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No. 97-148

FOR IMMEDIATE RELEASE  
(Tuesday, October 7, 1997)

### NRC STAFF ISSUES DEMAND FOR INFORMATION TO SIERRA NUCLEAR CORPORATION

The Nuclear Regulatory Commission staff has issued a Demand for Information to Sierra Nuclear Corporation asking why NRC should not prohibit the company from fabricating its VSC-24 dry storage cask for spent nuclear fuel.

The VSC-24 cask system is currently used to store spent fuel at the Arkansas Nuclear One facility near Russellville, Arkansas; the Palisades nuclear power plant near South Haven, Michigan; and the Point Beach nuclear power plant near Manitowoc, Wisconsin.

Sierra Nuclear holds an NRC certificate approving the use of the VSC-24. NRC conducts inspections to determine whether the system is being manufactured in accordance with the NRC-certified design.

The Demand for Information was issued as a result of numerous NRC inspection findings indicating that, since 1992, Sierra Nuclear's quality assurance and corrective action programs have failed to identify and correct design control and fabrication deficiencies.

Because of the broad scope of these problems, NRC questions whether it can maintain confidence in the company's ability to control the design and to fabricate the VSC-24 in a manner that meets agency regulations. NRC believes it may be appropriate to consider significant enforcement action until these weaknesses are corrected.

NRC therefore has asked Sierra Nuclear to submit:

-- A statement as to why the NRC should not issue an order to require an independent entity to conduct a comprehensive review of Sierra Nuclear's quality assurance and corrective action programs to (1) determine if the VSC-24 design, as approved by the NRC, was adequately controlled and fabricated to meet the terms and conditions of the certificate of compliance and conforms to the safety analysis report

and safety evaluation report for the cask; and (2) identify deficiencies associated with the programs and determine what actions should be taken to correct existing problems and ensure that, in the future, Sierra Nuclear's quality assurance and corrective action programs will be properly implemented.

-- A statement by Sierra Nuclear as to why NRC should not suspend all actions associated with Sierra Nuclear application and amendment requests until the problems have been resolved to the Commission's satisfaction.

-- A statement by Sierra Nuclear as to why NRC should not issue an order to suspend Sierra Nuclear's authority to fabricate the VSC-24 until problems have been resolved to the Commission's satisfaction.

Sierra Nuclear has 30 days to respond by providing the requested information or indicating why it thinks the Demand for Information should not have been issued. After reviewing the company's response, NRC will determine whether further action is necessary.

A copy of the Demand for Information will be available via the NRC website at <http://www.nrc.gov/OPA/reports/cask.htm>.

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