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**NRC ISSUES LETTER TO INC CONFIRMING SUSPENSION OF FABRICATION
OF PACKAGES FOR TRANSPORTATION OF RADIOACTIVE MATERIAL**

The Nuclear Regulatory Commission has issued a Confirmatory Action Letter to Industrial Nuclear Company, Inc. (INC), of San Leandro, California. The letter confirms that INC, holder of three NRC certificates of compliance for packages used to transport radioactive materials, has suspended fabrication of the packages and will take certain other actions.

During a February 23 to 25 inspection, the NRC identified several significant concerns related to implementation of INC's quality assurance program, in the areas of design, testing and fabrication of the packages. Specifically, changes were made to the design of one model without seeking an amendment to the NRC certificate of compliance; original drawings of several package designs could not be found; the responsibility for conducting the quality assurance program was indeterminate; fabrication activities were conducted without controlled procedures; and test records were inadequate.

Also, during the inspection, INC acknowledged that it had not properly performed required puncture tests using a steel bar mounted on an essentially unyielding surface. Those test records that were available did not provide sufficient evidence to determine whether the tests were performed properly.

The NRC letter to INC confirms that the company's March 25 suspension of fabrication of NRC-certified transportation packages will continue in effect until the company receives written authorization from the NRC to resume fabrication.

In addition, the letter confirms that INC will:

(1) Justify by April 6 why there are no immediate health and safety concerns regarding continued use of the NRC-certified packages;

(2) Distribute a notice by May 1 to all users of INC packages notifying them of the questions raised by NRC, plans to retest packages, and any administrative controls that the users should take in the interim;

(3) Complete an independent evaluation of the status of INC's quality assurance program by June 1;

(4) Prepare detailed test plans and procedures for the packages that will be retested and obtain agreement from the NRC.

(5) Retest packages within six months after NRC approval of the test plan.

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