

October 24, 2016

EA-16-202

Sheila Pershall  
ATI Specialty Alloys & Components  
1600 Old Salem Road  
Albany, OR 97321-4211

SUBJECT: ATI SPECIALTY ALLOYS & COMPONENTS – EXPORT OF NUCLEAR  
REACTOR COMPONENTS AND NOTICE OF VIOLATION

Dear Ms. Pershall:

This letter refers to exports of nuclear reactor components by ATI Specialty Alloys & Components (ATI) under a U.S. Nuclear Regulatory Commission (NRC) a general license and specific license in accordance with Title 10 of the *Code of Federal Regulations* (10 CFR), Section 110.26(a). Section 110.54(a)(1) of 10 CFR requires, in part, that licensees making exports under a general license or specific license must provide quarterly reports of exports of nuclear facilities and equipment shipped during the previous quarter to the Department of Commerce. Additionally, Section 110.54(c), requires, in part, that persons making exports under the general license, shall submit a report of all components to the Deputy Director, Office of International Programs. This report must include a description of the components keyed to the categories listed in Appendix A to Part 110, "Illustrative List of Nuclear Reactor Equipment Under NRC Export Licensing Authority." The results of this review were discussed with you on June 17, 2016, by Ms. Andrea Jones of my staff, and on June 21, 2016, by Ms. Hillary Lane and Mr. Santiago Aguilar, of the Office of Nuclear Material Safety and Safeguards.

Based on its review of information concerning the exports, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. Specifically, ATI failed to report the export of nuclear reactor components, including equipment associated with reporting requirements under the Protocol Additional to the Agreement Between the United States of America and the International Atomic Energy Agency for the Application of Safeguards in the United States (hereinafter referred to as the Additional Protocol), to the NRC and the Bureau of Industry and Security, U.S. Department of Commerce, for exports of zirconium tubes shipped in calendar years 2009, 2010, 2011, 2012, 2013, 2014, and 2015. As of August 29, 2016, ATI has provided the required export reports to the Department of Commerce and the NRC, in accordance with 10 CFR 110.54(a)(1). Additionally, for the annual report for components exported under the general license in 2015, dated January 6, 2016, the components listed were not keyed to a category listed in Appendix A to 10 CFR Part 110.

The violations were evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violations are cited in the enclosed Notice of Violation (Notice).

S. Pershall

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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. The NRC will use your response, in part, to determine whether or not further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 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 Public Document Room or from the NRC's document system Agencywide Documents Access and Management System 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 or proprietary 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, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, 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).

Please contact Andrea R. Jones at (301) 287-9072 if you have any questions regarding this matter.

Sincerely,

*/RA/*

Peter J. Habighorst, Chief  
Export Controls and Nonproliferation Branch  
Office of International Programs

Enclosures:

1. Summary of Exports
2. Notice of Violation

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**DISTRIBUTION:**

D. Skeen, OIP	P. Habighorst, OIP	A. Jones, OIP	OIP r/f
R. Fretz, OE	S. Aguilar, NMSS	OE r/f	

**ADAMS Accession Number: ML16260A068** \*via e-mail

OFFICE	ECNP/OIP	NMSS	OE	BC:ECNP/OIP
NAME	AJones	JRubenstone*	RFretz*	PHabighorst
DATE	09/16/16	10/18/16	10/11/16	10/24/16

**OFFICIAL RECORD COPY**

Summary of Exports 2009 2016 (1st Quarter)

Year	Quarter	No. of Exports	Destination Countries
2009	1st	13	Argentina, Canada, France, and Japan
	2nd	17	Argentina, Canada, France, and Republic of Korea
	3rd	13	Canada, France, and Japan
	4th	17	Argentina, Canada, and France
2010	1st	5	Canada, France, and Republic of Korea
	2nd	19	Argentina, Canada, France, Japan, and Republic of Korea
	3rd	10	Argentina, Canada, and France
	4th	9	Argentina, Canada, France, and the United Kingdom
2011	1st	12	Canada, Germany, and Japan
	2nd	7	Argentina and Canada
	3rd	9	Argentina, Canada, and China
	4th	15	Canada, China, and France
2012	1st	5	Canada and Japan
	2nd	6	Canada and Japan
	3rd	10	Argentina, Canada, and Japan
	4th	11	Argentina, Canada, France, and Japan
2013	1st	9	Argentina, Canada, and China
	2nd	9	Argentina, Canada, France, and Republic of Korea
	3rd	10	Argentina, Canada, Germany and Republic of Korea
	4th	6	Argentina, Canada, China, and Japan
2014	1st	6	Argentina and Canada
	2nd	6	Argentina, Canada, and France
	3rd	5	Canada
	4th	4	Argentina and Canada
2015	1st	9	Argentina and Canada
	2nd	6	Argentina and Canada
	3rd	9	Argentina and Canada
	4th	4	Canada
2016	1st	6	Argentina and Canada

## NOTICE OF VIOLATION

ATI Specialty Alloys & Components  
Portland, OR

EA-16-202

During a U.S. Nuclear Regulatory Commission (NRC) review completed on August 24, 2016, violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. Section 110.54(a)(1) of 10 CFR requires, in part, that licensees making exports under a general license or specific license must provide quarterly reports of exports of nuclear facilities and equipment shipped during the previous quarter to the Department of Commerce by January 15, April 15, July 15, and October 15 of each year on DOC/NRC Forms AP-M or AP-13, and associated forms. The reports must contain information on all nuclear facilities, equipment, and non-nuclear materials listed in Annex II of the Additional Protocol. In accordance with 10 CFR 110.54(a)(2), these required reports must be submitted to the Bureau of Industry and Security, U.S. Department of Commerce.

Contrary to the above, on several occasions between 2009 and the first quarter of 2016, ATI Specialty Alloys & Components (ATI) made exports under a general and specific license and failed to submit to the NRC and U.S. Department of Commerce the required reports associated with the export of these nuclear reactor components. Zirconium tubing is a nuclear reactor component described in paragraph 1.6 of Annex II to the Additional Protocol.

Specifically, ATI made the following exports of zirconium tubing:

1. 60 exports during 2009 to Argentina, Canada, France, Japan and Republic of Korea
2. 43 exports during 2010 to Argentina, Canada, France, Japan, Republic of Korea, and the United Kingdom
3. 43 exports during 2011 to Argentina, Canada, China, France, Germany and Japan
4. 32 exports during 2012 to Argentina, Canada, France and Japan
5. 34 exports during 2013 to Argentina, Canada, China, France, Germany and Republic of Korea
6. 21 exports during 2014 to Argentina, Canada and France
7. 34 exports during 2015 and first quarter of 2016 to Argentina and Canada

This is a Severity Level IV violation (NRC Enforcement Policy, Section 6.15)

- B. Section 110.54(c), of 10 CFR requires, in part, that persons making exports under the general license established by Section 110.26(a), shall submit a report of all components shipped during the previous calendar. This report shall be submitted to the Deputy Director, Office of International Programs and must include a description of the components keyed to the categories listed in Appendix A to 10 CFR Part 110.

Contrary to the above, on January 6, 2016, ATI submitted a report of components shipped during the previous year to the Deputy Director, Office of International Programs, but failed to include a description category listed in Appendix A to 10 CFR Part 110.

This is a Severity Level IV violation (NRC Enforcement Policy, Section 6.15)

Enclosure 2

Pursuant to the provisions of Title 10 of the *Code of Federal Regulations* (10 CFR) 2.201, ATI Specialty Alloys & Components is hereby required to submit a written statement or explanation to the Director, Office of International Programs, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, within 30 days of the date of this Notice of Violation. This reply should be clearly marked as a "Reply to a Notice of Violation (EA-16-202)" 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) any additional corrective steps that will be taken; and (4) the date when full compliance will be or was achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, the NRC may issue an Order or a Demand for Information requiring you to explain why your 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, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390, "Agency Rules of Practice and Procedure," your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document 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, proprietary, or safeguards information so that it can be made available to the public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice within 2 working days of receipt.

Dated this 24<sup>th</sup> day of October 2016.