

January 09, 2009

Mr. R. D. Dicharry, President
Source Production & Equipment Co., Inc.
113 Teal Street
St. Rose, LA 70087

SUBJECT: NRC INSPECTION REPORT 71-0102/2008-201 AND NOTICE OF VIOLATION

Dear Mr. Dicharry:

From December 8 through 12, 2008, the U.S. Nuclear Regulatory Commission (NRC) performed an announced inspection of Source Production & Equipment Co., Inc. (SPEC) at its office in St. Rose, Louisiana. The team inspected SPEC's activities associated with transportation of radioactive material to determine if they were executed in accordance with the requirements of 10 CFR Parts 21 and 71, Certificates of Compliance (CoCs), Safety Analysis Reports, and SPEC's NRC-approved quality assurance program (QAP). The team inspected SPEC's management, design, and fabrication controls. Inspection results are detailed in Enclosure 1 to this letter.

As a result of the inspection, the team assessed that SPEC's overall implementation of its NRC-approved QAP was adequate. However, based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. The two violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. The violations are being cited in the Notice because they were identified by the NRC.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

R. Dicharry

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

David W. Pstrak, Chief
Rules, Inspections, and Operations Branch
Division of Spent Fuel Storage and Transportation
Office of Nuclear Material Safety
and Safeguards

Docket No. 71-0102

Enclosures:

1. NRC Inspection Report No. 71-0102/2008-201
2. Notice of Violation (Notice)

R. Dicharry

-2-

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

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David W. Pstrak, Chief
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Docket No. 71-0102

Enclosures:

1. NRC Inspection Report No. 71-0102/2008-201
2. Notice of Violation (Notice)

<u>Distribution:</u>	Docket 71-0102		
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SPECDecember2008Inspection.doc

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**U.S. NUCLEAR REGULATORY COMMISSION
Office of Nuclear Material Safety and Safeguards
Division of Spent Fuel Storage and Transportation**

**Inspection Report
EXECUTIVE SUMMARY**

NRC Inspection Report 71-0102/2008-201

From December 8 through 12, 2008, the U.S. Nuclear Regulatory Commission (NRC) performed an announced inspection of Source Production & Equipment Company, Inc. (SPEC), at its office in St. Rose, Louisiana. The team inspected SPEC's activities associated with transportation of radioactive material to determine if they were executed in accordance with the requirements of 10 CFR Parts 21 and 71, Certificates of Compliance (CoCs), Safety Analysis Reports (SARs), and SPEC's NRC-approved quality assurance program (QAP). The team inspected SPEC's management, design, and fabrication controls. The results of the inspection are as follows:

Management Controls

No concerns were identified in this area.

Design Controls

An observation was identified with regard to the use of supplemental shield patches not being reflected in the CoC reference drawings.

Fabrication Controls

Two violations of NRC requirements were identified. The first violation involved inappropriate qualification of a vendor supplying Category "A" Important-to-Safety components, and the second violation involved inadequate implementation of Code requirements as contained in the CoC reference drawings.

Overall

The team assessed that SPEC's overall implementation of its NRC-approved QAP was adequate. A summary of inspection findings is presented in Table 1 below.

Enclosure 1

Table 1
Summary of Inspection Findings

Regulatory Requirement 10 CFR Section	Subject of Violation or Noncompliance	Number of Findings *	Type of Finding	Report Section
71.115	Control of purchased material, equipment, and services	(1)	Level IV Violation	4.2
71.119	Control of special processes	(2)	Level IV Violation	4.1

* Numbers in parentheses indicate the number of instances supporting the violation.

PERSONS CONTACTED

The team held an entrance meeting with SPEC on December 8, 2008, to present the scope and objectives of the NRC inspection. On December 12, 2008, the team held an exit meeting with SPEC to present the preliminary results of the inspection. Individuals present at the entrance and exit meetings are listed in Table 2.

Table 2
Personnel Involved in the Inspection

Name	Title	Entrance Meeting	Exit Meeting
R. Dicharry	SPEC, President	X	X
K. Richardt	SPEC, QA Manager	X	X
K. Schehr	SPEC, Vice President	X	X
R. Temps	NRC, Senior Inspector	X	X
E. Love	NRC, Inspector	X	X
C. Morell	NRC, Inspector	X	X
D. Pstrak	NRC, Branch Chief	X	X

INSPECTION PROCEDURE USED

86001, "Design, Fabrication, Testing, and Maintenance of Transportation Packagings"

REPORT DETAILS

1. Inspection Scope

The team inspected SPEC's management, design, and fabrication controls to determine whether they were executed in accordance with the requirements of 10 CFR Parts 21 and 71, applicable CoCs, related SARs, and SPEC's NRC-approved QAP. The team reviewed documentation, interviewed personnel, and observed some activities and facility areas.

2. Management Controls

2.1 General

The team assessed the adequacy of management controls in the areas of SPEC's QAP implementation, nonconformance controls, documentation controls, and audit program. The team reviewed SPEC's practices and procedures, and their implementation, to determine the effectiveness of management controls.

2.2 Quality Assurance Program

2.2.1 Scope

The team reviewed SPEC's QAP to determine the effectiveness of plans and procedures that implement its program. The team inspected SPEC's QAP goals, objectives and practices, personnel responsibilities, QA organizational independence, management involvement, and staffing levels.

2.2.2 Observations and Findings

The team had no findings in this area.

2.3 Nonconformance Control

2.3.1 Scope

The team reviewed SPEC's nonconformance control program to assess the effectiveness of measures established to control materials, parts, or components that did not conform to requirements. The team determined how SPEC identified, segregated, tracked, and controlled, nonconforming items and any program deficiencies. The team inspected nonconformance reports, nonconforming items, and measures used to keep track of the status of nonconforming items.

The team also reviewed training and implementing procedures, internal postings, supplier notifications, reporting processes, and program controls in accordance with the provisions of 10 CFR Part 21, "Reporting of Defects and Noncompliance."

2.3.2 Observations and Findings

The team reviewed the SPEC Quality System Procedure Manual (QSPM), Section 15.0, titled "Control of Nonconforming Product," Section 15.1, "Defect Notification," as well as sub-tier implementing procedures and a sampling of nonconformance material reports. No concerns were identified in the manner in which SPEC is identifying and resolving nonconforming conditions. As discussed in Section 3 of this inspection report, the team did identify an observation while reviewing several nonconformance reports with regard to SPEC's practice of adding shield pads to depleted uranium (DU) shields used in the radiograph cameras.

Part 21 controls were determined to be in compliance; no concerns were identified.

2.4 Documentation Controls

2.4.1 Scope

The team reviewed SPEC's documentation control program to determine the effectiveness of the QA program in controlling quality-related documentation and records. The team reviewed instructions, procedures, and drawings for adequacy, approval signatures, release by authorized personnel, and availability to personnel. The team reviewed such documents as inspection and test procedures, nonconformance reports, QA procedures, and packaging drawings. The team reviewed quality records to assure that they were properly identified, retrievable, controlled, and maintained.

2.4.2 Observations and Findings

The team assessed that SPEC's documentation controls were adequate in addressing the applicable requirements of 10 CFR Part 71, Subpart H. The team reviewed recent records documenting employee acknowledgement of receipt or withdrawal of controlled documents. The team noted that the underlying procedure requirements were followed and that the use of check-boxes and signatures made it clear as to which documents personnel had acknowledged receipt of for action. The team also noted that the Quality Assurance Manager coordinates final reviews, appropriate approvals and publication, and that changes to engineering documents are subject to approval by a Change Review Board. The team reviewed a master list of current revisions and distributions to ensure the availability of current documentation and to preclude the use of obsolete or superseded documents. The team noted that for SPEC procedural revisions, the review and approval process is the same as the original.

The team noted that SPEC is in the process of a pilot program for the purposes of transitioning to an electronic (MQ1), password protected, access database for QA documents. Specific Work Instructions have been developed to track the status to achieve full implementation of this program at a date to be determined. The work instructions target proposed changes to SPEC production engineering documents including production drawings, engineering change notices, and travelers within MQ1.

The team noted an observation of the MQ1 pilot program concerning the need to develop applicable QA procedures to address software verification/validation, management of electronic records, and quality control of electronic data specific to the control of electronic data in applications to ensure authenticity and technical adequacy. Further, the team noted that the software and hardware systems used to store electronic information should be reliable to avoid alteration or corruption of the information.

2.5 Audit Program

2.5.1 Scope

The team reviewed SPEC's audit program to determine whether plans, procedures, and records were available. The team determined whether SPEC scheduled and performed internal QA audits and vendor audits in accordance with approved procedures or

checklists; whether qualified, independent, personnel performed the audits; whether SPEC management reviewed audit results; and whether SPEC took appropriate follow up actions in those areas found to be deficient.

2.5.2 Observations and Findings

The team reviewed the SPEC QSPM, Section 18.0, titled "Internal Quality Audits," and sub-tier implementing procedures, lead auditor qualifications, the annual audit schedule, and a sampling of internal audits. No concerns were identified in the manner in which SPEC is implementing its internal audit process.

2.6 Corrective Action

2.6.1 Scope

The team inspected records and interviewed SPEC personnel to determine if SPEC's corrective action commitments were implemented and if the corrective actions were effective in precluding repetition of the problems.

2.6.2 Observations and Findings

The team reviewed the SPEC QSPM, Section 16.0, titled "Corrective and Preventive Action," as well as sub-tier implementing procedures and a sampling of Corrective/Preventative Action Request/Reports (CPARs). No concerns were identified in the manner in which SPEC is identifying and resolving issues using the CPAR process.

The team also reviewed SPEC's corrective actions for NRC violations identified in the 2004 inspection (reference Inspection Report 71-0102/2004-201) and for the escalated enforcement action (reference EA No. 08-039) taken in July 2008. SPEC's corrective actions were appropriate to the issues and were consistent with the actions SPEC committed to take in responding to the violations.

2.7 Review of Shipping Records

2.7.1 Scope

The team reviewed shipping records required by 10 CFR 71.91 for shipments made by SPEC while shipping NRC licensed material.

2.7.2 Observations and Findings

The team reviewed packaging and shipping records covering the time period from January 2006 through December 2008 for export shipments in the SPEC 150 and C-1 packagings. Overall, the packaging requirements and shipping papers for these shipments were found to be in compliance with 49 CFR 171-173 (U.S. Department of Transportation regulations applicable to these shipments as required by 10 CFR 71.5). Additionally, a SPEC 150 camera and associated overpack were inspected for compliance to 49 CFR Part 172 (markings and labelings) and were determined to be in compliance with the regulations.

Work instructions related to package shipping preparation and documentation of radioactive material export shipments were reviewed. Specifically, the team reviewed Work Instruction SH12, "Radioactive Package (Physical) Shipping Preparations (including packaging labeling/marketing)," Rev. 17. This is the primary Work Instruction used by SPEC to document pertinent information concerning the proper packaging, marking, and labeling for radiographic cameras. The information covered in SH12 is used to complete the Radioactive Material Package Shipping Preparation Checklist document SH04F1. The information from SH04F1 is used to complete the required shipping papers for the camera. The team identified a weakness with SH12 concerning the completeness and order in which the steps in SH12 addressed the proper completion of SH04F1. For example, SH04F1 contains five numbered sections of information to be completed by the Shipping Specialist, yet only one of these sections was described in SH12. After further review and discussion, the team identified that form SH04F1 had been revised and updated, however, the updates were not incorporated into SH12. The team discussed with SPEC the need for the steps/directions in SH12 to completely address the proper completion of form SH04F1. The team also noted that form SH04F1 contained incorrect use of the terms "marking" and "labeling." This was brought to SPEC's attention for correction.

The team reviewed the training records for four shipping specialists and three drivers. The records were compliant with the applicable regulations in 49 CFR Part 172, Subpart G. The team verified that personnel had been trained on the requirements of SH12.

2.8 Conclusions on Management Controls

Overall, SPEC's implementation of management controls was assessed to be satisfactory.

3. **Design Controls**

3.1 General

The team reviewed design controls in all phases of SPEC's design process, from the onset of design through the completion of testing and delivery. The team examined original designs and design modifications to ensure that adequate evaluations and reviews were performed by qualified personnel.

3.2 Design Development

3.2.1 Scope

The scope of the inspection of design development included the review of design control and design modification control, design organization interfaces, use of appropriate regulatory requirements and quality standards in design activities, and design deviation control. The team assessed SPEC's design development process to ensure that high standards of design control were implemented and practiced.

3.2.2 Observations and Findings

As noted in Section 2 of this inspection report, the team identified an observation while reviewing several nonconformance reports with regard to SPEC's practice of adding shield pads to depleted uranium (DU) shields used in the SPEC 150 radiograph cameras. Specifically, it was noted that several nonconformance reports referenced the use of shield pads made of tungsten or DU needed to obtain satisfactory radiation test levels for the DU shields. The team noted that the use of tungsten pads was referenced in the SPEC 150 SAR, but that the use of DU was not and that the SPEC 150 CoC reference drawings do not refer to the use of shield pads at all.

Given that the use of tungsten shield pads is discussed in the SAR and that credit for them is not taken in the hypothetical accident conditions analyses, and that their size and weight is limited by other CoC constraints, the team did not consider as an immediate safety issue the fact that the CoC drawings do not refer to the use of tungsten or DU shield pads. However, the team discussed this issue with SPEC management and they were referred to Interim Staff Guidance (ISG) 20, "Transportation Package Design Changes Authorized Under 10 CFR Part 71 Without Prior NRC Approval." The first example in the table to Appendix B of ISG 20 addresses the use of supplemental shielding in radiography cameras and states: "Drawings should show a general arrangement for using supplemental shielding, if needed to meet normal condition dose rate limits. The materials of construction, maximum weight and thickness, and method of attachment should be shown." SPEC committed to review this issue for potential 10 CFR 71.95 reportability and to evaluate the need to amend the CoC reference drawings to reflect the use of shield pads.

The team reviewed SPEC QSPM, Section 3.0, Revision 11, "Design Control," that provides an objective approach in determining applicable QA requirements for design activities. The team noted use of a graded approach consistent with Regulatory Guide 7.10, Appendix A, "Establishing Quality Assurance Programs for Packaging Used in Transport of Radioactive Material." Further, it was noted that packaging drawings annotated the QA safety classification within the title block of each drawing. Overall, the team assessed that SPEC procedures related to design development and modification were adequate in addressing related requirements of 10 CFR Part 71, Subpart H.

3.3 Design Modifications

3.3.1 Scope

The scope of the inspection of design modifications included the inspection of engineering changes, design reviews, and drawing and document changes to ensure that the design modification process was controlled and effective. The team reviewed design modification controls to ensure that modifications made to the design received the same level of review as the original design, and that the modifications were correctly reflected in the design documentation.

3.3.2 Observations and Findings

The team reviewed revised design documents and verified that design changes were made using design control measures equal to those of the original design. The team

discussed the maintenance and modification of transportation packagings with the QA Manager. The team determined that SPEC performs maintenance from a standpoint of refurbishment, to replace worn out or damaged components only. All maintenance activities are performed according to approved design drawings according to written travelers that maintain the original design requirements.

3.4 Conclusions of Design Controls

In the area of design controls, the team had no findings and one observation.

4. **Fabrication Controls**

4.1 SPEC 150 Fabrication Activities

4.1.1 Scope

The team evaluated the fabrication process to ensure that it was controlled and verifiable from the onset of design through the completion of the manufacturing process. The team reviewed fabrication controls to verify that all phases of the fabrication process were properly controlled and implemented. The team inspected fabrication controls in the areas of material procurement, fabrication and assembly, test and inspection, and tools and equipment.

4.1.2 Observations and Findings

The team reviewed the certifications of the SPEC non-destructive examination (NDE) personnel and verified that they were qualified and certified to the applicable SPEC procedures. For observed fabrication activities, the team determined that SPEC personnel were trained, certified or qualified to perform those fabrication activities, based upon review of each individual's training records and certifications.

At the time of the inspection, full fabrication of SPEC 150 radiographic cameras was not taking place. As an alternate to observing current inspection activities, the team reviewed a sampling of completed travelers and inspection records for previously fabricated cameras. During the review, the team noted that Visual/Dye Penetrant Inspection form No. QA27F1 did not contain an attribute to verify measurement of dimensional data on the weld size as identified on the SPEC 150 CoC reference drawings, nor did the form contain an attribute to verify and document the SPEC Visual Weld Inspection Work Instruction No. QA27 inspection requirement, step 8.1.1.2. The team determined that while SPEC personnel take the measurements, there was no place on the referenced form to record objective evidence that the measurements had indeed been made. This observation was discussed with the SPEC QA Manager who agreed that the form would be changed to address the issue.

The team reviewed SPEC Work Instruction No. QA27, Revision 5, "Visual Weld Inspection," and noted that the procedure specified that it be written to meet the ASME Section V, Article 9, Visual Examination requirements. The team compared the SPEC Work Instruction to the ASME requirements and identified two disparities where the SPEC work instruction was non-compliant with the ASME requirements. First, ASME T-921.2, "Procedure Qualification," states that a procedure qualification is specified by

referencing the Code Section, a change of a requirement in Table T-921 identified as an essential variable shall require requalification of a written procedure by demonstration. Second, ASME T-921.3, "Demonstration," states that the procedure shall contain or reference a report of what was used to demonstrate that the examination procedure was adequate. In general, a fine line 1/32 inch (.08mm) or less in width, an artificial imperfection, or a simulated condition, located on the surface or a similar surface to that to be examined, may be considered as a method for procedure demonstration. The SPEC Work Instruction did not incorporate these two requirements.

10 CFR 71.119, "Control of special processes," states, in part, "The certificate holder shall establish measures to assure that special processes, including welding and nondestructive testing are controlled and accomplished by qualified personnel using qualified procedures in accordance with applicable codes and standards." Contrary to this requirement, SPEC Work Instruction No. QA27 did not incorporate requirements of the ASME Code, Section V, Article 9, although the Work Instruction stated that it was written to meet that section of the Code. This violation of NRC requirements is cited in the enclosed Notice of Violation.

The team reviewed the welder qualification and welder continuity records for the two welders and did not identify any concerns. One welder was observed during the performance of limited welding activities. The welder was performing welds as identified on SPEC Drawing No. 150620, Revision 4. In observing the welder's performance, the team noted that the tungsten electrode was protruding an excessive length beyond the shielding orifice cup and that the orifice cup was too large for the welding application. The team requested the associated welding process Welding Procedure Specification (WPS) and was provided with SPEC Work Instruction No. GTAW IAW PR-18. The team noted that the SPEC Work Instruction did not identify either the proper length of the tungsten electrode or the orifice cup size to be used.

The team noted that the SPEC 150 CoC, No. 9263, Revision 4, references drawing C-15B00, Revision 6. That drawing, under Statements of Fabrication note 2, states that all thermal metal joining of structural joints are performed in accordance with ASME Section IX. However, the SPEC Work Instruction was not in compliance because it did not identify the essential welding variables as required by ASME Section IX, and, tungsten electrode length and shielding orifice cup size are considered essential variables. The team brought this finding to the attention of the SPEC QA Manager for corrective action.

10 CFR 71.119, "Control of special processes," states, in part, "The certificate holder shall establish measures to assure that special processes, including welding and nondestructive testing are controlled and accomplished by qualified personnel using qualified procedures in accordance with applicable codes and standards." Contrary to this requirement SPEC Work Instruction No. GTAW IAW PR-18 did not incorporate requirements of the ASME Code, Section IX, although the Work Instruction was supposed to have been written to meet that section of the Code. This violation of NRC requirements is cited in the enclosed Notice of Violation.

As a result of the management interviews and documentation reviews the team concluded that overall, SPEC has adequate controls for the fabrication and assembly of the SPEC Model 150 radiograph cameras.

4.2 Material Procurement

4.2.1 Scope

The scope of the inspection of material procurement included the review of procurement documents, material traceability documentation, drawings and procedures, and the receipt inspection program. The team verified that materials were controlled, verifiable, and traceable from the time of purchase through the life of the packaging.

4.2.2 Observations and Findings

The team reviewed SPEC's Approved Suppliers List (ASL) as well as a selected sample of purchase orders to verify procurement activities were being performed in accordance with their controlling procedures. Methods used to approve addition of suppliers to the ASL were appropriate and the evaluations used to qualify and maintain suppliers on the ASL were adequate with the exception of one Category "A supplier." The team noted that with regard to procurement of depleted uranium (DU) shields, SPEC failed to perform an adequate assessment concerning the supplier's Quality Assurance Program implementation. The team noted that the supplier was added to SPEC's ASL on the basis only of an evaluation of supplier records and a quality program review questionnaire.

10 CFR 71.115, "Control of purchased material, equipment and services," states, in part, "The certificate holder shall establish measures to assure that purchased material 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, inspection at the contractor, and examination of product upon delivery." Contrary to this requirement, SPEC did not use an appropriate method to qualify a supplier that supplied Important-to-Safety Quality Category "A" DU shields.

The team reviewed SPEC Receiving Inspection Reports which define the attributes and acceptance requirements used by the receiving inspector. Upon completion, the checklist is returned to the QA Manager for review and final release to stores for production. The inspection team reviewed receiving inspection reports applicable to several suppliers for conformance to design and purchase order requirements. The inspection team noted that visual, dimensional, and documentation requirements were satisfied according to the purchase order. No concerns were identified.

4.3 Conclusions of Fabrication Controls

Overall, fabrication controls were determined to be acceptable. Two violations of NRC requirements were identified. The first violation involved inappropriate qualification of a vendor supplying Category "A" Important-to Safety components, and the second violation involved inadequate implementation of Code requirements as contained in the CoC reference drawings.

5. Exit Meeting

On December 12, 2008, at the conclusion of the inspection, the team held an exit meeting with SPEC's management to present the preliminary inspection results. SPEC's management acknowledged the inspection results presented by the team.

NOTICE OF VIOLATION

Source Production & Equipment Company, Inc. (SPEC)
St. Rose, Louisiana

Docket 71-0102

Based on the results of a U.S. Nuclear Regulatory Commission (NRC) inspection conducted from December 8 through 12, 2008, 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 71.115, "Control of purchased material, equipment and services," states, in part, "The certificate holder shall establish measures to assure that purchased material 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, inspection at the contractor, and examination of product upon delivery."

Contrary to the above, the NRC identified that SPEC did not use an appropriate method to qualify a contractor that supplied Important-to-Safety Quality Category "A" depleted uranium shields.

This is a Severity Level IV violation (Supplement VI).

- B. 10 CFR 71.119, "Control of special processes," states, in part, "The certificate holder shall establish measures to assure that special processes, including welding and nondestructive testing are controlled and accomplished by qualified personnel using qualified procedures in accordance with applicable codes and standards."

Contrary to the above, the NRC identified that:

- 1) SPEC 150 Certificate of Compliance No. 9263, Revision 4, references drawing C-15B00, Revision 6. That drawing, under Statements of Fabrication note 2, states that all thermal metal joining of structural joints are performed in accordance with ASME Section IX. However, the SPEC Work Instruction was not in compliance because it did not identify the essential welding variables as required by ASME Section IX.
- 2) SPEC Work Instruction No. GTAW IAW PR-18 did not incorporate requirements of the ASME Code, Section IX, although the Work Instruction stated it was written to meet that section of the Code.

This is a Severity Level IV violation (Supplement VI).

Enclosure 2

Pursuant to the provisions of 10 CFR 2.201, SPEC is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555 with a copy to David W. Pstrak, Chief, Rules, Inspections, and Operations Branch, Division of Spent Fuel Storage and Transportation, Office of Nuclear Material Safety and Safeguards, 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. 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, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS), <http://www.nrc.gov/NRC/ADAMS/index.html>, to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, (the Public Electronic Reading Room). 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 safeguards 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 9th day of January, 2009.