



Global Nuclear Fuel

A Joint Venture of GE, Toshiba, & Hitachi

Global Nuclear Fuel

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NKH 11-001

July 29, 2011

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Subject: Reply to Notice of Violation

References: (1) License SNM-1097, Docket 70-1113
(2) NRC Inspection Report, 70-1113/2011-006 and Notice of Violation, dated
June 29, 2011

The attachment to this letter provides Global Nuclear Fuel – Americas, LLC's (GNF-A) response to the Notice of Violation described in Reference 2. GNF-A would like to take this opportunity to note that we understand the NRC's concern with regard to the rigor of the root cause analysis that was prepared to address the event underlying the violations outlined in Reference 2. Further, we agree with the NRC's observations regarding the extent of the root cause analysis and its ability to address organizational and programmatic factors. As described below, GNF-A is taking certain actions to address this issue.

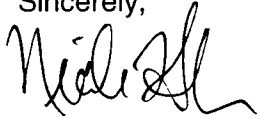
GNF-A strongly believes that safety is our foremost priority. We realize that the responsibility for ensuring safety rests with us, the licensee. As such, we have undertaken actions to address what we perceive to be programmatic performance issues that go beyond the specific violations described in Reference 2. These issues are being addressed as part of a broad common cause analysis by GNF-A and GE Hitachi Nuclear Energy (GEH). We are also performing an additional root cause analysis employing an independent team and applying the management oversight risk tree (MORT) process to assess the management and organizational aspects of the event including extent of condition to prevent similar events. It is expected that additional long-term actions will be taken based on the results of this analysis, including a business-wide Operational Excellence Plan that is currently in development.

We welcome an opportunity to meet with NRC to discuss the additional actions that we are undertaking to address the broader issues discussed in Reference 2.

U.S. Nuclear Regulatory Commission
Document Control Desk
July 29, 2011

If you have any questions or would like to discuss this matter further, please contact me at (910) 819-5277 or Scott Murray at (910) 819-5950.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicole Holmes". The signature is fluid and cursive, with the first name "Nicole" being more prominent than the last name "Holmes".

Nicole Holmes
Chief Operating Officer
GNF-Americas

Attachment – GNF-A Response to NOV

cc: V. McCree, NRC Regional Administrator, Region II Atlanta
A. T. Gody NRC Region II, Atlanta
M. Sykes, NRC Region II, Atlanta
M. L. Thomas, NRC Region II, Atlanta
M. N. (Nick) Baker, NRC NMSS, Washington, D.C.

Attachment

The information provided below summarizes GNF-A's response to the Notice of Violation dated June 29, 2011 associated with NRC Inspection Report 70-1113/2011-006

VIOLATION NO. 2011-006-06

- A. Safety Condition S-1 of Special Nuclear Material License 1097 requires that material be used in accordance with statements, representations, and conditions of application dated and supplements dated April 2, 2007; June 29, 2007; February 14, 2008; November 25, 2008; January 8, 2009; August 13, 2010; and December 2, 2010.**

Section 11.5, Procedures, of the License Application dated April 2, 2007, states that licensed material processing or activities will be conducted in accordance with properly issued and approved management control procedures.

Operating Procedure 2301.00, FMO HVAC Maintenance Operation, Revision 9, Section F, Operation Sequence — Primary Filter Units, states that after removal of prefilter or high efficiency particulate air filter from the housing, vacuum out the filter housing, if necessary.

Contrary to the above, on February 1 and 5, 2011, the licensee failed to vacuum out the sinter test grinder high efficiency particulate air filter housing, when it was necessary. Specifically, the licensee replaced the prefilter and high efficiency particulate air filter and did not clean out approximately 15.3 kilograms of uranium dioxide powder that had accumulated in the filter housing transition piece.

This is a Severity Level IV violation (Section 6.2)

GNF-A's Response to Violations:

GNF-A admits this violation.

- 1) The reason for the violation:

The maintenance operating procedure did not contain sufficient instructions to inspect for powder accumulations and verify accumulations had been removed following a filter change.

- 2) Corrective actions taken:

The sinter test grinder HEPA filter was replaced. Powder in the filter housing was removed and transferred into favorable geometry 3-gallon cans per procedure on March 1, 2011.

The maintenance operating procedure 2301.00 was updated to clarify cleanout and inspection requirements following a filter change and to request a radiation dose rate survey post cleanout. Complete – April 7, 2011.

Nuclear Safety Instruction O-15.0 has been updated to assure vent lines and transitions are promptly cleaned out when above notification limits. Complete – July 27, 2011

- 3) The date when full compliance will be achieved:

Full compliance has been achieved.

- 4) Additional actions to prevent recurrence:

GNF-A is also conducting an additional root cause analysis employing an independent team that applies the management oversight risk tree (MORT) process to assess the management and organizational aspects of the event.

VIOLATION NO. 2011-006-07

B. Safety Condition S-4 of Special Nuclear Material License 1097 states that GNF-A may continue to conduct license activities and maintain records in accordance with the approved SNM 1097, Revision 1 of Chapter 3, Integrated Safety Analysis, and Revision 1 of Chapter 11, Management Measures, subject to GNF-A's commitments in GNF-A's reply to Notice Of Violation (EA-090268) dated July 23, 2010, including but not limited to: (1) its commitment regarding criticality control-related event reporting; and (2) until completion of the actions set forth in its Integrated Safety Analysis Action Plan and Schedule maintained in Attachment 2 to the July 23, 2010, Reply to Notice of Violation.

Reply to a Notice of Violation (EA-09-268), dated July 23, 2010, states, in part, that "GNF-A added a commitment to its internal procedure for event reporting that if a condition is identified in which criticality controls necessary to meet double contingency are not maintained or available, it will be reported to NRC within 24 hours."

Operating Procedure 40-32, Safety Event Communication & Notification, Revision 14, Appendix B, Supplemental Reporting Criteria: Commitment 1 of GNF-A ISA Action Plan Letter (1/11/2010), Step 2a, states, in part that when multiple parameters were initially controlled, loss of one or more criticality safety controls such that only one parameter remains under control, a notification to NRC using telecon and/or event worksheet within 24 hours is required.

Section III.B, Criticality Safety Controls for Dry Uranium Dioxide Processes Moderator Controlled Area, of Criticality Safety Analysis - No. 2310.00, Primary High Efficiency Particulate Air Filter Systems, Revision 2 states, in part, that mass and moderation controls are necessary controls to meet this analysis. In order to achieve mass control the uranium dioxide holdup is limited to less than 25 kilograms by controlling differential pressure across the housing to 4-inches of water or less.

Contrary to the above, on February 5, 2011, the licensee failed to notify the NRC within 24 hours for the loss of mass control when the sinter test grinder high efficiency particulate air filter exceeded the mass control limit of 25 kilograms of uranium dioxide. Specifically, the sinter test grinder high efficiency particulate air filter contained 26.9 kilograms of uranium dioxide.

This is a Severity Level IV violation (Section 6.2)

GNF-A's Response to Violation:

GNF-A admits this violation.

1) The reason for the violation:

During the initial event reportability review, the mass control limit in the HEPA filter analysis (25 kg) was not considered to be the safe mass limit. Rather, a safe mass limit of 31.9 kg (based on the generic CSA that defines safe mass limits) was used to determine reportability. As a result, when GNF-A assessed the event for loss of double contingency, it was determined that double contingency was maintained and NRC notification was not required. We now understand and do not dispute the NRC's position that 25 kg was cited in the HEPA filter analysis and therefore should have been used as the allowable mass limit for the reportability determination.

2) Corrective actions taken:

- a) Additional training has been provided for area engineers, applicable environmental health and safety staff, supervisors, and area managers regarding procedural compliance, conservative decision making, escalation of issues and questioning attitude. Complete – March 9, 2011.
- b) Internal event communication and notification work instruction has been revised to clarify the double contingency reporting requirements (Supplemental Double Contingency Reporting Criteria: Commitment 1 of GNF-A ISA Action Plan Letter - 1/11/2010). Complete – July 29, 2011

3) The date when full compliance will be achieved:

Full compliance has been achieved.

4) Additional actions to prevent recurrence:

GNF-A is also conducting an additional root cause analysis employing an independent team that applies the management oversight risk tree (MORT) process to assess the management and organizational aspects of the event.