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MEMORANDUM FOR: Charles E. Norelius, Director, Division of Radiation
Safety and Safeguards

THRU: John A. Grobe, Chief, Nuclear Materials Safety Branch

FROM: Roy J. Caniano, Chief, Fuel Facilities and Contaminated
Sites Section

SUBJECT: CONCERNS REGARDING COMBUSTION ENGINEERING EXPANSION
(DOCKET NO. 70-36)

In preparation for the December 23, 1991 meeting between the NRC and Combustion Engineering Senior Management representatives, we are providing you with the following recommended topics to be discussed regarding the licensee's plans for expansion at their Hematite, Missouri facility. These topics are focussed to those issues of interest to senior managers and include brief discussions regarding past problems associated with the licensee's operations at both Hematite and Windsor.

1. During the SALP period of July 1, 1988 through March 31, 1990, 15 Severity Level IV violations were identified at the licensee's Windsor facility. In addition, a CAL was issued related to the establishment of a Performance Improvement Program (PIP) and the establishment of a self-assessment program. This CAL was issued due to programmatic deficiencies identified during the previous SALP period. Although improvements were noted during that period in the area of training and preventive and reactive maintenance programs, there still was concern over a lack of a program for independent audits, written procedures, and the lack of a technically qualified manager to oversee day-to-day operations. It was recommended that the licensee apply appropriate sections of the facility quality assurance program to the facility safety and compliance activities and establish a mechanism to assure appropriate management involvement in hazards assessment of site maintenance activities that could effect facility operations prior to start of work.

During the same period of July 1, 1988 through March 31, 1990, at the Hematite facility, 6 Severity Level IV violations were identified with no escalated enforcement actions taken. Although it appears that management at Hematite is proactive and directly involved with the program, we must be assured that the problems at Windsor will not be present at Hematite and that management at the facility maintains a positive safety approach to their operations.

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2. During the September 1991 Region III inspection at Hematite, inspectors identified concern over the licensee's lack of maintenance procedures and a lack of recorded history of instrument calibrations. Although the licensee's maintenance program generally works well, it is an informal program which primarily relies on the experience of the crew. With the advent of major facility expansion, the licensee must begin implementation of a program to develop specified procedures for maintenance and be able to train newer staff on these procedures.
3. During the construction phase of expansion, it is essential that construction management staff maintain a sensitivity for overall facility safety and develop and maintain an excellent interface with the operating facility. It is also essential that the licensee develops good program controls before the transitional period in the areas of maintenance, design and modifications including drawings and schematics, and in the area of operations.
4. During the transitional phase, the licensee must assure that sufficient and qualified staff will be available prior to start up of new operations. It is essential that this includes a criticality expert to assist in assuring that procedures adequately describe proper stacking of fuel rods and that engineering controls are in place to prevent infiltration of water in fuel rod storage.

In addition to the aforementioned regarding management-type issues, we also recommend addressing the following related technical issues which we feel are important and warrant discussion.

- a. The licensee needs to contact the U.S. Army Corps of Engineers to confirm that the proposed expansion is not located in the 100-year flood plain and that the flood level has not changed significantly from previous analyses performed.
- b. The licensee must be proactive in establishing a strong fire protection plan for the proposed fuel fabrication facility including provisions for training, and the integration of new water and ancillary hardware for the fuel fabrication building. There has been a concern in the past over the lack of stored fire water reserve.
- c. The licensee should be evaluating the proposed site for the fuel fabrication building for any future application of 10 CFR 20.302 process (i.e., soil and groundwater analysis, etc.) This information could become useful background in the future since limestone containing uranium is planned to be used by the licensee as onsite fill.

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If you would like to discuss these matters further or request additional information, please let me know.

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