

**SCUBA II Report Excerpts on Nuclear Fuel Services, Inc., Erwin, TN, (SNM-124), June 21, 2010
(ML101820096)**

Safety Culture initiatives were mandated by NRC Confirmatory Order (a docketed commitment) to NFS, Feb. 21, 2007. NFS made promises to NRC, which in return agreed not to pursue a number of pending escalated enforcement issues (p. 147). **However, NFS did not comply with the 2007 Confirmatory Order.** NFS made only nominal progress in improving safety culture since the 2007/2008 (SCUBA I) findings. Findings are essentially repeat from 2007/2008 (p.2). Findings for needed improvements increased from 41 (2007/2008) to 74 (2009/2010).

A Confirmatory Action Letter was issued on Jan. 7, 2010. NFS shutdown from Dec. 31, 2009 to March 23, 2010, due to safety concerns. On March 23, 2010, NRC authorized NFS to **deliberately** restart production activities in the Navy Fuel process lines (p. 13).

SCUBA team believes the following are long-standing NFS cultural deficiencies: Lack of a questioning attitude/willingness to proceed in the face of uncertainty; Non-conservative decision-making/susceptibility to production pressure; Lack of formality and/or systematic approach; Lack of management oversight; A standard of "minimal regulatory compliance" (p. 10). Non-conservative assumptions are tolerated. Inappropriate use of management authority may suppress questioning attitude. Decisions are not consistently developed with the requisite degree of conservatism, particularly when a potential for personal injury is involved (p. 43).

NFS has not yet demonstrated that it can successfully take on new processes without having safety and regulatory related upsets and problems (p. 23). Safety culture at NFS is generally deficient compared to industry norms and generally **fails to meet regulatory expectations.** (p. 24). Most of NFS's major projects are behind schedule and over budget (p. 53). NFS has no formal written internal or external Operating Experience (p. 93). NRC revealed in an August 3, 2010 public meeting that a Nuclear Quality Control/Assurance Program does not exist in the NFS license.

Despite repetitive urgings by the SCUBA team, NFS senior management had not conducted a single Effectiveness Review of the safety culture initiatives **that were declared to have been completed by NFS management** (p. 26). Actions/commitments processed through the Corrective Actions Program (CAP) are all too often inappropriately closed out based on future actions/promises that are frequently not rigorously followed up (p. 14). SCUBA's review indicated approx 50% of those completed actions do not meet acceptable standards for closure of an action (p. 26). **Signing that an action was complete when it was not are examples of falsification and/or fraudulent behavior** that are unacceptable at NFS. (p. 147).

NFS has demonstrated a bias for production, cost and schedule priorities over safety (p.26). Production pressures negatively influenced organizational priorities in that the **support for required new projects compromised safe facilities operations.** (p. 44). NFS policies indicating safety as the overriding priority were not practiced or reinforced (p. H-2).

NFS does not routinely drill its Emergency Response Organization to ensure it will operate well in an actual accident or event (p. 48). Site practice avoids invoking the ERO. There is essentially only one trained team and no back-up team in the event of an emergency (p. D-5 & 6).

NFS continues to tolerate **recurring equipment problems**, operational burdens and workarounds, **and degraded infrastructure** issues (p. 49). Rather than improving its safety culture and performance, NFS has continued to divert its resources to pursue new business opportunities (p. 52). **Equipment problems have become accepted on a basis of “run to failure” philosophy** (p. 53). (Includes Safety Related Equip, p. 89). **Fire dampers had not been inspected since 2003 and inaccurate information was given to NRC.** (Attach. G-1, p. G-2, 3 & 5). **There is significant potential for the list of degraded equipment/processes to undergo substantial expansion** (Attach. E-3, p. 7). There are no stated plans to back fit the large number of existing condition reports to assist with analyzing repeat or recurring events (p. 89)

Integrated Safety Analysis (ISA) functions need strengthening and Operational Readiness Reviews (ORRs) were ineffective (p. 76). Four recommendations made by INPO April 21-24, 2010, for the Configuration Management Program, all are currently open; they were classified as low priority (p. 104). **Security components are not in Configuration Mgt Program** (Attach. E-3, p. 24). Don't be misled by the de-facto "standards of acceptability" used by the NRC. These are not indicative of "world class standards." (Attach. E-3, p. 3)

There is still evidence that employees perceive negative outcomes and retaliation from management and peers for raising concerns and safety issues (p. 115). There is a long-standing antagonism between bargaining unit leadership and HR that is not being mitigated (Attach. E-3, p. 16). There were a number of areas where NFS did not meet OSHA requirements; executive mgt was not aware of these issues (Attach. E-2, p. 2). Chemical Safety is an area of risk at the Site (Attach. E-3, p. 3). The injury rate for the site does not compare favorably with the industry and any emphasis to improve the situation has been limited and not a priority (p. 76). The number of allegations received by the NRC concerning NFS is high, relative to other fuel facilities even given the caveat that a significant number come from outside the workforce (p. 108).

Significant problems related to accountability have continued to exist within the NFS (p.26). It is highly unlikely that NFS will be able to operate without another significant loss event unless/until it can resolve its accountability issues – especially those that exist in senior management. The tendency to downplay the significance of errors typified the Site's approach to problem solving, largely because these behaviors were practiced at the most senior levels of NFS management (Attach. H, p. H-1).

(This is a product of the Erwin Citizens Awareness Network, Inc. (ECAN), P. O. Box 1151, Erwin, TN 37650)