



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 23, 2005

Budhi Sagar, President
Center for Nuclear Waste
Regulatory Analyses
6220 Culebra Road
PO Drawer 28510
San Antonio, TX 78228-0510

Subject: Task Order No. 3 Entitled, "Technical Assistance for Development, Review and Implementation of the Mixed Oxide (MOX) Fuel Fabrication Facility Construction Inspection Program", Under Contract NRC-02-03-007

Dear Dr. Sagar:

In accordance with the task order procedures of the subject contract, this letter definitizes Task Order No. 3. This effort shall be performed in accordance with the enclosed Statement of Work, and the Contractor's technical proposal dated June 6, 2005. Task Order No. 3 shall be in effect from June 23, 2005 through January 31, 2006 with a cost ceiling of \$29,771. Of this total cost ceiling, the amount of \$27,142 represents the total estimated reimbursable costs, the amount of \$458 represents the cost of facility capital, and the amount of \$2,171 represents the fixed fee for this task order.

Accounting Data for Task Order No. 3 is as follows:

B&R No.: 55015333221
Job Code: J5415
BOC: 252A
Approp.: 31X0200.560
Obligated: \$29,771

The following individuals are considered to be essential to the successful performance of the work hereunder: [REDACTED]

The Contractor agrees that such personnel shall not be removed from the effort under the task order without compliance with Contract Clause H.1 Key Personnel.

Your contacts during the course of this task order are:

Technical Matters: Jayne Halvorsen
Project Officer
(301) 415-6001

TEMPLATE - ADM001

SISP REVIEW COMPLETE

ADM002

Contractual Matters:

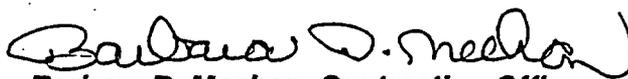
Barbara Meehan
Contract Specialist
(301) 415-6730

The issuance of Task Order No. 3 does not change any terms and conditions of the subject contract.

Please indicate your acceptance of Task Order No. 3 by having an official authorized to bind your organization, execute three (3) copies of this document in the space provided and return two (2) copies to the U.S. Nuclear Regulatory Commission, Attn: Mrs. Barbara Meehan, ADM/DC/CMB3, Mail Stop T-712, Washington, DC 20555. You should retain the third copy for your records.

If you have any questions regarding this matter, please call me on (301) 415-6730.

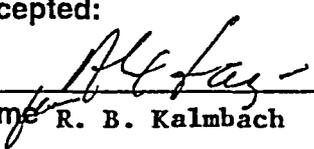
Sincerely,



Barbara D. Meehan, Contracting Officer
Contract Management Branch No. 3
Division of Contracts
Office of Administration

Enclosure: As stated

Accepted:



Name R. B. Kalmbach

Title Director, Contracts

Date July 06, 2005

STATEMENT OF WORK
NRC-02-03-007

PROJECT TITLE: TECHNICAL ASSISTANCE FOR DEVELOPMENT, REVIEW, AND IMPLEMENTATION OF THE MIXED OXIDE (MOX) FUEL FABRICATION FACILITY CONSTRUCTION INSPECTION PROGRAM

NRC TECHNICAL PROJECT MANAGER: Diana Diaz Toro 301-415-6640

NRC TECHNICAL ASSISTANCE PROJECT MANAGER: Jayne Halvorsen 301 415-6001

1.0 Background

The U.S. Nuclear Regulatory Commission (NRC) regulatory program for a mixed oxide (MOX) fuel fabrication facility (MFFF) will be performed in two stages. The first stage consists of the review and evaluation of the construction authorization request (CAR) submitted by the applicant Duke Cogema Stone & Webster (DCS). This first step requires the applicant to submit a description and safety assessment of the design bases of the principal structures, systems and components (PSSCs) of the plant, including provisions for protection against natural phenomena and the consequences of potential accidents [refer to 10 CFR 70.22(f) and 70.23(b)]. The second stage consists of a review for a license application to be filed after the NRC grants the construction authorization request.

The NRC staff performed a thorough review and detailed evaluation of the health, safety, and environmental protection of the MFFF CAR and supporting documentation. The results of the staff's environmental review are contained in NUREG-1767, "Final Environmental Impact Statement (EIS) on the Construction and Operation of a Proposed Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, South Carolina," issued in February 2005. In March 2005, the NRC issued a construction authorization (CA) to DCS for the MFFF. The NRC staff's technical basis for issuing the CA is set forth in NUREG-1821, "Final Safety Evaluation Report on the Construction Authorization Request for the Mixed Oxide Fuel Fabrication Facility at the Savannah River Site, South Carolina," issued in March 2005.

The NRC staff is also responsible for the oversight of the licensed activities performed at fuel cycle facilities, such as the MFFF. An important element of the fuel cycle facility oversight program is the inspections conducted by the NRC staff to ensure that licensees are complying with NRC's regulatory requirements. These inspections are focused on safety, safeguards, and environmental protection. The inspectors follow NRC inspection guidance, which contains the objectives and procedures to use for each type of inspection.

The MFFF inspection program will be implemented in accordance with the applicable regulatory requirements. The MFFF inspection program will consist of inspections that will be conducted during the construction, pre-operation, and commercial operation of the facility.

The NRC staff must develop a comprehensive inspection program for the activities related to the construction of the MFFF. This SOW describes the technical assistance activities to be performed in support of the development, review, and implementation of the MFFF construction

inspection program. The inspection program will verify that DCS authorized construction activities are properly conducted to ensure safety during construction in accordance with NRC's regulations.

2.0 Objective

The objective of this task is to provide technical support to the NRC staff in the preparation, development, review, and implementation of the inspection program for the construction of the MFFF. Activities will include the development and review of the construction inspection program approach and structure, including the inspection guidance.

3.0 Level of Effort

The estimated level of effort required to complete this task is 0.1 FTE for both FY 2005 and FY 2006.

4.0 Period of Performance

The period of performance for the work specified in this Statement of Work (SOW) shall commence on the effective date of this agreement and continue through the end of the project, not to exceed January 31, 2006.

5.0 Scope of Work

The NRC oversight process includes, but is not limited to, the following activities:

- planning and conducting inspections,
- evaluation and documentation of inspection results,
- enforcement activities, and
- review of the licensee's performance.

The inspection program is focused on the following areas:

- safety,
- safeguards, and
- environmental protection.

As part of the NRC inspection program, the inspectors follow appropriate guidance that contains the objectives and procedures to be used for each type of inspection activity.

The contractor will perform the following activities:

(1) Develop a construction inspection approach and structure consistent with applicable NRC regulatory requirements and quality assurance program requirements. The construction inspection approach shall also be based on the activities included in the construction and pre-operational inspection stages.

The approach and structure will identify the program objectives and establish the inspection program elements. The MFFF construction inspection program will consist of construction and pre-operation inspection activities. These inspection activities include, the inspection of PSSCs, design control, and component suppliers; and the quality assurance program. Other inspection activities will include pre-operational testing inspections and operational readiness

reviews.

(2) Develop and review the inspection procedures that will be used to conduct the MFFF construction safety inspection program.

The development of these inspection procedures will include objective measures and guidance that will assist the NRC staff during the implementation of the program.

(3) Perform a review of all inspection activities developed for the MFFF construction inspection program.

These reviews will emphasize the use of risk insights to focus the inspection program on the areas that are most important to safety and safeguards. The reviews will ensure that the developed program and guidance are risk-informed, performance-based, and consistent with the regulatory requirements.

6.0 Meetings and Travel

Attendance at meetings will be at the request of the NRC staff.

For planning purposes, the NRC anticipates that one individual will make one trip, of three days duration, to the NRC Headquarters in Rockville, Maryland, which will be necessary to discuss the supporting activities applicable to the development, review, and implementation of the MFFF construction inspection program.

The NRC may reconsider the location of the meeting and decide to hold the meeting at the NRC Region II Office in Atlanta, GA. Weekly intervening teleconference(s) and daily discussions via e-mail with NRC may also be required.

7.0 NRC Furnished Material

The NRC will provide copies of applicable NRC regulations, guidance material, and other relevant documentation that is not already in the possession of the contractor.

8.0 Deliverables

The contractor will provide:

- Draft version of the developed documents MFFF construction inspection program, and any other document which supports the development and preparation of this inspection program, 6 weeks after project initiation.
- The contractor will provide the final documents within 4 weeks of receipt of NRC comments.

The developed documents will include:

- (1) the MFFF construction inspection approach and structure, including the objectives and program elements of the inspection program,
- (2) the inspection guidance and procedures, and

(3) quality assurance reviews of developed inspection guidance.

Upon receipt of NRC comments on submitted draft documents, the contractor will address each comment and revise the documents to address NRC input. It is anticipated that NRC will provide comments within three weeks of receipt of the draft from the contractor.

9.0 Technical Direction

Jayne Halvorsen is the NMSS Technical Assistance Project Manager (TAPM) and is the focal point for all contract-related activities. All work assignments and program funding actions are initiated by the NMSS TAPM who submits all requests to the Division of Contracts (DC) for processing. All proposed work scope or schedule changes must be submitted through the NMSS TAPM.

Diana Diaz Toro is designated the Technical Project Manager (TPM) and is responsible for providing technical guidance to the contractor regarding staff interpretations of the technical aspects of regulatory requirements, along with copies of relevant documents when requested by the contractor. All work products must be reviewed and approved by the NMSS TPM before they are submitted as final documents. All technical directions given to the contractor must be consistent with the work scope and schedule. The NMSS TPM is not authorized to unilaterally make changes to the approved work scope or schedule, or give the contractor any direction that would change costs or approved levels. The Contracting Officer is the only person authorized to make changes to this task.

10.0 Performance Standards

| <u>Requirement</u> | <u>Standard</u> | <u>QA Method</u> | <u>Deduction Schedule</u> |
|----------------------------------|--|------------------|--|
| Performance of Statement of Work | At least a satisfactory rating for performance of each requirement | Survey* | Full payment of fixed fee if rated satisfactory or above. 25% reduction of fixed fee if rated less than satisfactory on any element. |

*See contract for a description of performance standards.