



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION II  
245 PEACHTREE CENTER AVENUE NE, SUITE 1200  
ATLANTA, GEORGIA 30303-1257

November 14, 2013

EA-13-063

Gary J. Laughlin, Chief Nuclear Officer  
and Head of Technical Services  
National Enrichment Facility  
P.O. Box 1789  
Eunice, NM 88231

SUBJECT: RESPONSE TO DISPUTED NOTICE OF VIOLATION 70-3103/2013-003-01

Dear Mr. Laughlin:

Thank you for your reply to the Notice of Violation (VIO) 70-3103/2013-003-01, "Falsification of Construction Quality Records Discovered Prior to Cascade Operation," documented in our letter dated July 29, 2013.

In your reply, you asserted that Louisiana Energy Services National Enrichment Facility (LES-NEF) was not in violation of 10 CFR 70.9, "Complete and Accurate Information." In summary, your dispute is based on the following key points: your staff identified the forgery during a procedurally required review process, the issue was placed into your corrective action and employee concerns programs, the components were replaced prior to commissioning the equipment, and that the NRC did not base any regulatory decisions on the forged documents. Furthermore, your reply indicated that the URENCO USA position is that a violation of Section 17, "Quality Assurance Records," of the URENCO USA Quality Assurance Program Description is the more appropriate violation for this issue. A detailed independent review of your contentions and the NRC conclusions of that independent review are documented in the enclosure to this letter.

Our review concluded that the violation occurred as stated in the Notice of Violation dated July 29, 2013. It is important for you to understand that our conclusion reflects the NRC Enforcement Policy that willful violations of NRC requirements cannot be tolerated and that the NRC's regulatory program is based on the licensees and their contractors, employees, and agents acting with integrity. It is also important for you to note that NRC typically pursues escalated enforcement (Severity Level I, II, or III) for willful violations and our acknowledgement of your prompt and appropriate corrective actions in this matter resulted in mitigating the violation to a Severity Level IV.

You are not required to respond to this letter because our review has concluded that your corrective actions were prompt and appropriate. However, should you choose to respond, please provide your response within 30 days and follow the instructions specified in the NRC's Notice of Violation 70-3103/2013-003-01, dated July 29, 2013.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room (PDR) 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/reading-rm/adams.html> in the Public Electronic Reading Room.

If you have any questions, please contact me at (404) 997-4700, or Jim Hickey at (404) 997-4628.

Sincerely,

***/RA/***

Anthony T. Gody, Director  
Division of Fuel Facility Inspection

Docket No. 70-3103  
License No. 2010

Enclosure: Evaluation and Conclusion

cc: (See page 3)

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## **EVALUATION AND CONCLUSION**

### **Introduction**

During an NRC review of licensee condition reports, an NRC inspector noted that URENCO USA (UUSA) had identified an issue regarding forged quality control (QC) initials on work plan documentation. The NRC Office of Investigations performed an investigation into this event and substantiated that a contractor employee willfully forged UUSA employee's initials/signatures on material requisition and work plan documents. These forgeries facilitated the installation of QL-3 bolts and nuts in place of the required QL-1 bolts and nuts. In accordance with Section 17 of the LES QAPD, the Construction Work Plan Material List and the Warehouse Material Identification and Control, Material Requisition form are designated by LES as Quality Assurance Records that are required to be maintained; these documents are material to the NRC because they provide validation of traceability and reliability of a safety significant component. In their letter dated September 3, 2013, the licensee disagreed with the violation.

### **UUSA's Specific Basis for Disputing Violation 70-3103/2013-003-01**

In its letter, the licensee asserted that they had not failed to meet the completeness and accuracy requirements of 10 CFR 70.9 and contend that a violation of section 17, Quality Assurance Records, of the UUSA Quality Assurance Program Description is the more appropriate violation for this issue. The licensee cited the following reasons as their basis for disputing the violation:

1. The issue was identified by a licensee staff member. On April 26, 2011 forged initials and signature on the QC Verification block of the Construction Work Plan Material List (EG-3-6000-01- F-5), and the Warehouse Material Identification and Control Material Requisition form (PR-3-3000-03-F-2) were identified by an UUSA QC inspector.
2. Timely corrective actions were taken. On May 26, 2011, actions were taken to correctly document the use of temporary bolts in accordance with EG-3-6000- 04. Work plan 1002-MECH-614-003 material list was updated with an annotation that the installed bolts were QL3 and temporary; this annotation rendered the forged QC Verification block inapplicable on Form EG-3-6000- 01-F-5, Material List, in accordance with revision 10 of EG-3-6000-01, Construction Work Plans. Immediately following discovery, an Employee Concerns Program (ECP) investigation commenced as well as a review of all Work Plans involving work performed by the contractor involved in the forgery. The review of work plans revealed that all other material entries and work entries performed were in compliance with work plan procedures.
3. The ease of detection was relatively low. The discovery occurred during a review by the QC inspector whose initials and signature were present on the forged documents. The forged signature and initials were very similar to those of the actual individual and would only have been discovered by the individual himself.
4. At no time did the NRC rely on the information prior to the correction. The bolts in questions were associated with Cascade Cooling Water (CCW) on Cascade 2.2, which was not in operation at the time. UUSA performed an extensive review of records submitted to the NRC and concluded that there is no evidence that UUSA ever submitted inaccurate records

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to the NRC and there is no evidence that contemporaneous NRC inspection activities looked at such records. Furthermore, on December 12, 2011, the proper QL-1 bolts were installed replacing the temporary bolts. In addition, prior to placing Cascade 2.2 in service, the NRC approved LAR 11-02 thus eliminating IROFS 41 and thereby allowing UUSA to downgrade the bolts to QL-3. This eliminated the need for this record to be part of an NRC authorization decision to operate.

### **NRC Evaluation of Licensee's Response**

The NRC staff reviewed UUSA's response and the basis upon the disagreement with the 10 CFR 70.9 citation. In addition, NRC personnel unrelated to UUSA inspection activities reviewed your response and the original violation issued. The review concluded that Violation (VIO) 70-3103/2013-003-01 occurred as stated in our letter dated July 29, 2013, "Louisiana Energy Services, URENCO USA Facility – NRC Integrated Inspection Report Number 2013-003, Investigative Synopsis, Office of Investigations Case Number 2-2011-038 and Notice of Violation."

The NRC's evaluation of this violation considered all of the points made by UUSA in its dispute of VIO 70-3103/2013-003-01. In addition to the four points made by UUSA, the NRC also considered the willful aspects of this violation. As stated in Section 2.2.1.d. of the NRC Enforcement Policy, "Willful violations are of particular concern because the NRC's regulatory program is based on licensees and their contractors, employees, and agents acting with integrity and communicating with candor. The Commission cannot tolerate willful violations. Therefore, a violation may be considered more significant than the underlying noncompliance if it includes indications of willfulness. Violations with willful aspects will typically be considered for escalated enforcement (i.e., SL I, II, or III). The term "willfulness" as used in this Policy refers to conduct involving either a careless disregard for requirements or a deliberate violation of requirements or falsification of information."

Prior to the NRC issuing VIO 70-3103/2013-003-01, an NRC enforcement panel was convened to assess the significance of this violation and determine if escalated enforcement was warranted. The enforcement panel did consider violations of both the QA program and 10 CFR 70.9. The enforcement panel concluded that the most important aspect of this issue was the willful forgery of the QC documents. This enforcement panel recognized that (1) the issue was identified by the licensee; (2) timely corrective actions were taken; (3) the issue was corrected prior to the affected system being placed in operation; and (4) the issue was corrected prior to NRC review of the affected documents. Due in large part to these mitigating factors the NRC determined that escalated enforcement was not warranted and that only the 10 CFR 70.9 violation would be cited.

### **NRC Conclusion**

Licensee QC documents are required to be complete and accurate so as to allow the NRC to accurately determine if items relied on for safety are properly installed. The willful falsification of the QC documents at issue facilitated the installation of QL-3 bolts and nuts in place of the required QL-1 bolts and nuts. The forgeries, while not easily detected, increase the potential that an event such as this could go undetected and therefore allow installation of inadequate components in safety related systems.

The NRC maintains that the violation as stated in the notice reflects the most important aspect of the issue. That is the willful forgery of QC documents required to demonstrate traceability and reliability of components related to an IROFS.

For the above reasons, the NRC concludes that the violation occurred as stated in the Notice.