

ENCLOSURE 1

NOTICE OF VIOLATION

United States Department of Energy
Idaho Operations Office

Docket: 72-20
License: SNM-2508

During an NRC inspection conducted on February 23 - May 26, 1999, two violations of NRC requirements were identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violations are listed below:

- A. 10 CFR 21.31, "Procurement documents," requires that each individual, corporation, partnership, dedicating entity, or other entity subject to the regulations in this part shall ensure that each procurement document for a facility, or a basic component issued by him, her or it on or after January 6, 1978, specifies, when applicable, that the provisions of 10 CFR Part 21 apply.

10 CFR 21.3(2) states, in part, when applied to other facilities and when applied to other activities licensed pursuant to 10 CFR Parts 30, 40, 50, 60, 61, 70, 71, and 72 of this chapter, basic component means a structure, system, or component, or part thereof that affects their safety function, that is directly procured by the licensee of a facility or activity subject to the regulations of this part and in which a defect or failure to comply with any applicable regulation in this chapter, order, or license issued by the Commission could create a substantial safety hazard.

Contrary to the above, the licensee did not ensure that each procurement document for a basic component specified that the provisions of 10 CFR Part 21 apply. Specifically, the licensee's Subcontract K99-558237, issued August 17, 1998, to Transnuclear West, Inc., for the leasing of the NUHOMS® OS-197 spent fuel transfer equipment, a basic component as defined above, failed to specify that the provisions of 10 CFR Part 21 apply to the safety related services and leasing provided.

This is a Severity Level IV Violation (Supplement VII)

- B. 10 CFR 72.154(a), "Control of Purchased Material, Equipment and Services," requires that the licensee shall establish measures to ensure that purchased material, equipment and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures must include provisions, as appropriate, for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery.

Contrary to the above, the licensee did not establish measures to ensure that material, equipment and services, whether purchased directly or through contractors and subcontractors, conformed to procurement documents for structures, systems and components that are important to safety. Specifically, Purchase Order X99-573162, dated March 11, 1999, was issued by the licensee's contractor to Techalloy Company, Inc., for the purchase of eight spools of weld wire, American Welding Specification (AWS) 5.18, Er70s-6, Chemical Analysis A5.18, without completion of an inspection of the implementation of the quality program at Techalloy Company, Inc. The weld wire

(weld filler material) was used by the licensee to weld the shield lid and structural lid of the dry shielded canister (DSC), and was defined as important to safety in Table 3.4-1 "NUHOMS® Major Components and Safety Classification," of the Safety Analysis Report.

This is a Severity Level IV Violation (Supplements VII)

Pursuant to the provisions of 10 CFR 2.201, the Department of Energy - Idaho Operations Office is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with a copy to the Regional Administrator, Region IV, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, D.C. 20555-0001.

Because your response will be placed in the NRC Public Document Room (PDR), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information). If safeguard's information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 18th day of June 1999