CCU.20080910.0003

BECHTEL SAIC COMPANY, LLC

SEP 09 2008

QA: QA

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

**RECEIVED BY BSC CC**
**DATE: 09/10/2008**

SUBJECT: SIGNIFICANT VENDOR QUALITY ISSUE

The purpose of this letter is to inform the U.S. Nuclear Regulatory Commission (NRC) that Bechtel SAIC Company, LLC (BSC) has identified a significant condition adverse to quality associated with vendors performing quality-related services for the Yucca Mountain Project.

During a BSC surveillance of American Tank and Fabricating (AT&F) Company's fabrication of a waste package mockup during August 2008, we found that AT&F had intended to send an inert gas flow meter used for quality-related welding to Stork Herron Testing Laboratories, Inc. (an AT&F-approved quality vendor) who would in turn have the actual calibration performed by a sub-tier supplier qualified under the Stork Herron Quality Assurance (QA) program (Broadview Instrumentation Services, Inc.). However, we understand based on only oral communications that the flow meter was delivered directly to Broadview by AT&F, the calibration completed, and a Broadview certificate of compliance for the calibration provided directly to AT&F. Stork Herron did not process the calibration activities through their AT&F-approved QA program, Broadview had not been audited nor approved under the AT&F QA program, nor had the calibration services been authorized by appropriate AT&F procurement documents.

Several weeks after the work had been completed and the meter had been used in quality-related welding activities, AT&F procurement documents for the meter's prior calibration were issued to Stork Herron. Stork Herron then provided a calibration certificate to AT&F indicating that the calibration activities had been accomplished in accordance with their quality program although they had not actually received, processed, or controlled the meter as required by its QA program and the AT&F procurement documents.

The welding equipment affected by this issue was being used to fabricate the stainless steel structural sub-component of the Yucca Mountain waste package mockup intended for a waste package inner lid seal welding demonstration currently scheduled for March 2009 at the Idaho National Laboratory. It also should be noted that the current as-found argon flow meter calibration is being verified by a different vendor, fully qualified under AT&F's program, and that the eventual waste package seal weld demonstration is not itself sensitive to the quality of the specific mockup fabrication weld made using the affected welder. We have issued a Supplier Condition Report to AT&F documenting the specifics of this matter and have directed AT&F to stop quality-related work activities on our contract. We are currently awaiting the results of ATF's response to the condition report including a root cause analysis.



IE20
NMSS

SEP 09 2008



The Office of Nuclear Material Safety and Safeguard's staff had expressed a desire to observe this demonstration, but its schedule is likely to be delayed as a result of the issues described in this letter. We will coordinate with the Department of Energy to apprise the NRC staff of the demonstration schedule as it develops.

Although we believe that the activities summarized in this letter are not themselves subject to 10 CFR Part 21 reporting requirements, we are providing this information to the NRC because of the apparent nature of the conditions identified.

Should you require additional information, please contact me at 702-821-8133.

R. M. Kacich, Manager
Licensing and Nuclear Safety

September 9, 2008
Date Signed

DAB:pkf-0909083761

cc:
D. A. Beckman, B&A, Las Vegas, NV
W. J. Boyle, DOE, Las Vegas, NV
T. C. Feigenbaum, BSC, Las Vegas, NV
P. G. Harrington, DOE, Las Vegas, NV
Larry Newman, DOE, Las Vegas, NV
E. F. Sproat, III, DOE, Washington, DC
D. A. Taggart, BSC, Las Vegas, NV
R. M. Tosetti, BSC, Las Vegas, NV
S. L. Trubatch, BSC, Las Vegas, NV

PROCESSED
SEP 10 2008
BSC CCU/LMR