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January 15, 2003

Pete Compton
General Manager
AAR Cargo Systems
12633 Inkster Rd.
Lavonia, Michigan 48150

SUBJECT: Safety Defect Consideration for Boral

Dear Mr. Compton:

Over the past several years, NAC has procured a significant quantity of Boral from AAR for use in our NRC licensed spent fuel transportation and storage systems. As you know, NAC and other organizations have performed a number of independent tests of Boral to ascertain that it would perform its intended safety function in licensed transportation and storage systems. This testing was necessitated by the formation of "blisters" on the clad of the Boral sheets during pre-use testing in some systems.

We are pleased to report that testing under simulated operating conditions by two independent testing organizations for NAC has demonstrated that Boral will perform as licensed for the NAC-UMS and MPC storage and transportation systems. The NAC testing programs were conducted and documented in accord with the applicable provisions of our NRC approved Quality Assurance Program.

Since NAC testing has shown that Boral use in the UMS and MPC systems will meet requirements as described by the documents referenced in their respective NRC C of Cs, we have concluded that there are no public health or safety issues associated with Boral use in the UMS and MPC systems. On the other hand, we do not have detailed knowledge regarding to whom and for what purposes Boral may have been supplied to others and, as testing has conclusively shown Boral to significantly deform under some loading conditions, we cannot evaluate the safety of usage by others. Our testing has shown that susceptibility to blistering increases with pre-passivation, higher heat-up rates, and multiple hydrostatic pressurization/heat-up cycles. Other test results indicate that thicker Boral sheets and higher hydrostatic pressures may also contribute to blistering.

Pursuant to the defect reporting regulations of the NRC as contained in 10 CFR 21, we believe that AAR has a responsibility to perform (or cause to be performed in conjunction with your other customers) an evaluation of the use of the supplied Boral to determine that its intended use will not create a significant safety hazard. Should you be unable to reach a determination of no safety impact, 10 CFR 21 provides the mechanism to follow for defect reporting.

Please advise if we can be of any assistance in this effort.

Sincerely,

R. Howard Smith
Vice President, Quality

Cc: Wayne Hodges, USNRC

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