UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET, SW, SUITE 23T85
ATLANTA, GEORGIA 30303-8931

May 13, 2005

Mr. Philip G. Sewell, Senior Vice President
USEC Inc.
Two Democracy Center
6903 Rockledge Drive
Bethesda, MD 20817

SUBJECT: NRC INSPECTION REPORT NO. 70-70O3/2005-001

Dear Mr. Sewell:

The U.S. Nuclear Regulatory Commission (NRC) conducted an announced team inspection in the functional area of the USEC Inc. American Centrifuge Lead Cascade facility*s Quality Assurance Program implementation. The inspection was conducted at your facility in Piketon, Ohio, from March 29 through 31, 2005. The purpose and scope of the inspection were to verify through the review of objective evidence whether activities supporting implementation of the Quality Assurance Program Description (QAPD) were implemented in accordance with regulatory requirements. An exit meeting was held on March 31, 2005, during which time observations from the inspection were discussed with you and members of your staff.

The inspection consisted of facility walk downs; selective examinations of relevant procedures and records; examinations of safety~related structures, systems, equipment and components; interviews with plant personnel; and observations of plant conditions and activities in progress. Throughout the inspection, observations were discussed with your managers and staff. Based on the inspection, activities involving implementation of your QAPD were found to be conducted safely and in accordance with regulatory requirements. No violations or deviations were identified.

In accordance with 10 CFR 2.390 of NRC*s “Rules of Practice,” this document may be accessed through the NRC*s public electronic reading room, Agency~Wide Document Access and Management System (ADAMS) on the Internet at http://www.nrc.gov/reading:rm/adams.html.

Should you have any questions concerning this letter, please contact us.

Sincerely,

Jay L. Henson, Chief
Fuel Facility Inspection Branch 2
Division of Fuel Facility Inspection

Docket No. 70-7003
License No. SNM-7003

Enclosure: NRC Inspection Report

cc w/encl:
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Dan Rogers, USEC INC., Director, Lead Cascade Construction and Operations - Piketon
K. Coriell, USEC INC., Regulatory Engineer - Piketon
Roy Holliday, USEC INC., Regulatory Manager - Piketon
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U.S. NUCLEAR REGULATORY COMMISSION

REGION II

Docket No.:	70-7003
License No.:	SNM-7003
Report No.:	70-7003/2005-001
Licensee:	USEC Inc.
Location:	Piketon, Ohio
Inspection Dates:	March 29-31, 2005
Inspectors:	Deborah Seymour, Senior Fuel Facility Inspector, Division of Fuel Facility Inspection (DFFI), Region II Steven Vias, Senior Engineering Inspector, Division of Reactor Safety, Region II
Accompanying Personnel:	Yawar Faraz, Project Manager, Division of Fuel Cycle Safety and Safeguards (FCSS), Office of Nuclear Material Safety and Safeguards, (NMSS) Wilkins Smith, Senior Project Manager, FCSS, NMSS Paul Bell, Quality Assurance Engineer, FCSS, NMSS
Approved:	Jay Henson, Chief Fuel Facility Inspection Branch 2, DFFI Region II

Enclosure

EXECUTIVE SUMMARY

American Centrifuge Lead Cascade
NRC Inspection Report 70-7003/2005-001

This inspection was an announced team inspection of the American Centrifuge Lead Cascade facility on March 29-31, 2005. This inspection involved the review and evaluation of the USEC Inc. Quality Assurance (QA) Program. The NRC inspection team reviewed objective evidence of activities associated with the implementation of the licensee*s QA Program and Integrated Safety Analysis (ISA) requirements and the flow-down of design basis requirements into engineering specifications, drawings, procurement specifications, software quality assurance, inspection planning, the Corrective Action Program, document control, audits, implementing procedures, and program plans for QA and configuration management. Additionally, graded requirements for control of items relied on for safety (IROFS), management measures, and QA oversight and verification of compliance with regulatory requirements were examined. Portions of the implementing programs were still in the early stage of development and implementation. The correlation and application of these requirements will be developed as the facility progresses toward the completion of construction. It should be noted that since the licensee*s QA, Safety, and ISA Programs, in the context of performance requirements, were not fully implemented, and the Lead Cascade facility was not fully constructed or operational, full compliance with performance requirements could not be determined.

The inspection identified the following aspects of the licensee*s programs as outlined below:

The licensee implemented adequate software QA and computer software validation procedures. However, software QA and the associated configuration management for IROFS will need further assessment to fully verify that Software QA Programs for IROFS have been verified and validated and are reliable and will satisfactorily perform their function (Section 2).

For selected procurement documentation and corresponding procurement specifications, adequate procurement controls and procedures were implemented in accordance with the Quality Assurance Program Description (QAPD) and implementing procedures. Since Quality Assurance Level I items or services had not been procured, an approved suppliers* list had not been developed and could not be verified. Controls were present and adequately addressed procurement of items and services (Section 3).

Audit and assessment procedures were clearly written and incorporated detailed requirements specifying how to conduct an audit or assessment. This included accessing Configuration Management Program effectiveness. Performance indicators gathered from data collected from problems and discrepancy noted during assessments was monitored and trended. Audit/Assessment Program assessments were detailed in a comprehensive schedule with coverage of various focus areas (Section 4).

In general, the application and implementation of the QAPD, related regulatory requirements and license commitments were appropriate for the American Centrifuge Lead Cascade activities, and provided adequate assurance of compliance with risk informed regulatory requirements of 10 CFR 70, Subpart H. The QAPD requirements and the controls for IROFS

and management measures were applied in a graded manner consistent with the risk of the item or activity. The inspectors noted that the licensee planned to review the applicable plans and procedures for records required by 10 CFR 70 .62 (a)(3) for failures of IROFS and management measures (Section 5).

Overall, the QA Program and implementing procedures for the design control process adequately provided guidance to ensure that the program would be accomplished in a planned, controlled and documented manner. A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections (Section 6).

The program for document control, and for instructions, procedures and drawings, used to ensure that documents that prescribe activities affecting the availability or reliability of IROFS would be controlled, was adequate (Section 7),

Overall, the program and procedures for the inspection process reviewed adequately provided guidance to ensure that the program is accomplished in a planned, controlled and documented manner. A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections (Section 8).

The licensee*s Test Control Program, if implemented as described, should ensure adequate test control (Section 9).

The licensee*s Handling, Storage, and Shipping Program had sufficient detail to implement the requirements specified by the licensee in implementing procedure AC2-QM-008, Handling, Storage and Shipping. Evaluations and reviews were performed of procurement specifications and engineering handling and storage controls, including material and equipment used on the project that required special handling. There was appropriate engineering input and specificity contained in procurement specifications to reasonably assure that the requirements were implemented. Random inspections and sampling of engineering standard data sheets (ESDS) and technical data sheets provided reasonable assurance that materials and equipment were maintained in accordance with design and procurement requirements to protect against damage, deterioration, or loss (Section 10).

The licensee has a program and procedures in place to identify items that satisfactorily passed inspections and tests, and to establish indicating and operating status for failures of structures, systems and components (Section II).

The Web-based Corrective Actions Tracking System (CATSWeb) assessed and categorized events and conditions by using the notification and reporting criteria established in 10 CFR 70.50 and 10 CFR 70.74 (C) (1). The licensee agreed that CATSWeb Webfocus portion of the program should be upgraded and provisions of the program added or enhanced to enable correlation of the condition report number with its origin or source document (Section 12).

The licensee*s program for control of nonconforming items defined the responsibility and authority for the evaluation and disposition of nonconforming items (Section 13).

The licensee had not yet implemented their Records Management Program or deployed their electronic Hummingbird Records Management Program (Section 14).

Attachment
Persons Contacted
Inspection Procedures
Partial List of Documents Reviewed
Items Opened, Closed, and Discussed
Acronyms

REPORT DETAILS

1. Summary of Plant Status

Refurbishment and construction of the American Centrifuge Lead Cascade facility were ongoing throughout the inspection period.

2. Software Quality Assurance and Design Process Computer Programs

1. Inspection Scope and Observations

Computer Software Quality Assurance and the associated controls used in the design and design analysis process for items relied on for safety (IROFS) were being validated and verified in accordance with computer test procedures. There have not been many new programs used or developed to date. Specifically, only one computer program used in the design and design analysis process was reviewed. Computer test procedures and test results were documented. No significant software issues or conditions were noted during the inspection.

The inspectors interviewed upper management and engineering personnel to verify that software used in the design and design analysis process for IROFS reflected the safety and software configuration management practices outlined by the Quality Assurance (QA) Program. The inspection team noted that the use of computer programs and computer test procedures were in the early developmental stage of implementation. Therefore, full program implementation of computer software used in design and design-based applications for IROFS could not be fully verified, No issues were noted.

The inspectors* review was limited to the review of one computer program used in the design process. Performance confirmation of computer operating system parameters, automatic self-checking in-use test, error notifications, and program/software test results used during design qualification were not completed at the time of the inspection.

b. Conclusions

The licensee implemented adequate software QA and computer software validation procedures. However, software QA and the associated configuration management for IROFS will need further assessment to fully verify that Software QA Programs for IROFS have been verified and validated and are reliable and will satisfactorily perform their function.

3. Procurement Document Control

a. Inspection Scope and Observations

The inspectors reviewed a sample of the QA procurement documents issued for items and services. USEC Inc. has not procured or issued any documents pertaining to the procurement of QA Level 1 (QL-1) items or services. Procurement documents for QA Level 2 (QL-2) items and services were reviewed and evaluated against provisions described in the USEC Inc. Quality Assurance Program Description (QAPD). A

statement of work to be performed was evaluated for a QL-2 procurement. Technical flow down requirements for procurement documents were described and delineated in the following procedures: AC2-PC-004, Procurement of QL-2 Items and Services; AC2-EG-006, Preparation of Statements of Work for Staff Augmentation; AC2-EG-005, Preparation of Statements of Work for Services; AC3-PC-006, Procurement of QL-2 Services; and AC3-PC-005, Procurement of QL- 2 Items. Corresponding engineering standard data sheets (ESDS) ESDS-AC-0072, provided a detailed listing of procurement specifications. The inspectors observed the technical requirements for the furnished material, and the applicable tests and acceptance criteria required to monitor and satisfy quality assurance verification requirements. The inspectors noted appropriate adherence to procedures, and that administrative review and managerial concurrences were properly obtained and documented. The inspectors also noted the flow down of QA Program contractual requirements. The inspectors found QL-2 procurement documents were reviewed in accordance with the Quality Assurance and Procurement Programs.

During the course of this investigation and observations of activities, the inspectors discussed with procurement and engineering personnel procurement controls used in the procurement process. There was no evidence of the procurement of QL-1 items or services. The inspectors* inspection of engineering specification data sheets noted the process to be thorough in establishing document-specific quality controls. No issues were noted.

Controls were present and adequately addressed procurement of items and services. However, the licensee did not have qualified auditors employed or under contract. The licensee did not have a service agreement or work task order developed to perform supplier audits. The licensee had identified these as implementing actions.

b. Conclusions

For selected procurement documentation and corresponding procurement specifications, adequate procurement controls and procedures were implemented in accordance with the QAPD and implementing procedures. Since QL-1 items or services had not been procured, an approved suppliers* list had not been developed and could not be verified. Controls were present and adequately addressed procurement of items and services.

4. Audits and Assessments

a. Inspection Scope and Observations

The inspectors reviewed the USEC Inc. Audit and Assessment Program. Audit and assessment procedures were implemented through planned and scheduled activities. Procedure AC-2-QM-004, Readiness Assessment Program, was reviewed for clarity and incorporation of the detailed requirements and preventive measures to track and verify implementation of corrective actions. The licensee provided an audits/assessments schedule for the inspectors to review. The inspectors verified the completion of audits/assessments from September 20, 2004 through March 16, 2005. Subjects covered on the audits/assessments schedule was varied, but included subjects such as: Readiness to Determine Readiness Sublease Train 3; Fire Safety; Engineering

Standard Data Sheets (ESDS) Process; Facility Change Evaluation; Corrective Action Process; Procedure Change Process; and Procedure Development Process. The inspectors noted that some audit/assessments (Corrective Action Process, November 19, 2004; Facility Change Evaluation, September 27, 2004; and Readiness to Determine Readiness Sublease Train 3, September 20, 2004) indicated that discrepant issues were identified that required follow-up. Corrective action tracking, follow-up and closure to the above noted audit deficiencies were evaluated in accordance with the licensee*s Corrective Action Process. Please see Section 11, Corrective Actions, for additional information on this subject.

Additionally, the licensee identified an open implementing action indicating that service agreements and/or work task orders had not been initiated or developed with the gaseous diffusion plant for audit/surveillance services. This resulted in inadequate resource availability to fully implement the Internal Oversight Program. The lack of available resources resulted in some scheduled oversight surveillances not being completed in a timely manner.

b. Conclusions

Audit and assessment procedures were clearly written and incorporated detailed requirements specifying how to conduct an audit or assessment. This included accessing Configuration Management Program effectiveness. Performance indicators gathered from data collected from problems and discrepancies noted during assessments were monitored and trended. Audit/Assessment Program assessments were detailed in a comprehensive schedule with coverage of various focus areas, including: engineering, design control, adherence to design basis, document control, records management, procurement, receipt, storage, work control operations and maintenance.

5. Quality Assurance Program

a. Inspection Scope and Observations

The application and implementation of the QAPD activities were evaluated. Activities evaluated included ISA requirements, flow-down of engineering specifications and drawings, procurement specifications, and receipt inspection planning. Implementation procedures and program plans for QA and configuration management were reviewed and discussions held with cognizant personnel on graded requirements for control of IROFS and management measures. QA oversight and verification of compliance with regulatory requirements were examined. Evaluation and documentation of the changes to the QAPD were reviewed. The licensee*s plans for identifying, documenting, and evaluating failures of IROFS and management measures were discussed with QA and regulatory personnel.

b. Conclusions

In general, the application and implementation of the QAPD, related regulatory requirements and license commitments were appropriate for the American Centrifuge Lead Cascade activities, and provided adequate assurance of compliance with risk informed regulatory requirements of 10 CFR 70, Subpart H.

The QAPD requirements and the controls for IROFS and management measures were applied in a graded manner consistent with the risk of the item or activity. The inspectors noted that the licensee planned to review the applicable plans and procedures for records required by 10 CFR 70 .62 (a)(3) for failures of IROFS and management measures.

6. Design Control

a. Inspection Scope and Observations

The inspectors reviewed the licensee*s program in the area of design control to verify that an approved program was in place to adequately provide guidance during the design process. By way of procedural reviews, physical plant walk downs and discussions with engineering management, the inspectors verified that the design process was being accomplished in a planned, controlled and documented manner. The design control process included the ISA and management measures.

The inspectors verified that the processes for design inputs, such as design bases, performance requirements, regulatory requirements, codes and standards, were, and would be, identified and documented as design requirements. The inspectors verified that the process for the design requirement documents was reviewed and approved in a timely basis and to the level of detail necessary to permit the design activity to be carried out correctly and to provide a consistent basis for making design decisions, accomplishing design verification measures, and evaluating design changes.

The inspectors verified that final design process activities were planned in a timely basis and to the level of detail necessary to permit the design to be carried out correctly; permit verification that the design inputs were correctly translated into design documents; and supported interfacing design, procurement, fabrication, refurbishment, and operation. Also, appropriate quality standards were identified and documented. For changes from specified quality standards, the inspectors verified that the procedures provided that the reasons for the changes, and whether or not prior NRC approval was required to make the changes, would be identified, approved, documented and controlled.

The inspectors confirmed that verification process of final design output documents, including changes, were correlated to the design input and were documented in sufficient detail to permit design verification. Also, the inspectors verified that a process was in place to check that design outputs that consist of computer programs would be developed, validated, and managed in accordance with ASME NQA-1-1 994, Basic

Requirement 11 and NQA-I, Part II, Subpart 2.7, “QA Requirements for Computer Software for Nuclear Facility Applications.”

The inspectors verified that a process for the review of design analysis documents (e.g., calculations) contained sufficient detail to the purpose, method, assumptions, design input, references and units such that a person technically qualified in the subject could understand the analyses and verify the adequacy of the results.

The inspectors verified that the process provided for design verification would be properly performed and documented in accordance with approved procedures by competent individuals or groups, who would be knowledgeable in the areas to be verified and other than those who performed the original design.

To verify that any changes to final designs, field changes, modifications, and nonconforming items dispositioned “use-as-is” or “repair” would be justified, documented and subject to the design control measures commensurate with the original design, the inspectors attempted to verify that procedures contained adequate controls. However, the licensee had not totally implemented all the procedures in the area of temporary modification controls. These changes will be reviewed during a later inspection.

The inspectors verified that internal and external design interfaces would be identified and controlled and design efforts would be coordinated between participating organizations and that design information transmitted across interfaces would be reviewed, approved, documented and controlled.

b. Conclusions

Overall, the QA Program and implementing procedures for the design control process adequately provided guidance to ensure that the program would be accomplished in a planned, controlled and documented manner. A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections.

7. Instructions, Procedures, and Drawings; and Document Control

a. Inspection Scope and Observations

The inspectors reviewed the QAPD, reviewed portions of selected procedures, and held discussions with cognizant licensee employees regarding USEC Inc.*s program to control procedures and drawings. Through this review, the inspectors determined that the program, if implemented as described, would adequately ensure that activities affecting the availability and/or reliability of IROFS would be prescribed by and accomplished in accordance with documented procedures and drawings appropriate to the activity. The inspectors also determined, through this review, that the licensee*s policy of mandatory adherence to policy, procedures, and instructions was included in the licensee*s general employee training, and was going to be incorporated into the licensee*s Conduct of Operations procedure. The inspectors noted that activities

involving “skill of the craft” did not require step-by-step instructions in a procedure. The inspectors also verified, through discussions with the licensee and a document review, that the licensee was implementing a program that would ensure that documents and changes to documents that affect the availability and/or reliability of IROFS would be controlled, and that these documents would be reviewed for adequacy and appropriately authorized. This included preparation, review, approval, and issuance of these documents. The inspectors noted that the procedures allowed for a streamlined approval process for minor procedure changes.

The inspectors noted that some portions of the QAPD were not implemented at the time of this inspection. Through discussions with the licensee, the inspectors verified that the licensee was tracking these portions, and the licensee had plans to complete the implementation of these items.

The inspectors noted that 29 Portsmouth procedures were “adapted” for use at the American Centrifuge Lead Cascade Facility. When a procedure was adapted, it had a Lead Cascade cover sheet and a page of clarifying statements attached to the Portsmouth procedure. The clarifying statements dealt with acronym and/or facility differences. The inspectors were concerned with the vulnerability to human error inherent to this process, and discussed this with the licensee. The inspectors noted that most of the 29 procedures were vendor procedures or administrative in nature. The licensee stated that no adapted procedures would be used for full scale operation of the American Centrifuge.

A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections. Overall, the procedures detailing the Document Control Program, and for instructions, procedures and drawings, provided adequate guidance to ensure that the programs would be accomplished in a planned and controlled manner.

b. Conclusions

The program for document control, and for instructions, procedures and drawings, used to ensure that documents that prescribe activities affecting the availability or reliability of IROFS would be controlled, was adequate. A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections.

8. Inspection

a. Inspection Scope and Observations

The inspectors verified that planned inspections were performed as required to verify conformance of items or activities were completed to specified requirements. Also, the inspectors verified that the inspection planning procedures contained adequate guidance and hold points to ensure that work does not bypass required inspections. The inspectors verified that procedures addressed the planning of inspection activities,

methods, and attributes, based on the importance of the item or activity to be inspected; mandatory inspections required by codes, standards, regulatory requirements and commitments; the complexity of the item or activity; and the quality history of the process.

b. Conclusions

Overall, the program and procedures for the inspection process adequately provided guidance to ensure that the program was accomplished in a planned, controlled and documented manner. A few minor areas of improvement or clarification of procedures were discussed with management and the licensee acknowledged the observations and will review the procedures for enhancement and/or corrections.

9. Test Control, and Measuring and Test Equipment

a. Inspection Scope and Observations

The inspectors reviewed the licensee*s program for test control, including reviewing procedures and interviewing licensee personnel. The inspectors noted that the program procedures included requirements for the delineation of test purposes, hold points, references, training, prerequisites, etc. The inspectors concluded that the program, if implemented as described, should ensure adequate test control. The inspectors noted that the program for the control of measuring and test equipment had not been defined or implemented at the time of this inspection.

b. Conclusions

The licensee*s Test Control Program, if implemented as described, should ensure adequate test control.

10. Handling, Storage and Shipping

a. Inspection Scope and Observations

Procedures used to designate handling, storage, and shipping requirements were reviewed by the inspectors and were outlined by the licensee in implementing procedure AC2-QM-008, Handling, Storage and Shipping. The inspectors reviewed procurement specifications and engineering handling and storage controls. When material and equipment used on the project required special handling, the engineering evaluation included special provisions contained in procurement specifications, which required suppliers to identify special handling requirements or recommendations. The inspectors reviewed a random sample of ESDS5 and technical data sheets. Provisions in the licensee*s handling, storage and shipping process included review of controls to ensure that items that required pre installation preventive maintenance were maintained in acceptable condition prior to installation.

b. Conclusions

The licensee*s Handling, Storage, and Shipping Program had sufficient detail to implement the requirements specified by the licensee in implementing procedure AC2-QM-008, Handling, Storage and Shipping. Evaluations and reviews were performed of procurement specifications and engineering handling and storage controls, including material and equipment used on the project that required special handling. There was appropriate engineering input and specificity contained in procurement specifications to reasonably assure that the requirements were implemented. Random inspections and sampling of ESDSs and technical data sheets provided reasonable assurance that materials and equipment were maintained in accordance with design and procurement requirements to protect against damage, deterioration, or loss.

11. Inspection, Test and Operating Status

a. Inspection Scope and Observations

The scope of the licensee*s Inspection, Test and Operating Status Program was used in the development and implementation of status indicators used throughout the facility for system and component identification. At the time of this inspection, the procedures used included QAPD, Section 2.14, and AC2-QM-009, Inspection Test and Operating Status. The licensee maintained the status of items through the use of indicators. Examples included: (a) physical location, (b) tags (Hold, Danger Do Not Operate, Warning - Defective Equipment) etC., (c) markings to mark boundary or segregation, (d) work packages with established hold points, (e) stamps, (f) inspection records (traceable to the item), (g) work permits (used to control work that may change the status of equipment), (h) physical lock-outs, (i) physical disconnection, and G) lockout/tagout.

The licensee used inspection, test and operating status indicators in making operability determinations for QL-1 and QL-2 items to indicate whether or not structures, systems and components that have been identified as nonconforming were reliable and capable of performing their safety function. The licensee*s had a process for implementing the necessary controls, to ensure that nonconforming QL-1 and QL-2 items that were inoperable would be coordinated through technical support advisors. The engineering department provided technical support and prepared operability evaluations. The inspectors* reviews of the process information were in the context of determining whether the licensee*s program demonstrated that management measures for IROFS were in place that appropriately documented and recorded the discovery of failures.

b. Conclusions

The licensee has a program and procedures in place to identify items that satisfactorily passed inspections and tests, and to establish indicating and operating status for failures of structures, systems and components.

12. Corrective Actions

a. Inspection Scope and Observations

The Corrective Action Program was implemented in accordance with the licensee*s QAPD and Corrective Action Process Procedure, AC2-RG-004, Corrective Action Process. The Web-based Corrective Actions Tracking System (CATS Web) was used to issue condition notifications of problems or discrepancies. The issue or problem report required screening from a screening manager to determine the safety significance and reportability of the issue. The inspectors reviewed audit and assessment items flagged by the licensee that required corrective action follow-up. Corrective action follow-up review of various audit/assessments items indicated that condition notifications were issued and entered into CATSWeb. However, review of CATSWeb indicated that the Webfocus portion of the program had not been implemented, which inhibited correlation of the condition report number with its origin or source document.

b. Conclusions

The Web-based Corrective Actions Tracking System (CATSWeb) assessed and categorized events and conditions by using the notification and reporting criteria established in 10 CFR 70.50 and 10 CFR 70.74 (c) (1). The licensee agreed that CATSWeb Webfocus portion of the program should be upgraded and provisions of the program added or enhanced to enable correlation of the condition report number with its origin or source document.

13. Control of Nonconforming Items

A. Inspection Scope and Observations

The inspection scope of the licensee*s nonconformance item control encompassed items and activities that did not conform to specified requirements, and the controls used to prevent inadvertent use or installation of these items. The inspectors reviewed various implementing procedures used by the licensee. To control nonconforming items, the licensee has implemented the following series of procedures used to describe controls for nonconforming items: AC2-QM-1 07, Material Condition Report; AC2-QM-101, Quality Control Inspection Program; AC2-QMIOO, Quality Control Conduct of Operations; and AC2-RG-004, Corrective Action Process. The inspectors concluded that the licensee*s program for control of nonconforming items defined the responsibility and authority for the evaluation and disposition of nonconforming items. Nonconformance documentation identified the nonconforming item, described the nonconformance and contained the disposition path, including re-inspection requirements and signature approval. The inspectors noted that material condition report training had not been developed, and was an open item identified by the licensee.

b. Conclusions

The licensee*s program for control of nonconforming items defined the responsibility and authority for the evaluation and disposition of nonconforming items.

14. Quality Assurance Records

a. Inspection Scope and Observations

The licensee*s Quality Assurance Records Management Program described the items and activities required to develop, store, protect, and retain records pertinent to the project. The inspectors reviewed various implementing procedures used by the licensee.

b. Conclusions

The licensee had not yet implemented their Records Management Program or deployed their electronic Hummingbird Records Management Program.

15. Exit Meeting

The inspection scope and results were summarized on March 31, 2005, with the licensee. The inspectors described the areas inspected and discussed in detail the inspection results. Although proprietary documents and processes were reviewed during this inspection, the proprietary nature of these documents or processes are not included in this report. No dissenting comments were received from the licensee.

ATTACHMENT

1. LIST OF PERSONS CONTACTED

Licensee

G. Smith, USEC Inc., QA Manager
K. Coriell, USEC Inc., Regulatory Engineer
D. Couser USEC Inc., Lead Cascade Demonstration Manager
T. Coulter, USEC Inc., Manager of Lead Cascade Operations and Maintenance
B. Zeik, USEC Inc., Project Support Manager
D. Rogers, USEC Inc., Manager, Construction and Operations
G. Shoemaker, USEC Inc., Manager, Engineering
D. Weber, USEC Inc., Manager, Mechanical and Civil Engineering
B. Warren, USEC Inc., Manager, Operations Analysis

Other licensee employees contacted included engineers, technicians, and production staff, and office personnel.

2. INSPECTION PROCEDURE (IP) USED

IP 88005 Management Organization and Controls

3. PARTIAL LIST OF DOCUMENTS REVIEWED

AC2-EG-001, Request for Engineering Services, Rev. 0 (UE2-TO-EGIO3O)
AC2-EG-003, Nuclear & Commercial Modification Controls, Rev. 1
AC2-EG-007, ISA Change Process, Rev. 0
AC2-EG-009, Processing Modification & Project Changes, Rev. 1
AC3-EG-203, Engineering Drawing Controls, Rev. I
AC3-EG-204, Engineering Calculation Controls, Rev. 0
AC3-EG-401, Design ReviewsNerifications, Rev. 0 (XP3-EG-EG1 079)
AC3-EG-407, Test Plans, Rev. 0
AC3-EG-501, Preparation of Engineering Procurement Specifications, Rev. 1
AC2-PS-001, Document Control Process, Rev. 0
AC2-QM-003, Lead Cascade Acceptance Testing, Rev, 0
AC2-QM-1 00, Quality Control Conduct of Operations, Rev. 1
AC2-QM-1 01, Quality Control Inspection Program, Rev. 0
AC2-QM-103, ACP Weld Visual Inspection Program, Rev. 0
AC3-QM-106, QC Inspector Qualification Program, Rev. 0
AC2-QM-107,Material Condition Report Program, Rev. 0
AC2-RG-001, Facility Change Evaluation, Rev. 6
AC2-TP-001, Procedure Process, Rev. 3

4. LIST OF ITEMS OPENED, CLOSED, AND DISCUSSED

None

5. LIST OF ACRONYMS USED

ADAMS	Agency-Wide Document Access and Management System
CFR	Code of Federal Regulations
ESDS	Engineering Standard Data Sheets
IP	Inspection Procedure
IROFS	Items Relied on for Safety
ISA	Integrated Safety Analysis
NRC	U.S. Nuclear Regulatory Commission
QA	Quality Assurance
QAPD	Quality Assurance Program Description
QL	Quality Assurance Level