

May 28, 2002

Mr. Oscar Shirani

SUBJECT: ALLEGATION - NMSS-2002-A-0002
Holtec International / U. S. Tool & Die, Inc.

Dear Mr. Shirani:

The U. S. Nuclear Regulatory Commission (NRC) has completed its review of two of your concerns about activities at Holtec International and U. S. Tool & Die, Inc. Those concerns were originally provided in an interview you had with Mr. Scott Langan of the NRC Region III Office of Investigations staff on December 18, 2001, and were documented in a letter to you from Mr. James Heller dated February 6, 2002. Your concerns are again set forth in Enclosure 1 to this letter, along with the staff's response.

As is more fully set forth in the Enclosure, based on reviews of the information provided by you and on the results of an NRC inspection conducted in response to your allegation, the staff has determined that your concerns were substantiated, but that there is not a resulting safety or regulatory concern requiring further NRC action. Consequently, this allegation file is being closed. Unless the NRC receives additional information that suggests that our conclusions should be altered, we plan no further action on this matter.

We appreciate your bringing these matters to our attention. Safety and safeguards concerns from concerned individuals serve a vital role in the protection of public health and safety. If you have any questions, you may contact me at 1(800) 368-5642 (toll free) or (301) 415-7877.

Sincerely,

Robert L. O'Connell
Allegation Coordinator
Office of Nuclear Material Safety
and Safeguards

Enclosure: Concerns and Staff Response

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Concerns and Staff Response

1. The Concerned Individual (CI) stated that a vendor [U.S. Tool & Die] modified spent fuel storage casks during the fabrication process by making repairs and/or accepted discrepancies "as is" without obtaining the required review and approval of the cask designer [Holtec]. CI is concerned that this was contrary to Excelon (ComEd) procedures.

Response

In response to the allegation, two NRC inspectors from the Spent Fuel Project Office conducted a special inspection at Holtec International Incorporated in Marlton, NJ on May 6-9, 2002. The inspection was conducted as an NRC followup to previous inspection findings to assess the adequacy of corrective actions. Additionally, the inspectors examined the audit findings referenced by the Concerned Individual (CI).

The inspectors reviewed the CI's Audit finding dealing with the allegation. The audit was ComEd Audit SR-1999-41 of Holtec International for the Dresden plant and was conducted by one person, the CI, for one day on June 7, 1999. The related audit finding was SR-1999-141-02, which stated that: (1) Holtec had failed to provide explicit procedures and instructions for repair and rework dispositions and (2) the Holtec deficiency form, a Supplier Manufacturing Deviation Report (SMDR), lacked a block to reflect reworked items. An SMDR is the form on which U. S. Tool and Die (UST&D) reports nonconformances to Holtec for approval of the recommended corrective action. The inspectors noted the audit finding concluded that: "There is no negative impact on the product since Holtec has been relying on U. S. Tool and Die QA Program for Repair and Rework items and has assured that the repaired or reworked items are re-inspected. However, Holtec's procedure needs to be updated to incorporate activities affecting quality."

The inspectors noted the example issues raised dealt with the so-called prototype cask which was the first-of-a-kind production prototype intended to surface any production problems. The inspectors noted, however, that the production casks were being manufactured in parallel, following the prototype in sequence. The Com Ed contract with Holtec required use-as-is dispositions to be sent to ComEd for approval. The inspectors noted letters from Com Ed management to Holtec stating that Holtec was not following the contract requirement to forward use-as-is SMDR dispositions to Com Ed for approval. The inspectors noted that this was a contract requirement dispute and not a regulatory concern. The inspectors noted the dispute was eventually resolved by Holtec sending the use-as-is resolutions to Com Ed for information instead of approval; thus eliminating delays. The inspectors noted that industry standards have special definitions for the terms "repair," "rework," and "use-as-is." The definitions vary somewhat between ASME and ANSI but have an underlying common requirement derived from regulatory requirements. The requirement is that if an item is not manufactured to the engineered requirements, the engineering organization must approve the change. When an item doesn't meet the original engineered requirements, but engineering has determined that the item is satisfactory for use without being restored, the term "Use-as-is" is used.

Two facts complicated the issue at UST&D. First, as the CI stated, the Holtec requirements did not include a classification for "rework," which means to fully restore the item to meet all requirements. Although this was true, the inspectors noted that this action does not require engineering approval, since all engineered requirements are met. Holtec resolved this issue in response to the audit finding by adding the category "rework" to the SMDR form. Second, UST&D fabrication drawings generally have tighter tolerances than the tolerances specified on the Holtec engineered drawings. This was done by UST&D to provide some margin for error on the shop floor without requiring engineering approval if the engineered drawing requirements were not exceeded. This is a common practice. In the cases where only the UST&D tolerances were exceeded, UST&D dispositioned the SMDRs as use-as-is without obtaining Holtec approval, since the Holtec specified tolerances were not exceeded. The inspectors examined the examples in the CI's audit finding and found none that showed that Holtec engineering approval was required but was not obtained. The NRC inspectors made similar samples and reviews in the NRC inspection conducted at UST&D in February, 2002, and found no instances in which Holtec approval was required but not obtained.

Based on the results of our inspection and reviews of the information furnished by the CI, the staff has determined that the concern was substantiated. However, the staff has determined that there is not a significant safety or regulatory concern requiring further NRC action. Consequently, this Concern is being closed.

2. CI is concerned about the inadequate QA/QC oversight by the spent fuel storage cask design organization [Holtec] over the spent fuel storage cask fabricator [U.S. Tool & Die] and that this inadequate oversight has resulted in indeterminate quality and the structural integrity of the casks is suspect. CI stated that the fabricator's disposition of nonconformance condition as "use-as-is," "rework," and "repair" was a violation of the QA program for design control as specified in 10 CFR 71 and 10 CFR 72. CI stated that "use-as-is" and "repair" dispositions are design changes and should be evaluated and documented by engineering analysis. In addition, the fabricator dispositioned many nonconformance conditions under its QA program without the design organization's consent.

Response

Concern 2 is addressed in the response to Concern 1, above. It is assumed the example intended is the use-as-is issue addressed in Concern 1. However, no examples could be identified which supported the broad statement that inadequate QA oversight "resulted in indeterminate quality and the structural integrity of the casks is suspect."

Based on the results of our inspection and reviews, including the information furnished by the CI, the staff has determined that the concern was substantiated. However, the staff has determined that there is not a significant safety or regulatory concern requiring further NRC action. Consequently, this Concern is being closed.

Enclosure

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Mr. Oscar Shirani

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