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December 22, 1999

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington, D.C. 20555-0001

**Subject:** Reply to Notice of Nonconformance (99900003/1999202-1)

**Reference:** NRC Inspection Report No. 99900003/1999202

**Attachment:** GE-NE Reply to Notice of Nonconformance

GE's Nuclear Energy Production (NEP) facility, in Wilmington, N.C. hereby responds to the subject Notice of Nonconformance dated December 1, 1999. This Notice of Nonconformance resulted from an NRC Team inspection conducted at our licensed fuel fabrication facility by Robert Pettis, Jr. and Dr. Shih-Liang Wu on September 7-10, 1999.

Our response to the stated Nonconformance with NRC requirements is provided in the attachment to this letter.

The NRC Inspection report comments and suggestions are helpful to us in our constant efforts to improve our programs, to ensure continued health and safety of plant personnel, and to ensure our compliance with NRC regulations and licensed conditions.

Please contact me at (910) 675-6662 if you wish to discuss this matter further.

Sincerely,

GE Nuclear Energy

Caroline Reda, Manager  
GE-NE Quality

cc: Theodore R. Quay  
Chief, IQMB  
Division of Inspection Program Management  
Office of Nuclear Reactor Regulation, USNRC

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## GE-NE Reply to Notice of Nonconformance

### I. Notice of Nonconformance (99900003/1999202-1)

NRC Inspection Report No. 99900003/1999202 dated December 1, 1999 documents the Nonconformance as follows:

“--- an NRC review of a March 4, 1999, GE-NE audit of JMS Southeast, Inc. (JMS), did not adequately demonstrate that JMS’s quality assurance (QA) program complied with the requirements of 10 CFR 21, which was imposed on JMS by purchase order. Specifically, the audit did not demonstrate that JMS had adequate procedures in place to identify and evaluate deviations pursuant to 10 CFR 21.21. Section 4.13.3, “Recall Procedure,” incorporated into the JMS QA manual in revision 10, dated December 8, 1998, and later revised in revision 11, dated February 26, 1999, was not adequate for the identification and evaluation of nonconforming conditions as potential deviations pursuant to 10 CFR 21.21.”

### II. Reason for the Nonconformance

The original internal Corrective Action Request (CAR) addressing a deficiency in JMS’s implementation of Part 21 was closed by GE-NE on the basis of the March 1999 Audit. A GE auditor reviewed JMS’s training, posting and notification (i.e. recall provisions in Revision 11 of the JMS QA manual) documentation and judged that JMS’s implementation of the requirements of Part 21 were acceptable.

In retrospect, GE-NE agrees with the NRC inspection Notice of Nonconformance; the JMS QA Manual (Section 4.13.3 – Recall Procedure) is inadequate for implementing the Part 21.21 requirements for identification and evaluation of deviations for basic components or associated services. When deviations or failures to comply are identified by JMS on delivered basic components or associated services, GE-NE would expect JMS to invoke the provisions of 21.21 (b) and inform GE-NE of the deviation within 5 working days after discovery. GE-NE would then perform the required Part 21 evaluation.

GE-NE believes the sited nonconformance is primarily due to:

- Incomplete training of the GE auditor
- Inadequate review and critique of Section 4.13.3 of the JMS QA Manual by the GE auditor
- Ineffective review of the GE auditor's report and recommendations by the GE-NE Quality Engineer

### **III. Corrective Actions**

- 1) JMS status on the ASL (Approved Supplier List) will be changed to "suspended" to preclude initiation of new purchase orders until this issue is resolved. (Note: GE-NE currently has no active purchase orders with JMS).
- 2) A new SCAR (Supplier Corrective Action Request) will be issued to JMS as a means for documenting proper implementation of 10 CFR 50 and Part 21 requirements.

### **IV. Preventive Actions**

- 1) Re-train auditors and quality engineers in the Part 21 requirements, including proper implementation of the provisions of Part 21 by GE-NE suppliers.
- 2) Conduct a survey of other GE-NE Wilmington safety related suppliers to re-assess the adequacy of their Part 21 notification procedures.

### **V. Schedule for Completion**

The resolution of the JMS issue and actions described above are scheduled to be completed by March 31, 2000.