



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 12, 1994

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Mr. Ronald A. Milner, Acting Director
Office of Program Management and Integration
Office of Civilian Radioactive Waste Management
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Mr. Milner:

SUBJECT: OBSERVATION AUDIT OF THE CIVILIAN RADIOACTIVE WASTE MANAGEMENT
SYSTEM MANAGEMENT AND OPERATING CONTRACTOR DESIGN PACKAGE 2C

I am transmitting the U. S. Nuclear Regulatory Commission Observation Audit Report 94-10 for the U.S. Department of Energy (DOE), Office of Civilian Radioactive Waste Management, Yucca Mountain Quality Assurance Division audit of the Civilian Radioactive Waste Management System Management and Operating Contractor (M&O). The audit, YMP-94-01, was conducted from July 25-29, 1994, at the M&O offices in Las Vegas, Nevada. The limited-scope, performance-based audit evaluated the effectiveness of the M&O activities performed under quality assurance (QA) Program Element 3.0, Design Control, specifically concentrating on Design Package 2C, "Topopah Spring North Ramp." A State of Nevada representative also participated as an observer of this audit.

The NRC staff observed the audit to evaluate the DOE audit process and to gain confidence that the M&O organization is properly implementing its design processes. The NRC staff based its evaluation on direct observations of the audit team members; discussions with audit team and M&O personnel; and reviews of the audit plan, the audit checklists, and pertinent M&O documents.

The NRC staff has determined that Audit YMP-94-01 was useful and effective. Although timing of the audit is questioned, the audit was organized and conducted in a thorough and professional manner.

The NRC staff agrees with the preliminary audit team findings that the overall implementation of the M&O design controls are ineffective. Fifteen preliminary Corrective Action Requests (CARs) were discussed by the audit team at the post-audit meeting. As a consequence of these findings, the M&O management decided to withdraw Design Package 2C from the DOE review and approval process. The CARs are significant and need to be addressed with consideration on how they affect the overall design of the Exploratory Studies Facility and other M&O design activities. Previous DOE and M&O audit and surveillance activities have identified other deficiencies in design control and overall QA program implementation.

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Given the results of this and other audits, the staff provided DOE with a comment that expresses concern with the acceptability and effective implementation of the M&O QA program. This comment along with several questions were provided in R. Bernero's letter to D. Dreyfus dated October 13, 1994. Therefore, many of the concerns identified in this report have been superseded by the staff's October 13, 1994 letter.

The NRC staff expects to be kept advised of the corrective action process, will participate in closely monitoring the corrective actions of the M&O as observers, and may perform its own independent audits/surveillances at a later date to assess implementation of the M&O QA program. In addition, the NRC staff is conducting a review of the DOE information provided by letter dated November 14, 1994. This review will allow the staff to determine if DOE and the M&O have acceptably identified the actions needed to address the concerns in the staff's October 13, 1994 letter.

If you have any questions, please call Jack Spraul of my staff at (301) 415-6715.

Sincerely,
[Original signed by Joseph J. Holonich]
Joseph J. Holonich, Chief
High-Level Waste & Uranium Recovery
Projects Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Enclosure: As stated

- cc: R. Loux, State of Nevada
- J. Meder, Nevada Legislative Counsel Bureau
- R. Nelson, YMPO
- M. Murphy, Nye County, NV
- M. Baughman, Lincoln County, NV
- D. Bechtel, Clark County, NV
- D. Weigel, GAO
- P. Niedzielski-Eichner, Nye County, NV
- B. Mettam, Inyo County, CA
- V. Poe, Mineral County, NV
- F. Mariani, White Pine County, NV
- R. Williams, Lander County, NV
- L. Fiorenzi, Eureka County, NV
- J. Hoffman, Esmeralda County, NV
- C. Schank, Churchill County, NV
- L. Bradshaw, Nye County, NV
- W. Barnard, NWTRB
- R. Holden, NCAI
- E. Lowery, NIEC
- S. Brocoum, YMPO

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 * See previous concurrence.

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NAME	WLBelke/jk		JGSpraul*		RLJohnson*		JHolonich			
DATE	12/08/94		11/04/94		11/10/94		12/12/94			

R. Milner

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observers, and may perform its own independent audits/surveillances at a later date to assess implementation of the M&O QA program.

If you have any questions, please call Jack Spraul of my staff at (301) 415-6715.

Sincerely,

Joseph J. Holonich, Chief
High-Level Waste & Uranium Recovery
Projects Branch
Division of Waste Management
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- T. J. Hickey, Nevada Legislative Committee
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NAME	WLBette/jk		JGSpraul		RLJohnson		JJHolonich			
DATE	11/04/94		11/04/94		11/10/94		11/ /94			

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