

October 6, 2006

Mr. Mark H. Williams, Director
Regulatory Authority Office
Office of Civilian Radioactive Waste Management
U.S. Department of Energy
1551 Hillshire Drive
North Las Vegas, NV 89134-6321

SUBJECT: U.S. NUCLEAR REGULATORY COMMISSION OBSERVATION AUDIT
REPORT OAR-06-06, OBSERVATION AUDIT OF THE BECHTEL SAIC
COMPANY, LLC AUDIT BQA-BSC-06-09

Dear Mr. Williams:

Enclosed is the U.S. Nuclear Regulatory Commission (NRC) Observation Audit Report OAR-06-06 regarding the Bechtel SAIC Company, LLC (BSC), audit BQA-BSC-06-09 conducted on August 21-September 7, 2006, at BSC's facilities in Las Vegas, Nevada. The scope of the audit was to evaluate model development and scientific investigation activities regarding the Seismic Consequence Abstraction and evaluate four technical reports providing direct input to the abstraction. The primary objective of the audit was to determine whether the inputs provided to the abstraction had been developed and calculated using methods that were technically sound and defensible with adequate transparency and traceability.

During the conduct of the audit, the NRC observers determined that the BSC auditors apparently reduced the scope of the audit, and did not prepare sufficiently to meet the primary objective of the audit. Specifically, the observers concluded after the fourth day of the audit that the auditors were deviating from the audit plan by not evaluating the report, Development of Earthquake Ground Motion, identified in the Audit Plan. The observers noted a lack of questioning technical staff responsible for this report by the audit team's Technical Specialists during interviews, and the absence of associated checklist questions that should have been developed by the Technical Specialists while preparing for the audit. The observers expressed concern to the Audit Team Leader whether this reduced level of technical evaluation would be adequate to meet the audit objective. As a result of the expressed observers' concern, the Audit Team Leader issued Condition Report 9035 reflecting inadequate audit planning. BSC immediately extended the audit end date from August 31 to September 7, 2006, and added one additional auditor to provide sufficient time and resources to evaluate the report, Development of Earthquake Ground Motion. It is noted that during the August 15-31, 2005, BSC audit BQAP-BSC-05-07, the NRC observers identified a similar weakness in audit planning and preparation. The observers note that improvement is needed in BSC's planning and preparing for performance-based audits.

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At the conclusion of the audit, the BSC audit team presented its findings at a Post-Audit Meeting with DOE and BSC management. The audit team found that, overall, the input to the Seismic Consequence Abstraction had been developed and calculated using methods that were technically sound and defensible with adequate transparency and traceability. The audit team did not identify significant issues related to scientific investigations but did identify documentation and transparency issues. The NRC observers agreed with the audit team's findings, recommendations, and overall conclusions.

A written response to this letter and the enclosed report is not required. The staff will continue to interface with the U.S. Department of Energy and follow the actions BSC is taking to address the issues identified during this audit. If you have any questions, please contact Thomas Matula at (301) 415-6700.

Sincerely,

/RA/

Frank Akstulewicz, Acting Deputy Director
Licensing and Inspection Directorate
Division of High-Level Waste Repository Safety
Office of Nuclear Material Safety
and Safeguards

Enclosure: U.S. Nuclear Regulatory
Commission Observation
Audit Report OAR-06-06,
Observations of Bechtel
SAIC Company, LLC,
Audit BQA-BSC-06-09
of Scientific Investigations
for the Seismic Consequence
Abstraction Model and Major
Input Calculations

cc: See attached list.

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-2-

At the conclusion of the audit, the BSC audit team presented its findings at a Post-Audit Meeting with DOE and BSC management. The audit team found that, overall, the input to the Seismic Consequence Abstraction had been developed and calculated using methods that were technically sound and defensible with adequate transparency and traceability. The audit team did not identify significant issues related to scientific investigations but did identify documentation and transparency issues. The NRC observers agreed with the audit team's findings, recommendations, and conclusions.

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OFC	HLWRS	OGC	HLWRS	HLWRS
NAME	TMatula	JMoore	MWong	FAkstulewicz
DATE	09/28/06	10/03/06	10/06/06	10/06/06

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Letter to M. Williams from F. Akstulewicz dated: October 6, 2006

cc:

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T. Story, NV Congressional Delegation	M. Mason, BSC
R. Herbert, NV Sen. Reid's Office	S. Cereghino, BSC
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S. Lynch, State of NV	J. Kennedy, Timbisha Shoshone Tribe
P. Guinan, Legislative Counsel Bureau	B. Durham, Timbisha Shoshone Tribe
R. Clark, EPA	R. Arnold, Pahrump Paiute Tribe
R. Anderson, NEI	J. Birchim, Yomba Shoshone Tribe

cc: (Continued)

R. McCullum, NEI

S. Kraft, NEI

J. Kessler, EPRI

D. Duncan, USGS

K. Skipper, USGS

W. Booth, Engineering Svcs, LTD

C. Marden, BNFL Inc.

J. Bacoeh, Big Pine Paiute Tribe of the Owens Valley

P. Thompson, Duckwater Shoshone Tribe

T. Kingham, GAO

D. Feehan, GAO

E. Hiruo, Platts Nuclear Publications

G. Hernandez, Las Vegas Paiute Tribe

K. Finfrock, NV Congressional Delegation

P. Johnson, Citizen Alert

M. Williams, DOE/OCRWM

J. Williams, DOE/Washington, DC

A. Robinson, Robinson-Seidler

M. Plaster, City of Las Vegas

S. Rayborn, Sen. Reid's Office

L. Lehman, T-REG, Inc.

B.J. Garrick, NWTRB

T. Feigenbaum, BSC

M. Urie, DOE

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R. Holland, Inyo County

B. Sagar, CNWRA

V. Trebules, RW/DOE

R. Warther, DOE/OCRWM

B. Neuman, Carter Ledyard & Milburn L.L.P.

R. Holden, NCAI

C. Meyers, Moapa Paiute Indian Tribe

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D. Vega, Bishop Paiute Indian Tribe

Egan, Fitzpatrick, Malsch, PLLC

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J. C. Saulque, Benton Paiute Indian Tribe

C. Bradley, Kaibab Band of Southern Paiutes

R. Joseph, Lone Pine Paiute-Shoshone Tribe

L. Tom, Paiute Indian Tribes of Utah

E. Smith, Chemehuevi Indian Tribe

D. Buckner, Ely Shoshone Tribe

V. Guzman, Walker River Paiute

D. Eddy, Jr., Colorado River Indian Tribes

M. Boyd, Public Citizen

J. Wells, Western Shoshone National Council

D. Crawford, Inter-Tribal Council of NV

I. Zabarte, Western Shoshone National Council

S. Devlin

G. Hudlow

D. Irwin, Hunton & Williams

P. Golan, DOE

M. Rice, Lincoln County, NV

G. Hellstrom, DOE

S. Joya, Sen. Ensign's Office

M. Gaffney, Inyo County

L. Desell, RW/DOE

R. List, Esmeralda County

D. Curran, Harmon, Curran, Spielberg & Eisenberg, L.L.P.

Lisa Mascaro, Washington Correspondent
Las Vegas Sun, Washington, DC