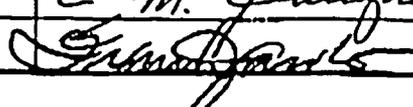


NRC FORM 5915 PART 1 <small>(8-2002)                  10 CFR 2.201</small>		U.S. NUCLEAR REGULATORY COMMISSION	
<b>SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION</b>			
1. LICENSEE/CERTIFICATE HOLDER Global Nuclear Fuel - Americas, LLC Castle Hayne Road Wilmington, NC 28401		2. NRC/REGIONAL OFFICE Spent Fuel Project Office M/S O13D13 Washington, DC 20555-0001	
REPORT NUMBER(S) 71-0254/05-201			
3. LICENSEE/CERTIFICATE NUMBER(S) 71-0254	4. INSPECTION LOCATION Greensboro, NC	5. DATE(S) OF INSPECTION April 25-29, 2005	
The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your license or Certificate of Compliance (CoC). The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:			
<input checked="" type="checkbox"/> 1. Based on the inspection findings, no violations or nonconformances were identified.			
<input type="checkbox"/> 2. Previous violation(s) or nonconformance(s) closed.			
<input type="checkbox"/> 3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy, NUREG-1600, to exercise discretion, were satisfied.			
_____ Non-Cited Violation(s) was/were discussed involving the following requirement(s) and Corrective Action(s):			
<input type="checkbox"/> 4. During this inspection certain of your activities, as described below and/or attached, were in violation or nonconformance of NRC requirements and are being cited. This form is a NOTICE OF VIOLATION OR NONCONFORMANCE, which may be subject to posting in accordance with 10 CFR 19.11.			
(Violations, Nonconformances, and Corrective Actions)			
<b>STATEMENT OF CORRECTIVE ACTIONS</b>			
<input type="checkbox"/> I hereby state that, within 30 days, the actions described by me to the inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested; OR			
<input type="checkbox"/> Written Response requested in 30 days <input type="checkbox"/> YES <input type="checkbox"/> NO			
<b>TITLE</b>	<b>PRINTED NAME</b>	<b>SIGNATURE</b>	<b>DATE</b>
LICENSEE	Charles M. Vaughan		5/17/05
NRC INSPECTOR	Frank Jacobs		5/17/05

### INSPECTOR NOTES COVER SHEET

Licensee/Certificate Holder (name and address)	Global Nuclear Fuel - Americas Castle Hayne Road Greensboro, NC 27407
Licensee/Certificate Holder contact and phone number	Charles Vaughan 910-675-5656
Docket No.	71-0254
Inspection Report No.	71-0254/2005-201
Inspection Date(s)	April 25-29, 2005; Exit May 17, 2005
Inspection Location(s)	Columbiana Hi Tech, Greensboro, NC
Inspectors	Frank Jacobs, James Pearson, Michael Karmis, Michelle Flanagan, Larry Campbell
Summary of Findings and Actions	<p>During an inspection of Columbiana Hi Tech (CHT), the inspection team reviewed the oversight by Global Nuclear Fuel - Americas (GNF) of CHT's fabrication activities for the RAJ-II Shipping Container. One weld issue identified by the NRC team during the inspection is being resolved under the CHT and GNF corrective action procedures. No findings of significance regarding GNF oversight were identified.</p> <p>The team concluded, based on the personnel interviews, activities observed, and documents reviewed, that GNF oversight of CHT fabrication activities for the RAJ-II Shipping Container was adequate and met regulatory requirements.</p>
Lead Inspector Signature/Date	Frank Jacobs <i>Frank Jacobs</i> 5/19/05
Inspector Notes Approval Section Chief Signature/Date	Mary Jane Ross-Lee <i>Mary Jane Ross-Lee</i> 5/19/05

## INSPECTOR NOTES

Concurrently with the full-scope inspection of Columbiana Hi Tech (CHT) during fabrication of the RAJ-II Shipping Container, the inspection team reviewed the oversight by Global Nuclear Fuel - Americas (GNF) of CHT's fabrication activities. The team performed the review following selected attributes of Inspection Procedure 86001. Some programmatic observations were noted for CHT during the inspection, and one fabrication issue was observed regarding the RAJ-II container.

At the request of the inspection team on May 16, 2005, GNF provided additional information developed subsequent to the inspection at CHT. This information concerned the corrective actions taken by CHT and GNF regarding an undersized weld identified by the NRC inspection team. The team leader telephoned the GNF Licensing Manager on May 17, 2005, to conduct the exit meeting for the inspection of GNF's oversight of CHT.

The inspector interviewed the GNF Licensing Manager and the Program Manager, Quality Assurance - Nuclear Containers. GNF audited and qualified CHT in November 2002 for a previous procurement. Prior to start of fabrication on the RAJ-II container, GE Nuclear Energy performed a Nuclear Industry Assessment Committee (NIAC) audit of CHT in July 2004 at the request of GNF. The audit resulted in two recommendations and one observation. There were no findings and GNF placed no restrictions on CHT for the fabrication of the RAJ-II containers. The Program Manager stated that he was onsite at CHT approximately every week to perform source inspection of the containers prior to release for shipping. He estimated five nonconformances had been dispositioned for RAJ-II fabrication to date. One Supplier Corrective Action Request was issued May 2, 2005, associated with the undersized weld identified by the NRC inspection team.

During the inspection of CHT, the NRC inspector noted on a RAJ-II Outer Main Body Assembly that the 3mm fillet weld for Weld Joint 36 on Traveler 09471 was undersized. Visual inspection of the weld had been performed by CHT and the weld had been documented as acceptable. After being informed of the undersized weld, CHT performed visual inspection of the 30 Outer Main Body Assembly boxes in process on the shop floor. Ten boxes revealed similar deficiencies. Seven of those ten boxes had been visually inspected and accepted. CHT issued Nonconformance Report (NCR) 1699, on April 27, 2005, with the disposition to rework affected welds. CHT issued Request For Corrective Action (CAR) 05-005, Rev. 1, on April 28, 2005, and identified the cause of the deficiency as difficulty in inspecting the weld due to distortion of the thin base material resulting from the welding process. CHT's corrective action was to train all affected manufacturing and QC personnel to ensure awareness of the peculiarities of Weld Joint 36. GNF issued Supplier Corrective Action Request (SCAR) W-3434 to CHT on May 2, 2005, for the undersized welds. The SCAR accepted CHT's responses for root cause and corrective and preventive action, but will remain open for six months for review and acceptance of the effectiveness of CHTs' corrective actions. CHT issued CAR 05-008 on May 12, 2005, to evaluate the 20 RAJ-II containers that had previously been shipped to GNF. Those 20 containers will be returned to CHT for the evaluation and any required corrections.

The team reviewed nine GNF surveillance records which included 16 witness points and 8 hold points and multiple specific weld process verifications. The team observed the GNF Program

Manager's performance of dimensional checks and observation of load testing. The team reviewed six RAJ-II Data Package Checklists, containing 36 items to be verified for each container.

During the inspection of CHT, the team found that the corrective actions for the selected Nonconformance Reports reviewed were technically sound and completed in a timely manner, and the corrective actions for the selected Corrective Action Requests reviewed appeared to be adequate.

The team concluded, based on the personnel interviews, activities observed, and documents reviewed, that GNF oversight of CHT fabrication activities for the RAJ-II Shipping Container was adequate and met regulatory requirements.