

April 26, 2006

U.S. Nuclear Regulatory Commission
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Washington, DC 20555

General Electric Company Morris, Illinois
7555 East Collins Road
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SUBJECT: Reply to a Notice of Violation
Docket No. 07200001 License No. SNM-2500

During an NRC inspection conducted at GE Morris on January 31 and February 1, 2006, with in-office review through March 9, 2006, two violations of NRC requirements were identified. The Violations with GE-MO response are detailed below.

Violation 1

1. Condition 13 of NRC license No. SNM-2500, Amendment 9 issued June 16, 1995, for Independent Storage of Spent Nuclear Fuel and High-Level Radioactive Waste, requires, in part, that the licensee operate the facility in accordance with the Technical Specifications. Technical Specifications, Section 6.3, "Plans and Procedures," requires, in part, that plans and procedures be established and implemented to assure compliance with Technical Specifications and applicable governmental regulations. The licensee established a procedure, "Accountability Procedure," issued February 9, 1996, to perform material inventory. Section 3.3 of the Accountability Procedure, "Material Discards," requires, in part, that when material is transferred to waste drums containing low specific activity waste, a "Morris Operation (MO) Analytical Services Discard" form must be completed and the Material Balance Area Custodian is required to update the site inventory records after receipt of the discard form.

Contrary to the above, on December 7, 1999, the licensee transferred two uranium sources to waste drums containing low specific activity waste and failed to complete the required "MO Analytical Services Discard" form and update the site general inventory.

This is a Severity Level IV violation (Supplement VI).

Report Details

2.0 Material Inventory

a. Inspection Scope

The inspectors reviewed the licensee's material balance reports and the licensee's procedures to account for material in storage.

b. Observations and Findings

The inspectors reviewed the licensee's material balance reports for 2004 and 2005, and

observed a difference in the amount of material accounted for on the reports. While performing the 2005 annual inventory, the licensee noted differences between the actual physical inventory and the inventory that was reported on the material balance report. The licensee actually possessed less material than what the balance report indicated. After further investigation, the licensee determined that GE Morris personnel disposed of two uranium sources in December of 1999. However, the licensee's material balance report was not revised to reflect the change in the physical inventory that resulted from the 1999 disposal. This discrepancy went undetected for 6 years. Upon discovery of the discrepancy in March 2005, the licensee revised the inventory reported on the material balance report to reflect the actual physical inventory and submitted a "Nuclear Material Transaction Report," to the NRC.

Technical Specifications, Section 6.3, "Plans and Procedures," requires, in part, that plans and procedures be established and implemented to assure compliance with Technical Specifications and applicable governmental regulations. The inspectors reviewed the licensee's "Accountability Procedure," dated February 9, 1996. Section 3.3 of the procedure, "Material Discards," contained steps to be followed after material was discarded. Specifically, the procedure required the licensee to complete a "Morris Operation (MO) Analytical Services Discard" form to properly document the disposal of two uranium sources and update the source inventory and the site general inventory. The licensee failed to complete the required form and update the site general inventory. Moreover, this condition went undetected for 6 years, from December 1999 until March 2005. The licensee's failure to complete a "MO Analytical Services Discard" form to properly document the disposal of two uranium sources and update and the site general inventory is a Violation (VIO 07200001/2006-001-01).

c. Conclusion

During review of the licensee's material balance reports, the inspectors identified one violation pertaining to the licensee's failure to properly document the 1999 disposal of two uranium sources and update the site general inventory in accordance with its material accountability procedure.

Violation 2

2. Condition 13 of NRC license No. SNM-2500, Amendment 12 issued December 21, 2004, for Independent Storage of Spent Nuclear Fuel and High-Level Radioactive Waste, requires, in part, that the licensee operate the facility in accordance with the Technical Specifications in Appendix A. Appendix A, Section 1.2.1, "Quality Assurance," requires, in part, that the licensee conduct activities in accordance with 10 CFR 72 Subpart G, as described in the Morris Operation Quality Assurance (QA) Plan, NEDE-31559. The Morris QA Plan, Section 16.2, "System Description," requires, in part, that corrective actions are initiated and documented on a Corrective Action Request (CAR) when conditions that have or may have an adverse affect on quality are detected, Section 16.2.2 of the QA plan requires, in part, that cases involving specification violations be reported as nonconformances.

Contrary to the above, as of January 31, 2006, the licensee failed to report two Technical Specification violations as nonconformances in its corrective action program. Specifically, the licensee did not report the failure to calibrate the leak detection system on a monthly basis and the failure to complete the "MO Analytical Services Discard" form and update the site general inventory after disposal of two uranium sources.

This is a Severity Level IV violation (Supplement VI).

NRC Report Details

1.0 Maintenance and Surveillance of the Spent Fuel Basin

b. Observations and Findings

..... In addition, the inspectors reviewed calibration records for the local radiation monitors, criticality monitors; and the leak detection system. The licensee performed calibration of the local radiation monitors and criticality monitors quarterly. However, the licensee failed to perform calibration of the leak detection system monthly as required by the Technical Specifications. The licensee performed this activity only once between January and October 2005. After recognizing the discrepancy between the Technical Specification requirements and its practice, the licensee immediately reinstated calibration of the leak detection system at the required frequency.

Condition 13 of the NRC license No. SNM-2500, for Independent Storage of Spent Nuclear Fuel and High-Level Radioactive Waste, requires, in part, that the licensee operate the facility in accordance with its Technical Specifications. Section 4.4 of the Technical Specifications, "Instrumentation," Table 4-2 requires, in part, that the licensee calibrate the basin leak detection system monthly.

Contrary to the above, for a period of approximately 10 months, between January and October 2005, the licensee failed to calibrate the basin leak detection system on a monthly basis. This non-repetitive, licensee identified and corrected violation is being treated as a Non-Cited Violation (NCV), consistent with Section VI.A of the NRC' Enforcement Policy (07200001/2006-001-01). As part of the corrective actions, the licensee immediately reinstated calibration of the leak detection system at the required frequency.

c. Conclusion

The licensee adequately maintained the physical condition and safety of the SFB by performing the necessary operability checks of systems and surveillance activities. The inspectors determined that a violation of the NRC license occurred. Specifically, the licensee failed to calibrate the basin leak detection system on a monthly basis. This non-repetitive, licensee identified and corrected violation is being treated as an NCV, consistent with Section VI.A of the NRC Enforcement Policy.

2.0 Material Inventory

a. Inspection Scope

The inspectors reviewed the licensee's material balance reports and the licensee's procedures to account for material in storage.

b. Observations and Findings

The inspectors reviewed the licensee's material balance reports for 2004 and 2005, and observed a difference in the amount of material accounted for on the reports. While performing the 2005 annual inventory, the licensee noted differences between the actual physical inventory and the inventory that was reported on the material balance report. The licensee actually possessed less material than what the balance report indicated. After further investigation, the licensee determined that GE Morris personnel disposed of two uranium sources in December of 1999. However, the licensee's material balance report was not revised to reflect the change in the physical inventory that resulted from the 1999 disposal. This discrepancy went undetected for 6 years. Upon discovery of the discrepancy in March 2005, the licensee revised the inventory reported on the material balance report to reflect the actual physical inventory and submitted a "Nuclear Material Transaction Report," to the NRC.

Technical Specifications, Section 6.3, "Plans and Procedures," requires, in part, that plans and procedures be established and implemented to assure compliance with Technical Specifications and applicable governmental regulations. The inspectors reviewed the licensee's "Accountability Procedure," dated February 9, 1996. Section 3.3 of the procedure, "Material Discards," contained steps to be followed after material was discarded. Specifically, the procedure required the licensee to complete a "Morris Operation (MO) Analytical Services Discard" form to properly document the disposal of two uranium sources and update the source inventory and the site general inventory. The licensee failed to complete the required form and update the site general inventory. Moreover, this condition went undetected for 6 years, from December 1999 until March 2005. The licensee's failure to complete a "MO Analytical Services Discard" form to properly document the disposal of two uranium sources and update and the site general inventory is a Violation (VIO 07200001/2006-001-01).

c. Conclusion

During review of the licensee's material balance reports, the inspectors identified one violation pertaining to the licensee's failure to properly document the 1999 disposal of two uranium sources and update the site general inventory in accordance with its material accountability procedure.

GE MORRIS OPERATION RESPONSE

Violation 1

1. Discussion

Personnel disposing of a small uranium source failed to complete an internal "MO Analytical Services Discard" form as required by procedure. This discrepancy was identified in 2005 by the MO Radiation Safety Officer during an audit. During

investigation, it was determined that this was an isolated instance and was the only time Special Nuclear Material in the form of a source was disposed of in over 25 years. The root cause is Human Performance, specifically Failure to Follow Procedure.

2. Corrective Action

The GE-MO Material Accountability program has been revised to provide better direction during inventory. All personnel involved in the inventory operations have been trained in the revised procedure.

Violation 2

1. Discussion

The two conditions cited in the report details above both deal with inadequate documentation of conditions adverse to quality under the Corrective Action Program.

- a. "1.0 Maintenance and Surveillance of the Spent Fuel Basin" Basin Leak Detection System calibration frequency. Basin Leak Detection System calibration requirement is detailed in SNM-2500, Section 4.0, "Surveillance Requirements", subsection 4.4, "Instrumentation", Table 4-2 and paragraph 4.4.2(a). As such, per Section 6.5, "Action Required for Specification Noncompliance", Paragraph 6.5.3, "Surveillance Requirements", applied. Per Paragraph 6.5.3, action must be taken to (1) assure future compliance; (2) assure return of operations to specification compliance in minimum time; (3) notification of Safety Committee when systems directly related to radiological safety are involved; and (4) the Safety Committee shall investigate the event and recommend corrective action. The condition was immediately corrected after discovery. However, calibration of this system was not viewed as being related to radiological safety, so while the Safety Committee was notified, items (3) and (4) above were not applied. In over 10 years of experience with this system, calibration was always found to be in tolerance. Additionally, issues with the calibration would be identified through changes in system operational characteristics discovered during daily operator rounds. Due to the above redundancies, calibration was not interpreted to be important to radiological safety and a Corrective Action Report not initiated per SNM-2500, paragraph 6.5.3.
- b. Material Inventory. When the discrepancy was discovered in March of 2005 by the current RSO, appropriate and acceptable corrective action was taken by the RSO to correct the Annual Inventory Report in conjunction with NRC. The incident was not reported in the Corrective Action program due to the interpretation of applicability under the Corrective Action Program. Neither the GE-MO Corrective Action Reporting and Management Program and the Special Nuclear Material Accountability program led to use of the Corrective Action Program for this situation.
- c. The GE-MO Corrective Action program was written as an implementing procedure for Corrective Action described in the GE-MO QA Plan. Corrective Action was not required for any items not classified as Functional Class 1 or 2. Functional Class one and two items as used in the QA Plan are "Structure, systems, and components important to safety" meaning those features of GE-MO whose function is: (1) To maintain conditions required to store spent fuel safely, (2) to prevent damage to spent fuel during handling

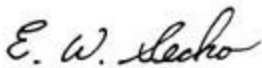
and storage, or (3) to provide reasonable assurance that spent fuel can be handled, stored and retrieved without undue risk to the public health and safety.

2. Corrective Action

Failure to document both the Basin Leak Detection System and Inventory discrepancies was due to procedure inadequacy. The GE-MO Corrective Action Program has been revised to specifically detail applicability of the Corrective Action Program. CAR's shall be prepared when any deficiency in NRC required reporting is discovered, such as, but not limited to Annual Inventory, Yearly Emissions Reporting, etc. Additionally, SSC important to safety has been expanded to detail all applicable SSCs as identified in Section 11 of the GE-MO Consolidated Safety Analysis Report, NEDO-21326, including process and procedure deficiencies for all of the above. All personnel on site have been trained in Corrective Action requirements.

Supporting documentation including revised procedures and training records are available for review at Morris Operation.

Sincerely,



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