

S. NUCLEAR REGULATORY COMMISSION
OFFICE OF INSPECTION AND ENFORCEMENT

REGION V

70-25/78-0³ (IE-V-245)

Case No. 70-25 License No. SNM-21 Safeguards Group 1

Licensee: Energy Systems Group
Rockwell International
8900 De Soto Avenue, Canoga Park, California 91304

Facility Name: _____

Inspection at: _____

Inspection conducted: July 10-14, 1978

Inspectors: G. H. Hamada 7/21/78
Date Signed

G. H. Hamada, Statistician/Chemist

Y. Kobori 7/21/78
Date Signed

Y. Kobori, Auditor

A. V. Wieder 7/21/78
Date Signed

A. V. Wieder, Auditor

Approved By: L. R. Norderhaug 7/21/78
Date Signed
L. R. Norderhaug, Chief, Safeguards Branch

Summary:

Inspection on July 10-14, 1978 (Report No. 70-25/78-0³)

Areas Inspected: Routine unannounced inspection of facility organization, facility operation, measurements and statistical controls, shipping and receiving, storage and internal controls, MUF and LEMUF, and records and reports. The inspection involved 108 inspector-hours onsite by three NRC inspectors.

Results: No items of noncompliance were identified in the seven areas inspected.

The information contained herein is to be disseminated pursuant to the provisions of the Freedom of Information Act.

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DETAILS

A. Persons Contacted

- *M. E. Remley, Manager, Health, Safety and Radiation Services
- *V. J. Schaubert, Manager, Nuclear Materials Management
- D. C. Allen, Nuclear Materials Management Representative
- S. Wode, Management Systems Specialist
- C. L. Nealy, Manager, Analytical Chemistry
- J. D. Moore, Operational Safety and Waste Management
- J. Kim, Statistician
- M. Reed, NMM Fuel Administrator
- T. Gardner, Quality Assurance

*Denotes those attending the exit interview in addition to R. G. Jones, Vice President and Controller.

B. Action on Previous Inspection Findings

1. (Closed) Noncompliance (70-25/77-06): Failure to maintain procedures for SNM added to or removed from process. Written procedures were completed in December, 1977.
2. (Closed) Noncompliance (70-25/77-06): Failure of the seal control officer to inventory the tamper-safing seals at the time of the bimonthly SNM inventory. The licensee has put into operation a computerized tamper seal inventory system which provides the seal control officer with timely data to facilitate the inventory and verification of unused tamper-safing seals at the time of each bimonthly SNM inventory. Such inventories are now being conducted.

C. Functional Areas Inspected

1. Facility Organization

Effective July 3, 1978, a reorganization was effected putting the nuclear material management function under a new corporate entity, the Energy Systems Group. Atomics International will continue to operate as a Division under Energy Systems Group. From the standpoint of material control and accounting, this change amounts to a name change only. The separation of functions and independence of action features remain intact.

No items of noncompliance were identified.

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2. Facility Operation

The licensee expects to initiate, in the near future, a program for the fabrication of low-enriched uranium plate-type fuels. Currently, plate-type fuels, such as ATR fuel, use high-enriched uranium. This effort will require restructuring of existing material balance areas (MBA) as well as the creation of additional MBAs. A plan has been developed whereby the new powder and compact lines will be contained in a separate room adjacent to the existing lines. This will provide reasonable assurance that comingling of different enrichments will not occur.

Currently, powder from the ATR line is also used for the TRTR (Training Reactor Test Reactor) program. The requirements for current TRTR are the same as ATR except for plate size and shape; i.e., the same enrichment and powder blends are used for TRTR fuel. The two projects are controlled on an item control basis after the compacting process.

No items of noncompliance were identified

3. Measurements and Statistical Controls

The following areas were reviewed: balance calibration, analytical chemistry calibration, and statistical controls. Further discussions and review of waste barrel measurements will be resumed after the Battelle independent measurement program has been completed. Arrangements with a Battelle group have been made to perform independent waste barrel measurements using state-of-the-art instrumentation (Random Driver, Segmented Gamma Scanner). This effort is to be conducted during the week of August 21, 1978.

No items of noncompliance were identified.

4. Shipping and Receiving

The Licensee's Nuclear Transaction Reports (NRC-741) for shipments and receipts of special nuclear material during the period October 31, 1977 through June 30, 1978 were examined for assurance that:

- (a) all special nuclear materials received or shipped were accurately accounted for,
- (b) each such transaction was appropriately measured, and

- (c) all apparent shipper-receiver differences were reviewed and evaluated.

No items of noncompliance were identified.

5. Storage and Internal Control

The inspection verified that the licensee continues to maintain a system of storage and internal controls for SNM which provides for current knowledge of the quantity, identity and location of all SNM within his facilities.

The inspection included a review of controls over the distribution and use of internal transfer documents and tamper-safing devices. A computerized control system for distribution, use, destruction, and inventory of tamper-safing devices was implemented in early calendar year 1978.

No items of noncompliance were identified.

6. MUF and LEMUF

MUF and LEMUF were reviewed against applicable parts of the regulations.

No items of noncompliance were identified.

7. Records and Reports

Records, reports and other documentation applicable to the period October 31, 1977 - June 30, 1978 were reviewed to determine that (a) AI has established and continues to maintain a records and reports system which provides accurate information sufficient to locate all SNM in its possession, and to close a material balance as specified by the regulations and license conditions; and (b) the quantities of SNM in AI's possession are not being used for unauthorized purposes.

The inspection also included a determination that the transfer of all SNM had been restricted to authorized recipients as specified in 10 CFR 70.42.

The inspection confirmed that written procedures required by 10 CFR 70.51(e)(1)(2) had been implemented in December 1977 as planned and that "materials in process" and related accounting records were being maintained in accordance with the procedures.

Contingent upon receiving appropriate Department of Energy (DOE) funding, the licensee expects to convert its present computerized record system, which now uses an offsite company-owned computer, to another automated system using a new to-be-purchased in-house safeguards/production oriented mini-computer. Preliminary expectations are to have such a system operational in January, 1979. Initial operations will utilize the batch system of data processing with conversion to a real time system to follow. The change to an onsite computer is needed to satisfy certain DOE Safeguards classification requirements.

No items of noncompliance were identified.

D. Exit Interview

The inspection findings were discussed with licensee personnel identified in Section A of this report.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V

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WALNUT CREEK, CALIFORNIA 94596

*Safeguards
(Working copies)*

NOV 17 1978

Docket No. 70-25

Rockwell International
Energy Systems Group
8900 DeSoto Avenue
Canoga Park, California 91304

Attention: Mr. R. E. Jones
Vice President and Controller

Gentlemen:

Subject: NRC Inspection

This letter refers to the inspection of your activities authorized under NRC License No. SNM-21 conducted by Mr. W. P. Mortensen of this office on November 1-2, 1978. It also refers to the discussion of our inspection findings held by the inspector with you and members of your staff on November 2, 1978, and the telephone conversation between Vern Schaubert and W. P. Mortensen on November 13, 1978.

The inspection included examination of activities related to physical protection against industrial sabotage and against theft of special nuclear material in accordance with applicable requirements of Title 10, Code of Federal Regulations, Part 73, "Physical Protection of Plants and Materials," your Security Plan, and license conditions pertaining to physical protection as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and records, interviews with facility personnel and observations by the inspector.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. The items of noncompliance are categorized into the level as described in our correspondence to all NRC licensees dated December 31, 1974.

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This notice is sent to you pursuant to the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Section 2.201 requires you to submit to this office within 20 days of your receipt of this notice, a written statement of explanation in reply, including: (1) steps which have been or will be taken by you to correct the violation, and the results achieved; (2) steps which will be taken to avoid further violations; and (3) the date when full compliance will be achieved.

In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of findings of your control and accounting procedures for safeguarding special nuclear materials and your facility security procedures are exempt from disclosure; therefore, Appendix A, the inspection report, and your response to the items listed in Appendix A will not be placed in the Public Document Room and will receive limited distribution.

Should you have any questions concerning this letter, we will be glad to discuss them with you.

Sincerely,

for M. D. Schuster
LeRoy R. Norderhaug, Chief
Safeguards Branch

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report
No. 70-25/78-06(IE-V-265)

cc: w/enclosures
M. Remley