UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

November 3, 2020

Mr. Gary Peters, Director
Licensing & Regulatory Affairs
Framatome, Inc.
3315 Old Forest Road
Lynchburg, VA 24501

SUBJECT: CONFIRMATORY ORDER EA-16-016 – RESPONSE TO FRAMATOME, INC., REQUEST TO RESCIND ANNUAL AUDIT REQUIREMENTS

Dear Mr. Peters:

By letter dated August 4, 2016 (Agencywide Documents Access and Management System (ADAMS) Accession Nos. ML16176A109 and ML16176A128), the U.S. Nuclear Regulatory Commission (NRC, the Commission) issued Confirmatory Order (CO) EA-16-016 to Framatome Inc. (Framatome, formerly AREVA, Inc.), as a result of a successful Alternative Dispute Resolution (ADR) session. The CO requires certain actions associated with specific and general license requirements under Title 10 of the *Code of Federal Regulations* (10 CFR) Part 110, "Export and Import of Nuclear Equipment and Material," including reporting requirements.

Section V of CO EA-16-016 requires, in part, that Framatome will engage an independent third-party consultant to conduct a review and provide a written assessment of Framatome's written import/export compliance program and training activities. The first audit report was to be submitted to the NRC within 2 years from the issuance of the CO, and the audits would continue on an annual basis. Section V, Paragraph 9, also provides that, after the third annual audit, upon request by Framatome and a showing of good cause, the Director, Office of Enforcement, shall rescind the audit requirements. While Paragraph 9 of the CO used the term "rescind," in accordance with Section 2.7.8 of the Enforcement Manual, the appropriate action when the NRC elects not to enforce a provision of an order is "withdrawal."

By letter dated September 10, 2020 (ADAMS Accession No. ML20276A127), Framatome submitted its third annual audit report conducted by Mr. William H. Ruland, Steelhead Consulting, LLC. The audit report concluded that Framatome's import/export program "demonstrated a rigor appropriate to the circumstances." Additionally, the report stated that no similar problems that led to the CO or violations were identified during the 2020 assessment or the previous two assessments performed in 2018 and 2019. Based on the results of the third audit and written assessment, and its continued compliance with the CO, Framatome requested that the NRC rescind the annual independent audit requirement.

The underlying purpose for requiring the audits and written assessments is to ensure that Framatome has in place the necessary procedures and controls and can independently confirm continued compliance with the import and export controls required by 10 CFR Part 110. The 2018, 2019, and 2020 audit reports have established that Framatome, Inc., is providing the

required quarterly reports to the NRC for exports of reactor equipment and components for each calendar year and is maintaining written procedures related to NRC requirements contained in 10 CFR Parts 75 and 110. These written procedures include conducting periodic training with management and staff responsible for import and export activities authorized by Part 110.

Based on the above, the NRC staff concludes that the underlying purpose for requiring the annual independent audits and written assessments has been achieved and that Framatome has demonstrated good cause to no longer require the annual audits in accordance with Section V, Paragraphs 8 and 9, of CO EA-16-016. Accordingly, the NRC is withdrawing this requirement. All other CO requirements remain applicable and are not impacted by this withdrawal.

In accordance with the 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from ADAMS, which is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

Sincerely,

George A. Wilson

Digitally signed by George A. Wilson
Date: 2020.11.03 11:21:45 -05'00'

George A Wilson, Director
Office of Enforcement

SUBJECT: CONFIRMATORY ORDER EA-16-016 – RESPONSE TO FRAMATOME, INC., REQUEST TO RESCIND ANNUAL AUDIT REQUIREMENTS DATED: November 3, 2020

DISTRIBUTION:

G. Wilson, OE	N. Mamish, OIP	D. Skeen, OIP
J. Peralta, OE	P. Habighorst, OIP	A. Jones, OIP
R. Fretz, OE	OE r/f	OIP r/f
RidsOeMailCenter Resource		
RidsOipMailCenter Resource		

ADAMS Accession No.: ML20276A140

OFFICE	OE/EB	BC:OE/EB	OIP/ECNP	BC:ECNP/OIP
NAME	RFretz	JPeralta	AJones	PHabighorst
DATE	10/02/2020	10/08/2020	10/08/2020	10/08/2020
OFFICE	OGC	DD: OIP	D:OIP	OE
NAME	RCarpenter	DSkeen	NMamish	GWilson
DATE	10/22/2020	10/08/2020	10/08/2020	11/03/2020

OFFICIAL RECORD COPY