



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION II  
SAM NUNN ATLANTA FEDERAL CENTER  
61 FORSYTH STREET, SW, SUITE 23T85  
ATLANTA, GEORGIA 30303-8931

June 29, 2006

EA-06-129

Mr. Dwight B. Ferguson  
President and Chief Executive Officer  
Nuclear Fuel Services, Inc.  
P. O. Box 337, MS 123  
Erwin, TN 37650

SUBJECT: NRC INSPECTION REPORT NO. 70-0143/2005-004 AND OFFICE OF  
INVESTIGATIONS REPORT NO. 2-2005-029

Dear Mr. Ferguson:

This is a follow up to our letter of May 31, 2006, in which we advised you of our identification of an apparent violation involving the failure of a production supervisor and maintenance mechanic to adhere to the requirements documented in a radiation work permit (RWP). These actions were determined to be in apparent violation of NFS Procedure NFS-GH-03, "Radiation Work Permits, Revision 11," Section 5.3.5. In our letter, we also offered Nuclear Fuel Services, Inc. (NFS) the opportunity to either attend a predecisional enforcement conference to discuss the apparent violation or respond to the apparent violation in writing.

During a telephone discussion between Marie Moore of your staff and Carolyn Evans of this office on June 27, 2006, we became aware of an administrative oversight on our part concerning our failure to advise you of the availability of alternate dispute resolution (ADR) with the NRC as an additional means for resolving this issue. Ms. Moore advised of NFS's desire to pursue ADR in this case. ADR is a general term encompassing various techniques for resolving conflicts outside of court using a neutral third party. The technique that the NRC has decided to employ during a pilot program, which is now in effect, is mediation. Additional information concerning the NRC's pilot program is described in the enclosed brochure (NUREG/BR-0317) and can be obtained at <http://www.nrc.gov/what-we-do/regulatory/enforcement/adr.html>. The Institute on Conflict Resolution (ICR) at Cornell University has agreed to facilitate the NRC's program as an intake neutral. Please contact ICR at 877-733-9415 within 10 days of the date of this letter to advise of your interest in pursuing resolution of this issue through ADR.

D. B. Ferguson

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If you have any additional questions concerning the foregoing, please contact Carolyn F. Evans, Regional Counsel and Enforcement Officer at (404) 562-4414.

Sincerely,

*/RA/ T. Decker acting for*

Douglas M. Collins, Director  
Division of Fuel Facility Inspection

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

Enclosure: Post-Investigation ADR Program Pamphlet

cc w/encl:  
B. Marie Moore  
Vice President  
Safety and Regulatory Management  
Nuclear Fuel Services, Inc.  
P. O. Box 337, MS 123  
Erwin, TN 37650




L. Edward Nanney, Director  
Division of Radiological Health  
Tennessee Dept. of Environment & Conservation  
L&C Annex, Third Floor  
401 Church Street  
Nashville, TN 37243-1532

Distribution w/o encl: (See page 3)



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