

August 4, 2016

EA-16-016

Mr. David M. Royer
Vice President
General Counsel
AREVA Inc.
3315 Old Forest Road
Lynchburg, VA 24506

SUBJECT: AREVA, INC. - CONFIRMATORY ORDER

Dear Mr. Royer:

The enclosed Confirmatory Order (CO) is being issued to AREVA, Inc. (AREVA), as a result of a successful Alternative Dispute Resolution (ADR) session. The enclosed commitments were made as part of a settlement agreement between you and the U.S. Nuclear Regulatory Commission (NRC) concerning apparent violations of NRC requirements as discussed in the enclosure to our letter dated April 21, 2016.

Our April 21, 2016, letter summarized a September 9, 2015, meeting between AREVA and the NRC. During that meeting AREVA met with representatives from the NRC's Office of Nuclear Material Safety and Safeguards (NMSS) about licensee responsibilities under the Protocol Additional to the Agreement Between the United States of America and the International Atomic Energy Agency for the Application of Safeguards in the United States of America (hereinafter referred to as the Additional Protocol). During the meeting, AREVA officials informed the NMSS representatives that it may have exported reactor components to other countries without making the notifications required by the Additional Protocol and NRC regulations in Title 10 of the *Code of Federal Regulations* (10 CFR) Section 110.54(a)(1).

Our April 21, 2016, letter also informed you that the NRC had identified two apparent violations, which were being considered for escalated enforcement in accordance with the NRC's Enforcement Policy and provided you with the options of: (1) attending a Predecisional Enforcement Conference or (2) requesting ADR with the NRC in an attempt to resolve any disagreements regarding whether violations occurred, appropriate enforcement actions, and appropriate corrective actions. The first apparent violation involved AREVA's failure to report on a quarterly basis the export of nuclear reactor components subject to the Additional Protocol and as required by NRC regulations. The apparent violation impacted the U.S. Government's ability to comply with its international obligations for reporting certain exports under the Additional Protocol. The second apparent violation involves AREVA's export of a reactor coolant pump (without motor) to France without a specific license authorizing the export.

In response to our letter, you requested ADR. An ADR mediation session was held on June 13, 2016, and a preliminary settlement agreement was reached. The elements of the preliminary agreement were formulated and agreed to at the mediation session. Consistent with the purposes of ADR, you and the NRC acknowledged that the session was not for the purposes of reaching any conclusions regarding any facts or circumstances as discussed in our letter dated April 21, 2016.

At the session, you agreed that a CO would be issued. In consideration of the commitments agreed upon during the June 13, 2016, ADR session, the NRC agreed to refrain from imposing a civil penalty or issuing a Notice of Violation.

Additionally, as discussed during the ADR session, we also note that the April 21, 2016, letter was incorrectly addressed to the AREVA Richland Facility. The letter should have been addressed to AREVA Inc. In addition, the letter stated the components were shipped from an AREVA facility in Richland, Washington. The letter should have stated that the components were shipped from AREVA facilities in Richland, Washington and Lynchburg, Virginia. Section II of the attached CO (Enclosure 1) resulting from this ADR corrects and documents the remaining incorrect information originally documented in the April 21, 2016 letter.

As evidenced by your signed "Consent and Hearing Waiver Form" (Enclosure 2) dated July 29, 2016, you agreed to the issuance of the CO.

Pursuant to Section 223 of the Atomic Energy Act of 1954, as amended, any person who willfully violates, attempts to violate, or conspires to violate, any provision of this CO shall be subject to criminal prosecution as set forth in that section. Violation of this CO may also subject the person to civil monetary penalties.

Apart from the actions required by the enclosed CO, you are not required to respond to this letter. However, if you choose to provide a response, please provide it to me within 30 days. Your response should be addressed to the Director, Office of Enforcement and a separate copy provided to the NRC Document Control Desk by either (1) U.S. Postal Service at U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001 or (2) direct mailing to U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738. Should you have questions concerning the enclosed Confirmatory Order, please contact Ms. Brooke Smith, Chief, Export Controls and Nonproliferation Branch, Office of International Programs at (301) 415-2347.

D. Royer

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In accordance with 10 CFR § 2.390 of the NRC's "Agency Rules of Practice," a copy of this letter, along with its enclosures, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. The Confirmatory Order will be published in the Federal Register. The NRC also publishes Confirmatory Orders on its Web site under Significant Enforcement Actions at <http://www.nrc.gov/about-nrc/regulatory/enforcement.html>.

Sincerely,

/RA/

Patricia K. Holahan, Director
Office of Enforcement

Enclosures:

1. Confirmatory Order
2. Consent and Hearing Waiver

cc:

H. Winegard
Principal Counsel
Engineering and Projects, North America
AREVA Inc.
7207 IBM Drive
Charlotte, NC 28262

D. Royer

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Sincerely,

/RA/

Patricia K. Holahan, Director
Office of Enforcement

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cc:

H. Winegard
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