

5/19/2008

Company spokesperson says enhancements to safety culture already benefiting plant performance

(Erwin, Tenn.) – A spokesman for Nuclear Fuel Services, Inc. (NFS) said today that the company has provided an action plan to the U.S. Nuclear Regulatory Commission (NRC) that has already benefited the safety culture at the plant.

The plan was accompanied by a comprehensive analysis of the plant's safety culture conducted last year by independent experts that identified areas for improvements. NFS had tasked the experts to conduct an analysis that would lead the company to evolve into a world-class safety leader within the nuclear fuel manufacturing industry at the Erwin plant.

“The analysis found that the company is operating safely and posed no threat to the public or the environment,” said spokesperson Tony Treadway. “However, it did find that there were significant opportunities to enhance the safety culture if NFS was to match the best of the nuclear power industry. NFS received feedback from the experts, known as the Safety Culture Board of Advisors (SCuBA), early in the process and immediately began making improvements during the assessment process.”

A safety oversight organization, headed by John Nagy, an NFS Vice-President and Chief Nuclear Safety Officer has been established. NFS has created an environment for continuous improvement and a learning organization that benchmarks itself against the highest nuclear standards set by organizations such as INPO and EFCOG (Institute of Nuclear Power Operations and the Energy Facilities Contractor Operations Group).

“The company is already experiencing measurable improvements in enhanced safety culture,” said Treadway. “Communications between workers and management in both directions regarding priorities and concerns has improved significantly and employees are pro-actively involved in early issue identification to improve worker safety.”

The company has added new personnel and is currently recruiting additional employees for quality assurance, configuration management, industrial safety, radiation technicians, maintenance mechanics, chemical operators and additional engineering support. More than 12 employees have been hired for these highly skilled positions, with another 60 employees to be hired over the next two years for these roles. According to NFS General Manager Tim Lindstrom, “We have shifted from a ‘compliance only’ culture to a nuclear safety culture that emphasizes excellence in nuclear safety operations.”

New accountability and measurements to the industry’s best safety performance are now in place. A program to enhance human performance is now operational. Additional programs for the evaluation of that performance will be in place by 2009. Significant capital improvements to the plant’s facilities and equipment have been budgeted for this and future years. Those improvements include process and support equipment, safety systems, as well as infrastructure, such as new roofs and heating, ventilation and air conditioning.

The million-dollar SCuBA analysis took over one year to complete and included employee interviews, questionnaires and on-site observations of work practices in various parts of the company’s plant. The independent SCuBA Team members had no current or former ties to NFS and included a former Nuclear Regulatory Commission (NRC) official, a nuclear power employee concerns executive, a nuclear power safety culture assessment expert, a nuclear fuel fabrication safety executive, a large chemical plant operations senior manager and a nuclear industry security expert. The assessment serves as a new baseline as NFS embarks on its journey towards world-class nuclear safety excellence.

Delivered to NFS in February of this year, the analysis covered 13 areas of safety culture assessment. The comprehensive analysis found that NFS fell short of nuclear

reactor industry best practices of safety culture performance in nine of 13 areas. The company met minimal or partial performance best practice standards in four areas.

The overall themes for improvements in the 142-page report by the SCuBA Team included enhancements to the effectiveness of programs and processes, elimination of tolerance for degraded plant conditions, expanding NFS' frame of reference to the top performing nuclear facilities in the world, and a consistent focus on improvement.

The company has set 2011 as the date by which all necessary improvements will have been made in order for NFS to be considered as the new standard in safety culture performance in the nuclear fuel manufacturing industry. The SCuBA Team will return to NFS in two years to perform another safety culture assessment to measure progress.

An enhanced safety culture at the Erwin plant was part of an agreement between NFS senior management and the NRC in 2006 after detecting an increase in NRC-cited violations over the previous two years and an incident in March 2006 involving inadvertently directing several liters of highly enriched uranium into an unauthorized glovebox. That event did not injure any NFS employees and did not negatively impact the environment or the public, but it did highlight the need for NFS safety culture improvements.

For additional information regarding NFS, visit www.nfsfacts.com