



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

May 22, 1998

Dr. Bruce J. Kaiser  
Vice President, Nuclear Fuels  
ABB Combustion Engineering Nuclear Power  
3300 State Road P  
Hematite, MO 63047

SUBJECT: NRC INSPECTION REPORT NO. 71-0090/98-206 AND  
NOTICE OF NONCONFORMANCE

Dear Dr. Kaiser:

On April 20-24, 1998, the U.S. Nuclear Regulatory Commission performed an announced inspection of Combustion Engineering (CE) at its facility in Hematite, Missouri. The enclosed inspection report presents the details of the inspection (Enclosure 1).

The team inspected CE's activities associated with the transportation of radioactive material to determine if they were executed in accordance with the requirements of 10 CFR Parts 21 and 71, pertinent certificates of compliance (COC) and related safety analysis reports, and the NRC-approved quality assurance (QA) program. The team also inspected CE's management, design, and maintenance controls.

Prior to the NRC inspection, CE contracted a consultant to perform an audit on December 8-12, 1997, of transportation activities at the Hematite facility. The consultant identified a number of deficiencies with the NRC-approved QA Program implementation and compliance of transportation packagings with Certificates of Compliance. In March 1998, CE placed a hold on all shipping activities until the deficiencies identified in the audit could be corrected. On April 23, 1998, CE prepared a Corrective Action Request (CAR) with a response due date of May 23, 1998, to determine necessary corrective actions to rectify the deficiencies and prevent recurrence. The CAR also requires that CE perform a root cause analysis on the deficiencies.

During the NRC inspection, the team concluded that several additional areas of CE's management, design, and maintenance controls failed to meet certain NRC requirements. The team identified twelve noncompliances with 10 CFR Part 71, Subpart H. These noncompliances are addressed in the enclosed Notice of Nonconformance (Enclosure 2). Specifically, the team identified a total of six noncompliances in the area of management controls, five noncompliances in the area of design control, and one noncompliance in the area of maintenance activities. It should be noted that, due to the hold that CE had placed on use of all transportation packagings, the scope of the inspection was somewhat limited in that no maintenance activities were in progress. The specific findings and references to pertinent 10 CFR Part 71 requirements are identified in the enclosures to this letter.

All of the noncompliances identified were of moderate to low safety significance; however, the number and scope of these noncompliances indicate ineffective implementation of CE's QA Program in meeting the requirements of 10 CFR Part 71. CE management told the inspection team that CE realized that it had inadequate implementation of the QA Program prior to the NRC inspection and, as a result, CE placed a hold on all shipments in March 1998.

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Furthermore, CE management told the team that CE would not make any shipments of radioactive material before (1) acceptable COC verification inspections of all transportation packagings and (2) completion of corrective actions to the identified root causes.

Please provide us, within 30 days from the date of this letter, a written statement in accordance with the instructions specified in the enclosed Notice of Nonconformance. We will consider extending the response time if you can show good cause for us to do so.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed the NRC Public Document Room.

Sincerely,

Original /s/ by

Susan F. Shankman, Chief  
Transportation Safety and Inspection Branch  
Spent Fuel Project Office, NMSS

Docket Nos. 71-0090, -6078, -6294, -9272, -9274

Enclosures:

- 1) NRC Inspection Report No. 71-0090/98-206
- 2) Notice of Nonconformance

Reviewed by S. McDuffie 05/08/98

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