Regulatory Commission staff has proposed that Nuclear Fuel Services be fined \$140,000 for violations of NRC regulations stemming from an October 2009 event related to the control of nuclear material at the company's Erwin, Tenn., nuclear fuel facility.

In a letter to the company, NRC Regional Administrator Luis Reyes said an NRC inspection team and subsequent NRC review found the Oct. 13 event that resulted in an unexpected increase in the rate of a chemical reaction and an evacuation of employees from the affected area "occurred because multiple barriers at NFS failed."

"These failures were primarily attributable to a lack of management oversight... a lack of a questioning attitude, perceived production pressure and poor communication," Reyes said.

The company has 30 days from receipt of the letter to either pay the civil penalty or to protest its imposition.

An NRC Augmented Inspection Team was sent to NFS after the October 2009 event and the NRC subsequently determined that five violations of agency requirements occurred. At a July 13, 2010 enforcement conference, NFS acknowledged that the violations occurred, but argued that they did not warrant escalated enforcement action.

The NRC proposed the large civil penalty based on recent enforcement history at NFS as well as the company's poor performance. The violations, Reyes wrote, "clearly demonstrate continuing poor performance" in management oversight, the process for making changes to systems and the facility's safety culture. NRC officials were also concerned that NFS had decided to restart the affected process lines without fully understanding the cause of the October event and correcting the underlying problems. That concern led to NFS voluntarily halting production of all process lines in December and the NRC issuing a confirmatory action letter.

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