May 23, 2005

Mr. Ray Tsukimura, President
Aerotest Operations, Inc.
3455 Fostoria Way
San Ramon, CA 94583

SUBJECT: NRC INSPECTION REPORT NO. 50-228/2005-201

Dear Mr. Tsukimura:

This letter refers to the inspection conducted on April 25-28, 2005, at your Aerotest Radiography and Research Reactor facility. The inspection included a review of activities authorized for your facility. The enclosed report presents the results of that inspection.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observation of activities in progress. Based on the results of this inspection, no safety concerns or noncompliances of NRC requirements were identified. No response to this letter is required.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at (the Public Electronic Reading Room) http://www.nrc.gov/reading-rm/adams.html.

Should you have any questions concerning this inspection, please contact Craig Bassett at (404) 562-4712 or Kevin Witt at (301) 415-4075.

Sincerely,

/RA/

Patrick M. Madden, Section Chief
Research and Test Reactors Section
New, Research and Test Reactors Program
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation

Docket No. 50-228
License No. R-98

Enclosure: NRC Inspection Report No. 50-228/2005-201
cc w/encl: Please see next page

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cc:

Mr. Fred Meren, Reactor Supervisor
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San Ramon, CA 94583

Director, Energy Facilities Siting Division
Energy Resources Conservation
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Mr. Steve Hsu
Radiological Health Branch
State Department of Health Services
P.O. Box 942732
Sacramento, CA 94234-7320

Test, Research, and Training
Reactor Newsletter
202 Nuclear Sciences Center
University of Florida
Gainesville, FL 32611

U.S. NUCLEAR REGULATORY COMMISSION
OFFICE OF NUCLEAR REACTOR REGULATION

Docket No:	50-228
License No:	R-98
Report No:	50-228/2005-201
Licensee:	Aerotest Operations, Inc.
Facility:	Aerotest Radiography and Research Reactor
Location:	3455 Fostoria Way San Ramon, CA 94583
Dates:	April 25-28, 2005
Inspectors:	Craig Bassett Kevin Witt
Approved by:	Patrick M. Madden, Section Chief Research and Test Reactors Section New, Research and Test Reactors Program Division of Regulatory Improvement Programs Office of Nuclear Reactor Regulation

EXECUTIVE SUMMARY

Aerotest Operations, Inc.
Inspection Report No.: 50-228/2005-201

The primary focus of this routine, announced inspection was the on-site review of selected aspects and activities since the last NRC inspection of the licensee's Class II non-power reactor safety programs including: organization and staffing, review and audit functions, design control, reactor operations, operator requalification, maintenance and surveillance, fuel handling, experiments, procedures, and emergency preparedness.

Organization and Staffing

- The licensee's organization and staffing remain in compliance with the requirements specified in the Technical Specifications.

Review and Audit Functions and Design Control

- Review and oversight functions required by Technical Specification Section 12.1.3 were acceptably completed by the Reactor Safeguards Committee.

- No changes had been made at the facility since the last NRC inspection but the 10 CFR 50.59 process for design change at the facility was in place and would be followed as required if changes were initiated.

Reactor Operations

- Reactor operations were conducted in accordance with Technical Specification requirements and applicable procedures.

Operator Requalification

- Operator requalification was being conducted and completed as required by the Operator Requalification Program. Medical examinations were being completed as required.

Maintenance and Surveillance

- The program for surveillance verifications and calibrations was being implemented in accordance with Technical Specification requirements.

- Maintenance was being completed in accordance with Technical Specification and procedural requirements.

Fuel Handling

- Fuel movements and inspections in general were completed and documented in accordance with the requirements specified by procedure.

Experiments

- The program for the control of experiments satisfied regulatory, procedural and Technical Specification Section 6.7 requirements.

Procedures

- Facility procedures were acceptable and satisfied Technical Specification and administrative procedure requirements for being revised by the licensee and reviewed and approved by the Reactor Safeguards Committee.

Emergency Preparedness

- The current facility Emergency Plan and implementing procedures were being reviewed biennially as required and updated as needed.

- Emergency response equipment was being maintained and alarms were being tested monthly as required.

- The Letter of Agreement with the local hospital was being verified annually as required.

- Evacuation drills were being conducted twice yearly as required by the Emergency Plan.

- Emergency preparedness training for staff personnel was being completed as required.

REPORT DETAILS

Summary of Plant Status

The licensee's TRIGA-conversion research reactor continued to be operated in support of laboratory experiments, reactor operator training, and neutron radiography. During the inspection, the reactor was started up and operated each day at approximately one hundred and fifty kilowatts (150 kW) to complete neutron radiography operations. The maximum authorized power level was 250 kW but the licensee reduced the typical operating power level to 150 kW to reduce personnel radiation exposures.

1. Organization and Staffing

a. Inspection Scope (Inspection Procedure [IP] 69001)

The inspectors reviewed the following regarding the licensee's organization and staffing to ensure that the requirements of Technical Specifications (TS) Sections 10.1 and 12.1 were being met:

- organizational structure specified in the latest version of the TS, Amendment No. 4, dated January 28, 1981
- staffing during routine operation of the Aerotest Radiography and Research Reactor (ARRR)
- Annual Summary of Changes, Tests, and Experiments at Aerotest Radiography and Research Reactor (ARRR) for the periods from July 1, 2002 to June 30, 2003, and from July 1, 2003 to June 30, 2004

b. Observations and Findings

Through discussions with licensee representatives, the inspectors determined that management responsibilities and the organizational structure at the facility had not functionally changed since the previous NRC inspection in August 2004 (Inspection Report No. 50-228/2004-201). Within the last year, one operations staff member, who held a Senior Reactor Operator (SRO) license, had been promoted to Reactor Supervisor. The previous Reactor Supervisor continued to maintain operational responsibility as the Manager of Neutron Radiography. The inspectors confirmed that the new Reactor Supervisor possessed the proper education, training, and experience as specified in TS 12.1.4. The Reactor Supervisor continued to report to the President, Aerotest Operations, Inc. (AO).

Through review of records and logs and discussions with licensee personnel, the inspectors determined that the current staffing at the facility was acceptable to support the work and ongoing activities and met the requirements of the TS. It was also noted that AO continues to be a wholly-owned subsidiary of OEA Aerospace, Inc. OEA Aerospace Inc. is a wholly-owned subsidiary of Autoliv ASP, Inc., which in turn is a wholly-owned subsidiary of Autoliv, Inc., a Delaware Corporation.

c. Conclusions

The licensee's organization and staffing remain in compliance with the requirements specified in the TS.

2. Review and Audit Functions and Design Control

a. Inspection Scope (IP 69001)

In order to ensure that the audits and reviews stipulated in the requirements of TS Section 12.1.3 were being completed and to verify that any modifications to the facility were consistent with 10 CFR 50.59 and were reviewed as required, the inspectors reviewed the following:

- Reactor Safeguards Committee meeting minutes for 2003 and 2004
- duties specified for the RSC by the TS
- completed audits for 2003 and 2004
- Section I of the ARRR Procedures Manual entitled, “Administrative Procedures,” PCN 1, last reviewed May 17, 2004
- changes made under the licensee’s 10 CFR 50.59 change process

b. Observations and Findings

The Reactor Safeguards Committee (RSC) met at least once per year in accordance with TS requirements and the last two meetings were held on November 4, 2003 and November 2, 2004. The inspectors reviewed the RSC's meeting minutes, which showed that the RSC had considered the types of topics outlined by the TS. The meetings were typically attended by all members of the committee. Review of the minutes indicated that the committee provided guidance and direction to ensure suitable oversight of reactor operations and that the minutes provided a record of this safety oversight.

The RSC minutes and audit records showed that the chairperson conducted an individual audit of facility operations at least annually and submitted the results to the President, AO. The inspectors noted that there were no significant issues discovered and that the licensee took appropriate corrective actions in response to any audit findings noted.

Through review of applicable records and interviews with licensee personnel, the inspectors determined that no design changes had been initiated and/or completed at the facility since the last NRC operations inspection. It was noted that TS and procedural requirements were in place to ensure that changes, if proposed, would be reviewed by the RSC and in accordance with 10 CFR 50.59 as required.

c. Conclusions

Review and oversight functions required by TS Section 12.1.3 were acceptably completed by the RSC. No changes had been made at the facility since the last NRC inspection but the 50.59 process for design change at the facility was in place and would be followed as required if changes were initiated.

3. Reactor Operations

a. Inspection Scope (IP 69001)

The inspectors reviewed selected portions and/or aspects of the following to ensure compliance with TS Section 10:

- selected ARRR Startup/Shutdown Sheets for 2004 and 2005
- selected ARRR Operational Log Sheets for 2004 and 2005
- staffing for reactor operations
- reactor startup, operations, and shutdown activities during the inspection
- Section II of the ARRR Procedures Manual entitled, “Operating Procedures,” PCN 1, last reviewed May 17, 2004
- Annual Summary of Changes, Tests, and Experiments at Aerotest Radiography and Research Reactor (ARRR) for the periods from July 1, 2002 to June 30, 2003, and from July 1, 2003 to June 30, 2004
- Operations Request Forms for selected scrams in 2003, 2004 and to date in 2005

b. Observations and Findings

The operating logs were generally complete and provided an acceptable indication of operational activities. The Annual Summaries of Changes, Tests, and Experiments documented the abnormal events that had occurred during the year. For any unresolved scrams where the cause has not been determined, an operations request form (ORF) was completed to document the measures that were taken to resolve or track the events. ORFs were designed to provide documentation and approvals required for various reactor related activities, such as maintenance on TS required instruments. Logs and records also showed that operational conditions and parameters were consistent with license and TS requirements.

The inspectors reviewed selected ARRR Startup/Shutdown Sheets and Operational Log Sheets dating from January 2004 through the date of this inspection. As noted above, the inspectors determined that reactor operations were carried out following written procedures as required by TS Section 12.2.1.1. Reactor Safety System scrams were identified in the log as “automatic scrams”, and were reported and resolved as required before the resumption of operations under the authorization of a Senior Reactor Operator (SRO). Logs and records also showed that operational conditions and parameters were consistent with license and TS requirements and that TS operational limits had not been exceeded.

The inspectors conducted observations of the reactor staff on April 26, 2005, and reviewed Reactor Operations Log Sheets and associated records and logs. The inspectors noted that the licensed SRO on duty was knowledgeable and competent. Observation of operational activities also confirmed that reactor operations were carried out in accordance with written procedures and TS requirements.

c. Conclusions

Reactor operations were conducted in accordance with TS requirements and applicable procedures.

4. Operator Requalification

a. Inspection Scope (IP 69001)

To verify compliance with the Requalification Program, which was last revised July 13, 2000, the inspectors reviewed:

- status of all qualified operators' licenses
- 2003 Senior Reactor Operator Biennial Written Examinations
- 2003 and 2004 Senior Reactor Operator Annual Operating Examinations
- records documenting the results of the biennial written examinations and the annual operating tests given to the qualified operators for 2003 and 2004
- operator physical examination records for 2003 and 2004
- selected ARRR Operational Log Sheets documenting reactivity manipulations

b. Observations and Findings

There are currently four SROs employed at the facility. The inspectors verified that the operators' licenses were current. Records showed that operators were given biennial requalification examinations and annual operations tests as required. Logs indicated that operators maintained active duty status as required by operating the reactor the required number of hours quarterly and by taking the annual operating examinations. The inspectors verified that physical examinations of the operators were conducted biennially as required. The Operator Requalification Program was being maintained up to date. The inspectors also verified that the operators were reviewing the contents of all abnormal and emergency procedures on a regularly scheduled basis as indicated by a sign off sheet located in the emergency procedures folder.

The inspectors also noted that two employees, one currently working as the electronics engineer and the other a full time radiographer, were in training to become SROs.

c. Conclusions

Operator requalification was being conducted and completed as required by the Operator Requalification Program. Medical examinations were being completed as required.

5. Maintenance and Surveillance

a. Inspection Scope (IP 69001)

To determine that surveillance activities and calibrations were being completed as required by TS Sections 4, 5, 6, and 10, the inspectors reviewed:

- Operations Request Forms for 2004 and to date in 2005
- Quarterly Maintenance Check Lists for 2004 and to date in 2005
- Monthly Alarm Check Lists for 2004 and to date in 2005
- Repair Folders for various instruments
- selected ARRR Startup/Shutdown Sheets for 2004 and to date in 2005
- Reactor Period Data Sheets for the past two years
- Control Rod Calibration - Rod Drop Data Sheets (Graphic Version)
- Fred's Interpretation of Control Rod Calibration - Period Method
- Section IV of the ARRR Procedures Manual entitled, "Critical Assembly and Power Calibration," PCN 6, last reviewed May 17, 2004
- Section VIII of the ARRR Procedures Manual entitled, "Maintenance Procedures," PCN 2, last reviewed May 17, 2004

b. Observations and Findings

Daily, monthly, quarterly, semiannual, and annual surveillance/test verifications and calibrations were completed on schedule and in accordance with licensee procedures and TS requirements. Procedures do not exist for the monthly alarm checks or the quarterly maintenance checklist, since the items on the list are self-explanatory. Daily surveillance checks are only required if the reactor will be operated on the day the checks are performed. Monthly alarm checks are required to be completed in accordance with the licensee's emergency plan. The only item required to be completed for the semi-annual surveillance is the heat exchanger power calibration while the only item required to be completed for the annual surveillance is the control rod reactivity worth determination. All of the recorded results for the surveillance checks were within the associated TS required and/or procedurally prescribed parameters. The records and logs reviewed were accurate, complete, and being maintained as required.

The control rod worths were determined by using the rod drop method and the positive period method. The rod drop method determines the entire rod worth by dropping the appropriate control rod and measuring the amount of time it takes to reduce power, which is proportional to the control rod's worth. The positive period method derives the control rod worth for a given interval of a control rod by withdrawing the control rod and measuring the time it takes for the power to increase by a factor of 100, which is

then compared to reactivity using the inhour equation. The licensee had an unofficial interpretation of the procedures that provided step by step instructions on how to perform the procedure and gave a slightly more detailed approach than the approved procedures. The inspectors requested that the licensee have the unofficial step by step procedures reviewed and approved by the RSC so that they could be incorporated into their official procedures. The inspectors determined that this would ensure greater reproducibility for this procedure. This issue will be considered by the NRC as an Inspector Follow-up Item (IFI) and will be reviewed during the next inspection at the facility (IFI 50-228/2005-201-01).

The inspectors observed facility staff members conduct a monthly alarm check. All of the items on the checklist were carried out appropriately and the personnel conducting the tests did so in a safe and knowledgeable manner. The inspectors also observed the licensee verifying that the control room has a higher air pressure than the reactor room required by TS 3.1.3 with the use of a portable velometer in the window between the control room and the reactor room. A definitive value for difference in pressures was not obtained, but the licensee received an overall verification that the pressure in the reactor room was negative with respect to the control room.

The various Repair Folders and Operations Request Forms maintained by the licensee indicated that problems were addressed and routine preventive maintenance operations were completed as required by procedure. If electrical components for the nuclear instrumentation were replaced, the maintenance procedures required that calibrations and voltage checks occur before the instrumentation was placed back into service. The inspectors verified that these tests were completed by looking in the repair folders for the instrumentation. Records showed that routine maintenance activities were conducted at the required frequency and in accordance with the TS and/or the applicable procedure. Maintenance activities ensured that equipment remained consistent with the Safety Analysis Report and TS requirements.

c. Conclusions

The program for surveillance verifications and calibrations was being implemented in accordance with TS requirements. Maintenance was being completed in accordance with TS and procedural requirements.

6. Fuel Handling

a. Inspection Scope (IP 69001)

The inspectors reviewed selected aspects of the following to verify that fuel movement and handling was being conducted as required by TS Section 5.1.1 and Section 11:

- selected ARRR Operational Log Sheets for the past two years
- fuel handling equipment and reactor instrumentation
- Data Sheets for Fuel and Graphite Transfer forms for 2003, 2004, and 2005
- related fuel movement records and data sheets

- Section IV of the ARRR Procedures Manual entitled, “Critical Assembly and Power Calibration,” PCN 6, last reviewed May 17, 2004

b. Observations and Findings

The inspectors verified that the fuel movements made since the last inspection were conducted in compliance with procedure and that the licensee was maintaining the required records of the various movements that had been completed. Although reactor fuel was not required to be inspected, the licensee continued to inspect twenty percent (20%) of the fuel elements annually in order to remain cognizant of the physical status of the fuel. Based on the results of these fuel inspections, the licensee noted that several fuel elements had been deformed such that they were stuck in the reactor core, making them difficult to remove. The inspectors determined that the licensee was unable to inspect the lower fuel and graphite portions of these fuel elements since they could not be removed from the reactor core. To ensure that the deformation of these fuel elements is not a precursor to a more significant issue, the NRC will continue to monitor the licensee’s fuel inspections and any possible indications of a fuel element cladding failure. The licensee understands the significance of the issue, and is developing plans to conduct inspections of these fuel elements. The licensee was informed that review of the their efforts to conduct a full inspection of the fuel would be identified as an Inspector Follow-up Item (IFI) and will be reviewed during the next inspection at the facility (IFI 50-228/2005-201-02).

c. Conclusions

Fuel movements and inspections in general were completed and documented in accordance with the requirements specified by procedure.

7. Experiments

a. Inspection Scope (IP 69001)

To ensure that the requirements of TS Sections 8 and 9 were being met concerning experimental programs, the inspectors reviewed selected aspects and/or portions of:

- Experiment Sheets and Production Log Sheets
- Aerotest Experiment Type Review forms approved by the RSC
- experimental administrative controls and precautions
- Section VII of the ARRR Procedures Manual entitled, “Experiment Review and Approval,” PCN 2, last reviewed May 17, 2004, stipulating experimental program requirements

b. Observations and Findings

There were six basic types of experiments approved to be conducted at the ARRR facility. The inspectors verified the only experiment that has been conducted in the past ten years at the facility is neutron radiography. The reactor is operated on a daily basis for neutron radiography, where the samples being irradiated are explosive

devices for different uses including the space shuttle fuel tank separation system, fighter jet ejection systems, and automobile air bag initiating devices. All neutron radiography experiments were routine in nature and had been conducted for several years. The results of the experiments and irradiations were documented in appropriate logs or records. Based on observations the inspectors conducted of the neutron radiography operations, all samples were being handled in a safe and cautious manner.

No new experiments had been initiated, reviewed, or approved since the last inspection. If any experiments were to be initiated, they would be reviewed and approved by the RSC and would be completed under the supervision of the Reactor Supervisor and in accordance with TS requirements (e.g., reactivity limitations, explosive material restrictions, etc.).

c. Conclusions

The program for the control of experiments satisfied regulatory, procedural and TS Section 6.7 requirements.

8. Procedures

a. Inspection Scope (IP 69001)

The inspectors reviewed the following to ensure that the requirements of TS Section 12.2 were being met concerning written procedures:

- selected ARRR procedures as noted in this report
- procedure revision, review, and approval process
- Section I of the ARRR Procedures Manual entitled, “Administrative Procedures,” PCN 1, last reviewed May 17, 2004

b. Observations and Findings

The inspectors noted that procedures had been developed for reactor operations and safety. The inspectors verified that a designated member of the RSC had completed biennial reviews of the procedures as required. The only procedure that had been revised since the last inspection was the emergency plan implementing procedure. The inspectors verified that the emergency plan implementing procedure had been revised in accordance with administrative procedures. It was also noted that revisions to procedures were presented by the licensee to the RSC for review and approval as needed.

c. Conclusions

Facility procedures were acceptable and satisfied TS and administrative procedure requirements for being revised by the licensee and reviewed and approved by the RSC.

9. Emergency Preparedness

a, Inspection Scope (IP 69001)

To verify compliance with the Emergency Plan, the inspectors reviewed selected aspects of:

- the licensee's Emergency Plan implementing procedures, Section III of the ARRR Procedures Manual entitled, "General Emergency Procedures," PCN 4, last revised January 28, 2005
- emergency response facilities, supplies, and instrumentation
- training and emergency drill records
- offsite support as indicated in the current Letter of Agreement

b. Observations and Findings

The Emergency Plan (E-Plan) in use at the facility was the same as the version most recently approved by the NRC and was revised January 14, 2005. The E-Plan was audited and reviewed biennially as required. The inspectors noted that the E-Plan was recently revised and updated as part of the license renewal application. The licensee's changes to the E-Plan did not decrease the effectiveness of the plan and a letter to this effect was sent to the NRC. Implementing procedures were reviewed and revised as needed to implement the E-Plan effectively.

Through records review and through interviews with licensee personnel, emergency responders were determined to be knowledgeable of the proper actions to take in case of an emergency. Emergency response equipment was being maintained and alarms were being tested monthly as required. Communications capabilities with the various offsite support groups were acceptable.

The inspectors verified that emergency preparedness and response training for staff personnel was being completed annually as required. Evacuation drills had been conducted twice a year as required by the E-Plan. The licensee was again encouraged to conduct more challenging drills in order to test communications procedures and check on the response of facility personnel to a simulated radiological or industrial hazards problem.

The inspectors reviewed the Letter of Agreement (LOA) that had been established with the Valley Care Health System which operated a hospital in nearby Pleasanton, CA. The LOA stipulated that the hospital would treat potential victims of a radiological event if such were to occur at the ARRR facility. The inspectors verified that the hospital had been contacted annually as required to ensure that the LOA remained in effect and to verify facility readiness.

The inspectors visited the Valley Care Health System Hospital in Pleasanton, CA on April 27, 2005, and observed the supplies and equipment at this support site that would be available in case of an emergency. There appeared to be a good working relationship between the licensee and this support organization. The inspectors also

visited the San Ramon Valley Fire Department on the same day and observed the emergency response equipment that would be used during a radiological emergency at the facility. During the tour of the fire station, the inspectors asked the HAZMAT specialist what the ARRR could do to help the fire department personnel fulfill their role of providing emergency response support for the reactor facility. The HAZMAT specialist stated that they had the training they needed to provide assistance to the ARRR in an emergency situation, but it may also be useful to have a periodic tour of the facility to reorient themselves with hazards contained in the building. The licensee management member who was present at the meeting agreed that a periodic facility tour would be useful to the fire department. This issue will be considered by the NRC as an IFI and will be reviewed during the next inspection at the facility (IFI 50-228/2005-201-03). Other than this issue, there appeared to be a good working relationship between the licensee and the fire department.

c. Conclusions

The inspectors concluded that the emergency preparedness program was conducted in accordance with the Emergency Plan because: 1) the Emergency Plan and implementing procedures were being reviewed biennially as required and updated as needed, 2) emergency response equipment was being maintained and alarms were being tested monthly as required, 3) the Letter of Agreement with the local hospital was being verified annually as needed, 4) evacuation drills were being conducted twice a year as required, and 5) emergency preparedness training for staff personnel was being completed as required.

10. Follow-up on Previous Open Items

a. Inspection Scope (IP 69001)

The inspectors reviewed the actions taken by the licensee following identification of Inspector Follow-up Items during a previous inspection.

b. Observations and Findings

(1) IFI 50-228/2003-201-01 - Follow-up on the licensee's efforts to revise the Operational Log Sheets to document that at least two people are present in the facility when the reactor is operating

NRC Inspection Report No. 50-228/2003-201, dated July 3, 2003, outlined the situation. During that inspection, the inspector noted that TS Section 10.1 requires that reactor operation shall be permitted only when two or more personnel are in the reactor building, at least one of whom is a licensed operator. Appropriate shift staffing was not apparent from the Operational Log Sheets. At that time, the licensee indicated that a revision to the Operational Log Sheets could be made to make the determination of adequate shift staffing more readily available.

During this inspection, the inspectors confirmed that the licensee was recording the additional person in the facility in the comments section of the Operational Log Sheets. The inspectors also noted that shift staffing was adequate and satisfied the requirements for duty and on-call personnel. This issue is considered closed.

(2) IFI- 50-228/2001-201-01 - Follow-up on revision of the E-Plan to reflect the current situation concerning the location of the Emergency Support Center.

NRC Inspection Report No. 50-228/2001-201, dated September 14, 2001, outlined the situation. During that inspection, while reviewing the E-Plan, the inspector noted that Section VII.A.2 indicated that an alternate Emergency Support Center had been established and was available in the PG&E Offices at 3400 Crow Canyon Road in San Ramon, CA. When the inspector requested to visit that support center in 2001, the licensee stated that the facility was no longer needed nor maintained.

As part of the current inspection, the inspectors verified that the updated E-Plan was revised to remove the reference to this facility. The only Emergency Support Center mentioned in the current E-Plan is the facility control room. This issue is considered closed.

(3) URI - 50-228/2000-201-01 - Follow-up on concerns regarding transfer of license and foreign ownership.

The inspectors discussed the issue of the apparent indirect or ultimate transfer of the license which occurred when the ownership of the Aerotest Radiography and Research Reactor (ARRR) was transferred in substantial part to Autoliv, Inc., through an indirect transfer.

This issue is still being reviewed by both the licensee and the NRC. This item remains open.

c. Conclusions

The issue regarding the effort to revise the Operational Log Sheets to document that at least two people are present in the facility when the reactor is operating was closed. The previously identified situation involving the need to revise the Emergency Plan was closed. The issue involving the potential foreign ownership of AO is still being reviewed.

11. Exit Interview

The inspection scope and results were summarized on April 28, 2005, with members of licensee management. The inspectors described the areas inspected and discussed in detail the inspection findings. No dissenting comments were received from the licensee. Although proprietary information was reviewed during the inspection no such material is included in this report.

PARTIAL LIST OF PERSONS CONTACTED

Licensee

C. Bauman, Reactor Supervisor
K. Kumar, Electronics Engineer
F. Meren, Manager of Neutron Radiography
R. Tsukimura, President and Chief Executive Officer, Aerotest Operations, Inc.
S. Warren, Radiological Safety Officer and Manager, Quality Assurance

Other Personnel

C. Thornburg, Emergency Management Hazardous Materials Coordinator, Valley Care Health System, Pleasanton, CA
D. Bonnie, Engineer Hazardous Materials Specialist, San Ramon Valley Fire Department Station 35

INSPECTION PROCEDURE USED

IP 69001: Class II Non-Power Reactors

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

50-228/2005-201-01	IFI	Follow-up on revision of control rod calibration procedures to implement step by step instructions on how to perform the procedure.
50-228/2005-201-02	IFI	Review the licensee's actions to conduct complete inspections of the fuel elements in the core.
50-228/2005-201-03	IFI	Follow-up on conducting facility tours and re-orientation for the San Ramon Valley Fire Department HAZMAT personnel.

Closed

50-228/2001-201-01	IFI	Follow-up on revision of the E-Plan to reflect the current situation concerning the location of the Emergency Support Center.
50-228/2003-201-01	IFI	Follow-up on the licensee's efforts to revise the Operational Log Sheets to document that at least two people are present in the facility when the reactor is operating.

Discussed

50-228/2000-201-01	URI	Follow-up on concerns regarding transfer of license and foreign ownership of Aerotest Operations, Inc.

LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
AO	Aerotest Operations, Inc.
ARRR	Aerotest Radiography and Research Reactor
CFR	Code of Federal Regulations
E-Plan	Emergency Plan
IFI	Inspector Follow-up Item
kW	kilowatt
LOA	Letter of Agreement
NRC	Nuclear Regulatory Commission
OEA	OEA Aerospace, Inc.
ORF	Operations Request Form
PCN	Procedure Change Notice
RO	Reactor Operator
RSC	Reactor Safeguards Committee
SRO	Senior Reactor Operator
TS	Technical Specification
URI	Unresolved Item