



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

September 6, 2024

EA-24-096

Charles Bollinger
Chief Operations Officer
Industrial Nuclear Co., Inc.
14320 Wicks Blvd
San Leandro, CA 94577

SUBJECT: INDUSTRIAL NUCLEAR CO., INC. - NRC INSPECTION REPORT
NO. 71-0062/2024-201 AND NOTICE OF VIOLATION

Dear Charles Bollinger:

This letter refers to the inspection conducted on July 9 to 11, 2024, at the Industrial Nuclear Co., Inc. (INC) facility in San Leandro, California. The inspection team continued the inspection activities with an in-office review and held an exit meeting on July 26, 2024. The purpose of the inspection was to verify and assess the adequacy of INC's activities associated with the transportation of radioactive material to determine if they were performed in accordance with the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 71, "Packaging and Transportation of Radioactive Material," and INC's U.S. Nuclear Regulatory Commission (NRC) approved Certificates of Compliance (CoCs) and Quality Assurance Program (QAP). The inspection scope included management, design, fabrication, and maintenance controls. The enclosed report presents the results of this inspection.

The inspection examined activities conducted under your NRC approved QAP as they relate to public health and safety, and to confirm compliance with the Commission's rules and regulations and with the conditions of the applicable CoCs. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, the NRC has determined that one Severity Level IV violation of NRC requirements occurred. The violation was evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at (<http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>). The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail in the subject inspection report. The violation met the criteria for treatment as a non-cited violation; however, because of INC's ongoing implementation of actions to address previously identified programmatic issues within its corrective action program, the NRC determined the issuance of a Notice is appropriate.

As documented in inspection report 71-0062/2022-201, the NRC increased the routine inspection frequency from 5 years to 3 years in accordance with Inspection Manual Chapter 2690, "Inspection Program for Storage of Spent Reactor Fuel and Reactor-Related Greater than

Class C Waste at Independent Spent Fuel Storage Installations and for 10 CFR Part 71 Transportation Packagings.” Based on the overall adequate implementation of the QAP and identification of only one violation of very low safety significance that was an isolated incident and not related to the previous issues identified, the NRC has returned the inspection frequency to the routine interval of 5 years.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. If you have additional information that you believe the NRC should consider, you may provide it in your response to the Notice. The NRC review of your response to the Notice will also determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR Part 2 of the NRC’s “Agency Rules of Practice and Procedure,” a copy of this letter, its enclosures, and your response, will be made available electronically for public inspection in the NRC Public Document Room (PDR) or from the Publicly Available Records component of the NRC’s Agencywide Documents Access and Management System (ADAMS), is accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. To make an appointment to visit the PDR, please send an email to PDR.Resource@nrc.gov or call 1-800-397-4209 or 301-415-4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the Public without redaction.

Sincerely,



Signed by Rodriguez-Luccioni, Hector
on 09/06/24

Hector Rodriguez-Luccioni, Chief
Inspection and Oversight Branch
Division of Fuel Management
Office of Nuclear Material Safety
and Safeguards

Docket No. 71-0062

Enclosures:

1. Inspection Report No. 71-0062/2024-201
2. Notice of Violation

cc w/Enclosures:

Mike Rose, Quality Assurance Manager & Assistant RSO

Subject: INDUSTRIAL NUCLEAR CO., INC. - NRC INSPECTION REPORT
NO. 71-0062/2024-201 AND NOTICE OF VIOLATION

DOCUMENT DATE: September 6, 2024

DISTRIBUTION:

DFM r/f
NMSS r/f
MBurgess, NMSS
DJones, OE

ADAMS Accession No.: ML24247A205

OFFICE	DFM	E	DFM	E	OE	E	DFM	E
NAME	JTapp		SFigueroa		DJones		HRodriguez-Luccioni	
DATE	9/5/2024		9/6/2024		9/6/2024		9/6/2024	

OFFICIAL RECORD COPY

**U.S. NUCLEAR REGULATORY COMMISSION
Office of Nuclear Material Safety and Safeguards
Division of Fuel Management**

Inspection Report

Docket No.: 71-0062

Report No.: 71-0062/2024-201

Enterprise Identifier: I-2024-201-0016

Certificate Holder: Industrial Nuclear Co., Inc.

Location: San Leandro, CA

Inspection Dates: July 9 - July 26, 2024

Inspectors: Jeremy Tapp, Senior Transportation and Storage Safety Inspector, Team Leader
Marlone Davis, Senior Transportation and Storage Safety Inspector
Azmi Djapari, Transportation and Storage Safety Inspector

Approved by: Hector Rodriguez-Luccioni, Chief
Inspection and Oversight Branch
Division of Fuel Management
Office of Nuclear Material Safety
and Safeguards

EXECUTIVE SUMMARY

Industrial Nuclear Co., Inc. NRC Inspection Report 71-0062/2024-201

This routine inspection evaluated the ongoing activities at Industrial Nuclear Co., Inc.'s (INC's) facility in San Leandro, California related to transportation of radioactive material from July 9 to 11, with additional in-office review through July 26, 2021. The purpose of the inspection was to verify and assess the adequacy of INC's activities associated with the transportation of radioactive material to determine if they were performed in accordance with the requirements of Title 10 of the *Code of Federal Regulations* (10 CFR) Part 71, "Packaging and Transportation of Radioactive Material," and INC's U.S. Nuclear Regulatory Commission (NRC) approved Certificates of Compliance (CoCs) and Quality Assurance Program (QAP). The inspection scope included management, design, fabrication, and maintenance controls.

Based on the results of this inspection, the NRC inspection team assessed that, overall, implementation of INC's QAP was adequate. However, the team identified one violation of very low safety significance where INC did not meet NRC requirements in measuring and test equipment. The violation is summarized below and described in detail in the report details section of this inspection report.

Quality Assurance Program

- The team determined that the quality assurance (QA) controls at INC were generally adequate. The team concluded that INC conducts its activities associated with QA organization independence and QA responsibilities in accordance with their NRC approved QAP. (section 1.1)

10 CFR Part 21

- The team determined that the provisions of 10 CFR Part 21 were adequately documented in quality procedures and INC complied with 10 CFR 21.6, "Posting requirements." (section 1.2)

Design Control

- The team determined that for the items selected for review that the fabrication specifications were consistent with the design commitments and requirements documented in the approved CoC and safety analysis report (SAR) for packagings, and written procedures, as applicable. The team also determined that INC implemented a design control program in accordance with their implementing procedures and NRC approved QAP. (section 1.3)

Fabrication, Maintenance, and Testing

- The team determined that INC is effectively implementing its fabrication controls, including welding and nondestructive examination (NDE) processes, and has adequate procedures in place to ensure compliance with the applicable regulations and QAP requirements.

However, the team identified the control of measuring and testing equipment (M&TE) as an area for improvement. A Severity Level IV violation was identified due to the failure to use properly calibrated M&TE for verifying critical dimensions. (section 1.4)

Procurement

- The team concluded that materials, components, and services received met the INC procurement specifications, and the procurement specifications conform to the design commitments and the requirements contained in the packaging SAR and CoC. (section 1.5)

Nonconformance and Corrective Action

- The team concluded that INC effectively implemented its nonconformance control program and has adequate procedures in place to ensure compliance with the applicable regulations and QAP requirements. The team concluded that INC's corrective action program (CAP) is adequate to implement the requirements of INC's QAP and 10 CFR Part 71 but could not determine the effectiveness of the program as no corrective action reports (CARs) were available to review. (section 1.6)

Personnel Training and Quality Assurance Oversight

- The team determined that INC had trained and qualified individuals performing activities affecting quality and that INC provided appropriate oversight of quality related activities, as applicable. (section 1.7)

Audit Program

- The team found that for the audits reviewed, INC conducted the audits with qualified personnel and adequately evaluated the applicable functional areas of the QAP. (section 1.8)

REPORT DETAILS

1.0 Applicable Portions of Inspection Procedure 86001–Design, Fabrication, Testing, and Maintenance of Transportation Packagings

1.1 Quality Assurance Program

a. Inspection Scope

The team reviewed the INC QAP, “Design, Fabrication, Assembly and Testing of Type B Shipping Containers and Source Assemblies,” revision 15 and implementing quality procedures (QPs) to assess the effectiveness of the QA program implementation. The team conducted reviews of INC’s quality program, policies, and procedures, to determine whether activities subject to 10 CFR Part 71 were adequately controlled and implemented under INC’s NRC approved QAP. The team also reviewed procedures and documents regarding the annual assessment of INC’s QA program implementation and biennial reports to the NRC regarding changes to the INC QAP.

b. Observations and Findings

The team assessed that INC had a QA program and implementing procedures in place that were generally effective in conducting activities in accordance with their transportation package CoCs as well as their NRC approved QAP. The team verified that the QA program authorities and responsibilities were clearly defined and documented, and the QA organization functioned as an independent group. For the annual assessment reviewed, it was performed as required and evaluated QA program implementation to identify any trends and support improvement, as necessary. INC has submitted biennial reports to the NRC regarding changes to the INC QAP as required by 10 CFR 71.106.

No issues of significance were identified.

c. Conclusions

The team determined that the QA controls at INC were generally adequate. The team concluded that INC conducts its activities associated with QA organization independence and QA responsibilities in accordance with their NRC approved QAP.

1.2 10 CFR Part 21

a. Inspection Scope

The team verified that provisions are in place for reporting defects which could cause a substantial safety hazard, as required by 10 CFR Part 21. The team reviewed the 10 CFR Part 21 procedure QP 19.1, “Reporting of Defects and Noncompliance,” revision 2 to verify if provisions were in place for reporting defects that could cause a substantial safety hazard and whether INC would complete the required evaluation and notification in a timely manner. The team requested a list of 10 CFR Part 21 evaluations and

notifications associated with INC quality activities. The team also verified if INC complied with 10 CFR 21.6, "Posting requirements."

b. Observations and Findings

The team assessed that INC has provisions in place for evaluating deviations and reporting defects that could cause a substantial safety hazard, as required by 10 CFR Part 21. The team noted that for the 10 CFR Part 21 postings sampled at INC's San Leandro, CA facility met the applicable requirements of 10 CFR Part 21. No Part 21 evaluations or notifications were performed since the last routine inspection in 2021.

No issues of significance were identified.

c. Conclusions

The team determined that the provisions of 10 CFR Part 21 were adequately documented in quality procedures and INC complied with 10 CFR 21.6, "Posting requirements."

1.3 Design Control

a. Inspection Scope

The team reviewed the design control section of the INC QAP and applicable implementing quality procedures to verify that INC properly implemented a design control program for their transportation packages. The team reviewed selected drawings, dedication plans and interviewed INC personnel. The team reviewed design documents to verify if INC had control of all phases of the design process from the onset of the design through the fabrication activities. The team focused its review on the translation of design information from the SAR to the fabrication drawings and the controls that were in place and dedication plans met design requirements. The team reviewed the INC implementing quality procedures specifically related to design control activities. The team also reviewed the qualifications of selected engineering personnel and supplier audits as applicable because INC contracts most of their design control activities to an engineering contractor.

The team focused its review on INC design activities related to revision 0 of the CoC No. 9387 for the Part 71 packaging model Outer Package-Raw Material Shipping Container (OP-RMSC). Specifically, the team reviewed the following INC QPs and QAP section associated with design control:

- QAP, section 3.0, "Design Control," revision 15, dated July 11, 2022,
- QP 3.1, "Design Control," revision 9, dated June 18, 2010,
- QP 3.2, "Commercial Grade Item Dedication," revision 7, dated August 22, 2022, and
- QP 4.1, "Procurement Document Control," revision 6, dated August 25, 2022.

The team reviewed the INC OP-RMSC package SAR, revision 4, to ensure that INC complied with the acceptable methods, drawings and engineering documentation described in the NRC Safety Evaluation Report.

The team also reviewed fabrication drawings to verify that INC provided adequate oversight of engineering services and that the engineering contractor had adequately translated the design details of the model OP-RMSC to the associated fabrication drawings. Specifically, the team reviewed licensing drawings and compared the licensing drawing to the related fabrication drawings.

SAR Licensing Drawings

- OP-RMSC–SAR–TA, sheets 1-4, revision 1
- RMSC–SAR–TA, sheets 1-3, revision 2
- RMSC–SPFH–SAR, sheet 1, revision 0

Fabrication Drawings

- OP-RMSC–ILA-1, revision 0
- OP-RMSC–ILR-1, revision 0
- OP-RMSC–IP-1, revision 0

b. Observations and Findings

The team assessed that overall, INC assigned design responsibilities appropriately and the engineering service contractor was effectively implementing INC’s design control program. The team also assessed that implementing procedures were in place and effective in controlling activities in accordance with the applicable regulations and approved CoC.

No issues of significance were identified.

c. Conclusions

The team determined that for the items selected for review and personnel interviewed that INC implemented a design control program in accordance with their implementing procedures and NRC approved QAP.

1.4 Fabrication, Maintenance, and Testing

1.2 Inspection Scope

The team reviewed procedures, drawings, and records, related to the model OP-RMSC to determine if fabrication, assembly, and testing activities met the SAR and design commitments and requirements documented in the CoC. The team also reviewed training records that include records of qualification and certification of welding and NDE personnel. The team verified that welders were appropriately qualified according to American Society of Mechanical Engineers Code Section IX requirements and that welders met the current qualification requirements for the welding processes in use on the shop floor. The team reviewed the following procedures, drawings, and records:

- QP 8.5, “Identification and Control of Materials, Parts, and Components for the Manufacture of the OP-RMSC,” revision 0
- QP 9.1, “Control of the Welding Process,” revision 4
- QP 10.1, “Inspection”

- Attachment 8.5.A.1, “Kitting and Manufacturing Traveler – OP-RMSC-CLA-1 Closure Lid Assembly”
- Attachment 8.5.A.2, “Kitting and Manufacturing Traveler – OP-RMSC-ILA-1 Inner Lid Assembly”
- Attachment 8.5.A.3, “Kitting and Manufacturing Traveler – OP-RMSC-BBPA-1 Body Bottom Plate Assembly”
- Attachment 8.5.A.4, “Kitting and Manufacturing Traveler – OP-RMSC-Body Inner Cavity Assembly”
- Attachment 8.5.A.5, “Kitting and Manufacturing Traveler – OP-RMSC-Body Inner Cavity Assembly”
- Attachment 9.2B, “Welding Procedure Specifications” for Gas Tungsten Arc Welding (GTAW)
- Attachment 9.2C, “Procedure Qualification Record” for GTAW
- Fabrication Drawings:
 - OP-RMSC–OBA-1, “Outer Body Assembly,” revision 1
 - OP-RMSC–OB-1, “Outer Body,” revision 0
 - OP-RMSC–CR-1, “Closure Ring,” revision 0
 - OP-RMSC–ILA-1, “Inner Lid Assembly,” revision 0
 - OP-RMSC–ILR-1, revision 0
 - RMSC–BTP-1, revision 0
- Personnel Training:
 - Attachment 9.2A, “Welder Qualification Record”
 - Certification of Visual Weld Examiner

The team reviewed selected M&TE used in the fabrication of the model OP-RMSC, along with the associated procedures and records, to ensure that the equipment used in activities affecting quality, such as dimensional verification of critical characteristics, were properly controlled and calibrated. The team reviewed the following:

- QP 12.1, “Control of Measuring and Test Equipment,” revision 1
- Calibration Due List 12.1-1, “Measuring and Test Equipment”
- M&TE Sampled
 - 6-Inch Caliper (Digital)
 - 12-Inch Caliper (Dial)
 - Micrometer

The team reviewed calibration records to assess the control of M&TE, ensuring that each piece of equipment is identifiable, traceable to the appropriate standards, and within the current calibration period. Additionally, for the sample reviewed, the team verified if any M&TE had been sent offsite for calibration and that the calibration service providers were current on INC’s approved suppliers list (ASL).

1.3 Observations and Findings

During the review of the M&TE used for dimensional verification of items receipt inspected, the team identified that 5 out of 10 outer body pipes received for OP-RMSC

fabrication were measured with improper M&TE. The outer body pipes were categorized as important-to-safety (ITS) category B and the pipe diameter was identified as a critical characteristic. INC measured the pipe diameters using a tape measure, which was incapable of measuring to the required tolerance for the pipe dimensions in the drawing. Additionally, the remaining five pipes lacked complete records of the M&TE used for their measurements.

Title 10 CFR 71.125, "Control of Measuring and Test Equipment," states, in part, the licensee, certificate holder, and applicant for a CoC shall establish measures to assure that tools, gauges, instruments, and other measuring and testing devices used in activities affecting quality are properly controlled, calibrated, and adjusted at specified times to maintain accuracy within necessary limits.

Contrary to the above, as of September 2021, INC used M&TE that was not properly calibrated for activities impacting quality. Specifically, INC measured the diameters of five outer body pipes with a tape measure that was incapable of measuring to the required dimensional tolerance. In addition, another receipt inspection report did not list the M&TE used to measure the critical dimension. The team noted that, after discussing this issue, INC implemented corrective actions to achieve full compliance.

The team dispositioned the violation using the traditional enforcement process in Section 2.3 of the NRC Enforcement Policy. The team determined the violation was of more-than-minor safety significance in accordance with Inspection Manual Chapter 0617, "Vendor and Quality Assurance Implementation Inspection Reports," Appendix E, "Minor Examples of Vendor and QA Implementation Findings," example 13b as the issue resulted in measurements of indeterminate quality. The team characterized the violation as a Severity Level IV violation in accordance with the NRC Enforcement Policy, Section 6.5. INC entered the issue into its CAP under CAR 24-02 and nonconformance report (NCR) 24-01. The violation met the criteria for treatment as a non-cited violation; however, because of INC's ongoing implementation of actions to address previously identified programmatic issues within its corrective action program, the NRC determined the issuance of a Notice of Violation (Enclosure 2) is appropriate in this case. (71-0062/2024-201-01)

1.4 Conclusions

The team determined that overall, INC is effectively implementing its fabrication controls, including welding and NDE processes, and has adequate procedures in place to ensure compliance with the applicable regulations and QAP requirements. However, the team identified the control of M&TE as an area for improvement. A Severity Level IV violation was identified due to the failure to use properly calibrated M&TE for verifying critical dimensions.

1.5 **Procurement**

a. Inspection Scope

The team reviewed INC's procurement of ITS materials and services, including the review of procurement documents, material traceability, drawings, and procedures, and receipt inspection records. The team also reviewed the ASL to ensure that materials and

services were sourced from qualified suppliers and that these suppliers met the necessary qualifications. The team reviewed the following documents:

- QP 7.1, “Control of Purchased Items, Materials, and Services,” revision 7
- Attachment 3.2B, “Verification of Critical Characteristics – Welding Wire”
- Attachment 3.2B, “Verification of Critical Characteristics – Outer Body”
- Receipt Inspection Reports for OP-RMSC components
 - Outer Body Pipes
 - Inner Lid Ring
 - Closure Ring
 - Body Top Plate
 - Welding Wire for GTAW
- Welding Wire for GTAW Heat No. 38LEE523B
- Purchase Order (PO) No. 1484, OP-RMSC–OB-1 Outer Body
- PO No. 602, Chemical Analysis of ER308/ER308L Weld Wire
- Commercial grade survey report S22-02 for Precision Measurements, Inc.

b. Observations and Findings

The team observed that INC had adequate control of the procurement process for the sample of ITS components and services selected and reviewed. The sample selected included ITS category B components such as the outer body pipes, inner lid rings, closure rings, and body top plates of the OP-RMSC. The team also reviewed procurement controls associated with ITS category A weld wire and reviewed a sample of shop travelers for OP-RMSC S/N 001, dated from September 2021 to December 2021. This review included INC’s verification of conformance to the procurement documents by receipt inspection and commercial grade dedication of the weld wire and noted the critical characteristics for verification as chemical analysis. Using laboratory testing services, INC verified that the weld wire met the standard specifications according to American Welding Society A5.9, ER308/ER308L. The team determined that INC’s material traceability and procurement were adequate and specified the applicable criteria and requirements including Part 21 based on the ITS category.

No issues of significance were identified.

c. Conclusions

The team concluded that materials, components, and services received met the INC procurement specifications, and the procurement specifications conform to the design commitments and the requirements contained in the packaging SAR and CoC.

1.6 Nonconformance and Corrective Actions

a. Inspection Scope

The team reviewed selected records and interviewed personnel to verify that INC effectively implemented a nonconformance control program in accordance with their NRC approved QAP and the requirements of 10 CFR Parts 21 and 71. Specifically, the team reviewed INC’s approved procedure, QP 15.1, “Control of Nonconformances,”

revision 3. The team reviewed the one NCR issued since the last routine inspection in 2021 to verify that the NCR was identifiable, traceable, and the disposition of the nonconformance was adequate and properly closed out in accordance with QP 15.1.

The team reviewed selected records and interviewed personnel to verify that INC effectively implemented a CAP in accordance with the NRC approved QAP and the requirements of 10 CFR Part 71. Specifically, the team reviewed INC's approved procedure QP 16.1, "Corrective Action," revision 4 to verify it was adequate to implement the requirements of INC's QAP and 10 CFR Part 71. The team requested CARs since the previous 2021 routine inspection, however, none had been written since that time.

b. Observations and Findings

The team assessed that INC adequately dispositioned and closed the selected NCR in accordance with the requirements of QP 15.1, as applicable. In addition, the team assessed that QP 16.1 was adequate to implement the requirements of INC's QAP and 10 CFR Part 71. However, the team could not assess the improvements made to the CAP since the last routine and follow-up inspections as no CARs have been written.

No issues of significance were identified.

c. Conclusions

The team concluded that INC effectively implemented its nonconformance control program and has adequate procedures in place to ensure compliance with the applicable regulations and QAP requirements. The team concluded that INC's CAP is adequate to implement the requirements of INC's QAP and 10 CFR Part 71 but could not determine the effectiveness of the program as no CARs were available to review.

1.7 Personnel Training and Quality Assurance Oversight

a. Inspection Scope

The team reviewed selected records and procedures, and interviewed selected personnel to verify that individuals performing activities affecting quality were properly trained and qualified, and that management and QA personnel were cognizant and provide appropriate oversight. Specifically, the team reviewed training and qualification records for selected engineering personnel and individuals that performed special processes to verify their personnel qualifications were adequate and current.

b. Observations and Findings

The team assessed that INC had trained and qualified individuals performing activities affecting quality and in accordance with written quality procedures.

No issues of significance were identified.

c. Conclusions

The team determined that INC had trained and qualified individuals performing activities affecting quality and that INC provided appropriate oversight of quality related activities, as applicable.

1.8 Audit Program

a. Inspection Scope

The team reviewed selected records and interviewed personnel to verify that INC effectively implemented an internal audit program in accordance with the NRC approved QAP and the requirements of 10 CFR Part 71. Specifically, the team reviewed INC's approved procedure QP 18.1, "Audits and Commercial Grade Surveys," revision 4.

The team reviewed selected internal audits since the previous 2021 routine inspection to determine if they were performed in accordance with QP 18.1, if INC identified deficiencies, and whether INC addressed these deficiencies within their CAP. The team reviewed the 2022 and 2023 internal audits, including the audit plan, audit report, and audit checklist. The team also reviewed the 2024 audit schedule to determine if all areas of the QAP were planned to be audited.

b. Observations and Findings

For the 2022 and 2023 internal audits reviewed, the team assessed that the audits were adequately performed per QP 18.1, assessed current INC activities, and contained appropriate objective evidence of the information and activities audited.

No issues of significance were identified.

c. Conclusions

The team found that for the audits reviewed, INC conducted the audits with qualified personnel and adequately evaluated the applicable functional areas of the QAP.

2. Entrance and Exit Meeting

On July 9, 2024, the NRC inspection team discussed the scope of the inspection during an entrance meeting with Mike Rose and other members of the INC staff. On July 11, 2024, the NRC inspection team presented the inspection results and observations during an onsite preliminary exit meeting. On July 26, 2024, the NRC inspection team conducted a final telephone conference exit with Mike Rose and other members of the INC staff. Section 1 of the attachment to this report shows the attendance for the entrance and exit meetings.

ATTACHMENT

1. ENTRANCE/EXIT MEETING ATTENDEES AND INDIVIDUALS INTERVIEWED

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>	<u>Entrance</u>	<u>On-site Exit</u>	<u>Exit</u>
Jeremy Tapp	Inspection Team Leader	NRC/DFM	X	X	X
Marlone Davis	Inspector	NRC/DFM	X	X	
Azmi Djapari	Inspector	NRC/DFM	X	X	X
Mike Rose	QA Manager	INC	X	X	X
Ron Monteforte	Quality Management Consultant	INC	X	X	X

2. INSPECTION PROCEDURES USED

IP 86001	Design, Fabrication, Testing, and Maintenance of Transportation Packagings
NUREG/CR-6407	Classification of Transportation Packaging and Dry Spent Fuel Storage System Components According to Importance to Safety
NUREG/CR 6314	Quality Assurance Inspections for Shipping and Storage Containers

3. LIST OF ITEMS OPENED, CLOSED, AND DISCUSSED

<u>Item Number</u>	<u>Status</u>	<u>Type</u>	<u>Description</u>
71-0062/2024-201-01	Opened	NOV	Failure to use properly calibrated M&TE to verify critical dimensions

4. LIST OF ACRONYMS USED

ADAMS	Agencywide Documents Access and Management System
ASL	Approved Suppliers List
CAP	Corrective Action Program
CAR	Corrective Action Report
CFR	Code of Federal Regulations
CoC	Certificate of Compliance
DFM	Division of Fuel Management
GTAW	Gas Tungsten Arc Welding
IP	Inspection Procedure
INC	Industrial Nuclear Company, Inc.
ITS	Important-to-Safety
M&TE	Measuring and Test Equipment
NCR	Nonconformance Report
NOV, Notice	Notice of Violation
NRC	U.S. Nuclear Regulatory Commission
OP-RMSC	Outer Package-Raw Material Shipping Container

PO	Purchase Order
QA	Quality Assurance
QAP	Quality Assurance Program
QP	Quality Procedure
SAR	Safety Analysis Report

5. DOCUMENTS REVIEWED

Certificate holder documents reviewed during the inspection were specifically identified in the report details above.

NOTICE OF VIOLATION

Industrial Nuclear Co., Inc.
San Leandro, CA

Docket No. 07100062
EA-24-096

During an NRC inspection conducted on July 9 - 26, 2024 one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

As required by 10 CFR 71.125, "Control of Measuring and Test Equipment," in part, the certificate holder shall establish measures to assure that tools, gauges, instruments, and other measuring and testing devices used in activities affecting quality are properly controlled, calibrated, and adjusted at specified times to maintain accuracy within necessary limits.

Contrary to the above, as of September 2021, Industrial Nuclear Company, Inc. used measuring and test equipment (M&TE) that was not properly calibrated for activities impacting quality. Specifically, the receipt inspection reports for the outer body pipes of the package, categorized as important-to-safety category B, did not document that the pipe diameters were measured using properly controlled M&TE. The pipe diameters were identified as a critical characteristic. One receipt inspection report, which involved five outer body pipes, indicated that a tape measure was used which cannot be accurately calibrated and was incapable of measuring to the required tolerance for the pipe dimensions. In addition, another receipt inspection report did not list the M&TE used to measure the critical dimension.

This is a Severity Level IV violation (Section 6.5).

Pursuant to the provisions of 10 CFR 2.201, Industrial Nuclear Co., Inc., is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to Hector Rodriguez, Chief, Inspection and Oversight Branch, Division of Fuel Management, Office of Nuclear Material Safety and Safeguards, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation, EA-24-096" and should include for the violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level; (2) the corrective steps that have been taken and the results achieved; (3) the corrective steps that will be taken; and (4) the date when full compliance will be achieved. Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued requiring information as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or in the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy,

Enclosure 2

proprietary, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days of receipt.

Dated this 6th day of September 2024.