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LES-10-00207-NRC

Urenco

ATTN: Document Control Desk  
Office of Nuclear Material Safety and Safeguards  
U. S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

Louisiana Energy Services, LLC  
NRC Docket Number: 70-3103

Subject: Reply to Notice of Violation 70-3103/2010-001 - Part 1 Supplement

Reference: 1) NRC Letter from A. Masters (NRC) to D. Sexton (LES), Response to NRC Inspection Report No. 070-3103/2010-001 and Notice of Violation, dated August 10, 2010  
2) Letter No. LES-10-00134-NRC, Reply to Notice of Violation 70-3103/2010-001 - Part 1, dated July 30, 2010  
3) NRC Letter from Letter from D. Seymour (NRC) to D. Sexton (LES), NRC Inspection Report No. 70-3103/2010-001 and Notice of Violation, dated June 30, 2010

In response to the NRC's request in Ref. 1, resulting from its review of the Ref. 2 reply to the Ref. 3 Notice of Violation, URENCO USA (UUSA) herewith provides the enclosed supplemental response (Enclosure).

The enclosed response describes the actions UUSA has taken to ensure that the actual work products delivered by Parsons meet UUSA's quality requirements and provide adequate confidence that the structures, systems and components will perform satisfactorily in service, the conclusion of which is as follows:

Based on its assessment to date, UUSA has reasonable assurance that the design deliverables from Parsons allow UUSA construction to continue. The completion and verification of Parsons' corrective actions, together with the actions required by the Corrective Action documents initiated by UUSA on its design inputs to Parsons, is expected to confirm the adequacy of Parsons' design of the SBM 1003 and the SBM 1001 Extension, prior to placing the respective building and building extension in service. UUSA will ensure these actions are complete prior to putting the buildings in service through the use of its Corrective Action Program and "Operations Readiness Affirmation Process", Procedure SU-3-2000-02. If UUSA finds issues during these processes, we will resolve these issues before going operational.

Should there be any questions regarding this submittal, please contact Gary Sanford, Director of Quality and Regulatory Affairs, at 575.394.5407.

Respectively,



David E. Sexton  
Chief Nuclear Officer and Vice President of Operations

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**ENCLOSURE**

**LOUISIANA ENERGY SERVICES/URENCO USA (LES/UUSA)**

**REPLY TO NOTICE OF VIOLATION 070-3103/2010-001 - PART 1 SUPPLEMENT**

The following provides a status update of actions URENCO USA (UUSA) has taken to ensure that the actual work products delivered by Parsons meet LES (UUSA) quality requirements and provide adequate confidence that the structures, systems and components will perform satisfactorily in service:

A project team of UUSA personnel was assigned to facilitate the development of Parsons' design for SBM 1001 Extension and SBM 1003 buildings. There were 30%, 60% and 90% design review meetings held on Parsons' design with UUSA. The UUSA project team facilitated meetings; tracked action items and issues; and worked with Parsons to resolve the issues. All of Parsons' deliverables were reviewed and approved in accordance with UUSA Procedure EG-3-2100-02, *Owner Acceptance review of Design Deliverables*.

In addition, UUSA QA completed Audit 2010-A-06-041 of Parsons on June 8-9, 2010, for the purpose of assessing the cumulative issues that had been previously identified. Based on evidence provided by Parsons and reviewed during that audit, all prior issues were closed; however, additional concerns were identified and documented in three (3) findings. Two of these findings were considered significant; and UUSA put a restriction on the Approved Supplier List for Parsons that states, "No Quality Level 1, 1G, or 2 Engineering or Design is allowed". Additionally, Parsons initiated a Stop Work on all of its design activities until all issues have been resolved.

The first significant finding identified in Audit 2010-A-06-041 was Parsons' "lack of software error controls." As follow-up, Parsons is in the process of validating the acceptability of software utilized in its design activities to date. This effort includes a review of the supplier's controls over software and the assessment of errors identified, if any, that affect software modules and revisions used. In some cases, new calculations were found to be required. This effort is ongoing; and is scheduled for completion during October 2010. To date, two software programs that Parsons has identified do not meet NQA-1. As a result of these two items, Parsons has performed hand calculations to validate the conclusions used in the software, and transmitted these to UUSA. These calculations are currently in the "owner acceptance review" process.

The second significant finding identified in Audit 2010-A-06-041 was "inadequate control of Design Inputs." This included input being provided informally (via email and phone) by UUSA to Parsons for the latter's design of the SBM 1001 Extension and SBM 1003; and controls at Parsons as design inputs were received. Parsons subsequently made a revision to its program for controlling design inputs received, which was found acceptable by UUSA.

In addition, UUSA has initiated Corrective Action documents CR-2010-2247 (for the SBM 1003 building) and CR-2010-2634 (for the SBM 1001 Extension) to address the controls implemented by UUSA over its design inputs to Parsons. These CRs required

an evaluation (extent of condition) of what has been given to Parsons for design inputs to determine the impact (if any) on the designs which support the SBM 1003 and SBM 1001 Extension. Both of these CRs evaluations and the extent of condition have been completed. These CRs remain open with twelve (12) actions to be completed on CR-2010-2247 and four (4) actions to be completed on CR-2010-2634. The completion of these actions (currently underway) is expected to validate that design inputs have been acceptably controlled.

Parsons has committed to UUSA to have resolved all of the identified concerns and documented associated actions taken, during October 2010. In addition, UUSA has scheduled Audit 2010-A-10-044 for October 25-29, 2010, at Parsons' Pasadena, CA facility, to re-assess the acceptability of Parsons' QA Program for providing Quality Level 1 Design and Engineering Services. This audit will include verification of prior documentation provided to UUSA in response to all prior identified issues.

The SBM 1001 Extension team has constructed approximately 95% of Parsons' QL-1 design. Furthermore, UUSA Engineering is in the process of revising, or has revised, approximately half of the QL-1 calculations; has found the methodologies used by Parsons to be acceptable; and has found no calculation errors to date.

Conclusion: Based on its assessment to date, UUSA has reasonable assurance that the design deliverables from Parsons allow UUSA construction to continue. The completion and verification of Parsons' corrective actions, together with the actions required by the Corrective Action documents initiated by UUSA on its design inputs to Parsons, is expected to confirm the adequacy of Parsons' design of the SBM 1003 and the SBM 1001 Extension, prior to placing the respective building and building extension in service. UUSA will ensure these actions are complete prior to putting the buildings in service through the use of its Corrective Action Program and "Operations Readiness Affirmation Process", Procedure SU-3-2000-02. If UUSA finds issues during these processes, we will resolve these issues before going operational.