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**NRC ISSUES LETTER TO SIEMENS NUCLEAR DIVISION  
CONFIRMING ACTIONS ON TRANSPORTATION PACKAGES**

The Nuclear Regulatory Commission has issued a Confirmatory Action Letter to Siemens Power Company's Nuclear Division in Richland, Washington. The letter confirms that Siemens will take actions to ensure that packages used to transport radioactive materials are in compliance with NRC regulations and certificates.

The company holds an NRC license to fabricate fuel for nuclear power plants and three NRC certificates of compliance for transportation packages. The packages, which include inner steel containers, are used to ship fuel in the form of uranium powder, pellets, rods and assemblies.

During a February 23 to 27 inspection at the Siemens facility in Richland, the NRC identified several safety concerns with the packages in the areas of design control, corrective action programs and conformance controls.

NRC found that Siemens used "Model SP-1" transportation packages that were out of compliance with the requirements of the certificate for that package. The certificate contains design requirements considered by NRC to be important for safe use. Those packages not fabricated in accordance with the certificate are not authorized for use.

The NRC also found that Siemens accepted and used components received from other suppliers for the Model SP-1 and two additional package designs without an adequate inspection. Detailed receipt inspections of such components are necessary to ensure that the as-built package meets certificate of compliance design requirements.

As a result of the NRC inspection, Siemens sent a letter to the NRC on March 9 agreeing to take compensatory actions to correct the deficiencies. The NRC Confirmatory Action Letter to Siemens confirms that the company will take the following actions:

(1) Before shipping any transportation packages, Siemens will inspect all transportation packages and components to verify compliance with requirements of the certificate and NRC regulations. Any packages found to be out of compliance will be identified as nonconforming and will be either re-worked or scrapped. Siemens will perform these inspections using qualified persons, calibrated equipment and approved procedures. Acceptable completion of the inspections will be independently verified by Siemens quality or inspection staff, and approved by Siemens's Vice President of Manufacturing and Vice President of Quality and Regulatory Affairs.

(2) By April 30, Siemens will develop a plan to assess the implementation of its quality assurance program and determine the root cause of deficiencies in the company's transportation package program. The plan, which will be submitted to the NRC for approval, will include objectives and milestones for accomplishing the quality assurance program assessment and root cause analysis. The root cause analysis will be performed by an independent external organization. It will address the effectiveness of management oversight and organizational structure in implementing the quality assurance program, and will determine why transportation package components that were out of compliance with design requirements were not identified as nonconforming items and removed from use. The quality assurance program assessment will include a review of the Siemens receipt inspection process that should verify that procured components meet design requirements.

(3) Siemens will submit the results of the quality assurance program assessment and root cause analysis, the proposed corrective actions and the schedule for completion to the NRC.

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