

NOV 23 2010

LES-10-00253-NRC

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 70-3103/2010-002 Part 2

- Reference:
1. Letter from A. Masters (NRC) to D. Sexton (LES), NRC Inspection Report No. 70-3103/2010-002 and Notice of Violation, dated September 24, 2010
 2. Letter from D. Seymour (NRC) to D. Sexton (LES), Response to NRC Inspection Report No. 70-3103/2010-002 and Notice of Violation, dated November 4, 2010
 3. Letter from LES to NRC LES-10-00233, Request for Extension for Reply to Notice of Violation 70-3103/2010-002, dated October 22, 2010

In response to the NRC's Notice of Violation (Notice) (Ref. 1), in accordance with the NRC's approval (Ref.2) of the Ref. 3 request, URENCO USA (UUSA) herewith provides the enclosed Part 2 Reply to Violation B Example 2 to evaluate a non-conforming condition (See Enclosure). This violation relates to Section 15 of UUSA's Quality Assurance Program Description (QAPD).

Pursuant to instructions specified in the Notice, the enclosed UUSA reply includes for each violation: 1) the reason for the violation; 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. See Enclosure.

Should there be any questions regarding this submittal, please contact Wyatt Padgett, Licensing Manager, at 575.394-5257.

Sincerely,



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

Enclosure: Reply to Notice of Violation 07-3101/2010-002 Part 2

IE07

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ENCLOSURE

LOUISIANA ENERGY SERVICES/URENCO USA (LES/UUSA)

REPLY TO NOTICE OF VIOLATION (NOTICE) 70-3103/2010-002 Part 2

Restatement of Violation:

During U.S. Nuclear Regulatory Commission (NRC) inspections conducted from June 1 through August 31, 2010, three violations of NRC requirements were identified.

In accordance with the NRC Enforcement Policy, the violations are listed below:

- B. Special Nuclear Material License No. 2010 states, in part, that the licensee shall conduct authorized activities at the LES NEF in accordance with statements, representations, and conditions in the approved QAPD, dated April 9, 2004, and supplements thereto.*

Section 15, Nonconforming Items, of the LES NEF QAPD states that, "Employees of LES and LES contractors have a procedural obligation to identify and document nonconformances."

Procedure EG-3-2100-09: Identification, Disposition, and Resolution of Nonconforming Items, Revision (Rev.) 3, Section 5.1.1b states, "When a nonconformance is identified, then initiate a Nonconforming Report (NCR) per this procedure."

Contrary to the above, on July 22, 2010, NRC inspectors identified that the licensee failed to initiate NCR's for non-conforming on two occasions as evidenced by the following two examples:

- 2. Apparent Cause Evaluation for CR 2009-2036, issued on July 2, 2009, did not evaluate 44 potential non-conforming reinforcing steel releases listed in Consolidated Power Supplies (CPS) letter dated July 1, 2009, and the licensee did not provide documentation to show an evaluation was performed. Specifically, the CPS letter notified LES NEF of 44 rebar releases that contained units with potentially nonconforming minimum bend diameters. The corrective actions for the Apparent Cause Evaluation were completed on March 2, 2010, without evaluating all potential non-conforming items.*

This is a Severity Level IV violation (Supplemental II)

UUSA Reply to Violation B:

The Reason for Violation B Example 2:

URENCO USA's (UUSA's) review associated with the information related to Violation B-Example 2 identified that an evaluation, although not formally documented, of all 44 releases was actually conducted.

In general the inspection of all of the rebar (44 issues) was conducted on site and at the manufacturer's location without a formal inspection plan. Documentation of the activity was provided in a surveillance report, but no specific data was recorded for any of the 44 examined bundles other than to identify the non-conforming bundles. Interviews were conducted with those individuals involved in the evaluation and the measurement process. They stated that all of the suspect rebar was measured, and only the three bundles identified in the Apparent Cause Evaluation for CR 2009-2036 report were found to be "nonconforming".

As noted above, the details related to the evaluation of all 44 releases that led to the identification of the three non-conforming releases were not formally documented. Therefore, data was not provided to clearly document all 44 releases in the 2009-2036 Apparent Cause Evaluation (ACE). A brief reference to "over inspection of suspect items" was stated in the 2009-2036 ACE. However, a full evaluation of all 44 releases, as stated above, was not documented in the ACE nor was an NCR generated. The evaluation formally documented in the ACE was focused on the three releases that had been identified as non-conforming during the initial informal review of the 44 releases.

NCR 2010-2351, which performed an evaluation of the 44 releases, was completed on 11/19/10 with a disposition of use-as-is for 41 of the 44 releases. As stated in NCR 2010-2351, 3 of the releases were identified as non-conforming. The non-conforming materials were red tagged and removed from the site in 2009.

Corrective Steps Taken and Results Achieved for Violation B Example 2

1. Performed an engineering evaluation (NCR 2010-2351) regarding the acceptability of the 44 releases. Completed November 19, 2010
2. Revised procedure EG-3-2100-09 Identification, Disposition, and Resolution of Nonconforming Items to include a statement expressing that the procedure applies to all items "suspected" to be non-conforming material. Completed November 13, 2010

Corrective Steps That Will Be Taken To Prevent Further Violation B Example 2

1. Perform training for QA/QC personnel for Procedures QA-3-3000-18, Receipt Inspection and EG-3-2100-09, Identification, Disposition, and Resolution of Nonconforming Items, to emphasize proper procedure implementation, emphasizing generation of an NCR to provide a documented complete evaluation of vendor and other notifications for non-conforming materials received on site. Scheduled Completion Date: January, 15, 2011

The Date When Full Compliance Will Be Achieved for Violation B - Example 2

Full compliance will be achieved upon completion of scheduled training by January 15, 2011.