

July 29, 2008

Mr. Ken Gould, Manager
Quality Assurance
Namco Controls, Inc.
2013 W. Meeting Street
Lancaster, South Carolina 29720

SUBJECT: NAMCO'S RESPONSE TO U.S. NUCLEAR REGULATORY COMMISSION
INSPECTION REPORT 99900378/2008-201, NOTICE OF VIOLATION AND
NOTICE OF NONCONFORMANCE

Dear Mr. Gould:

Thank you for your July 23, 2008, letter in response to the Notice of Violation (NOV) and Notice of Nonconformance (NON) that was discussed in the subject NRC Inspection Report. We have reviewed your letter and found that your replies to the NOV and NON are generally responsive to our concern. However, certain aspects of your response need to be addressed in further detail.

NOV 9900378/2008-201-02 was related to Namco's failure to specify the applicability of the provisions of 10 CFR Part 21 in purchase orders to suppliers you have qualified to meet the requirements of Appendix B to 10 CFR Part 50 (qualified Appendix B suppliers). Namco response stated that the purchase order requirements were modified to state that 10 CFR Part 21 is applicable to purchase orders that are submitted to qualified Appendix B suppliers. As part of the corrective action, the ordering system was updated to include the modified requirements. The staff is concerned that training to affected persons was not part of the corrective action. The NRC staff is concerned that the lack of training regarding these changes to Namco's ordering system may result in personnel not recognizing the importance of this modification when generating purchase orders that are submitted to qualified Appendix B suppliers. You are required to respond to this letter and should follow the instructions specified at the end of this letter when preparing your response.

In addition, NON 99900378/2008-201-03 was associated with Namco's failure to verify vendor's control of critical characteristics during commercial grade surveys. Namco's response stated that supplier surveys will specifically state the critical characteristics that must be verified. The NRC staff is concerned that the survey is still not including the component that those characteristics apply to.

The response to NON 99900378/2008-201-08 was inadequate regarding the failure of not maintaining a list of controlled copies. The NON was associated with the requirement that the Quality Manager should maintain a list of all controlled copies of quality program documents issued internally and externally. Your response to the NON stated that the procedure did not match the current practice and that the table of contents is used as the list of controlled copies. Your response did not describe how a table of contents for each of the copies of quality control

documents can represent a list of controlled copies. The NRC staff's understanding is that a list of controlled copies should be a separate, standalone list of all the quality program documents used by Namco.

The response to NON 99900378/2008-201-09 was inadequate regarding the identification of training and qualifications requirements for assembly, inspection, quality test, and audit personnel. The NON was associated with the discrepancy between Namco Qualified Products-Quality Manual and procedure NSP 60-009, specifically; the procedure did not required training and qualification for all quality personnel as required by Namco Qualified Products-Quality Manual. Your response to the NON stated that the training was conducted but the proper form was not used and that this was the result of human error. The staff is concerned because instead of updating the procedure so that both the procedure and the quality manual contain the same training and qualification requirements for all quality personnel, your corrective action to address this issue consisted of conducting the training again and using the correct sign off sheet. Therefore, the discrepancy between both documents still exists.

Your replies to NON99900378/2008-201-04 and NON99900378/2008-201-05 regarding external audit reports to qualified Appendix B suppliers are responsive to our concerns. However, the staff noticed throughout the response of NON99900378/2008-201-04 and NON99900378/2008-201-05 that Namco is not appropriately using the terms "survey" and "audit". Therefore, this confusion can be interpreted as a failure to meet and implement the appropriate requirements.

Please provide a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Chief, Quality and Vendor Branch 2, Division of Construction Inspection and Operational Programs, Office of New Reactors, within 30 days of the date of this letter. This reply should be clearly marked as a "Reply to a Notice of Violation and Notice of Nonconformance" and should include: (1) additional explanation to address the violation or noncompliance, or if contested, the basis for disputing the violation or noncompliance; (2) the corrective steps that have been taken and the results achieved; and (3) the date when your corrective action will be completed. Where good cause is shown, consideration will be given to extending the response time.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and 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 Web site 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. If personal privacy or proprietary information is necessary to provide an acceptable response, then 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 that such material is withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim (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). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

K.Gould

-3-

If you or your staff has any questions regarding this matter, we will be pleased to discuss them with you.

Sincerely,
/RA/

John A. Nakoski, Chief
Quality Assurance and Vendor Branch 2
Division of Construction Inspection &
Operational Programs
Office of New Reactors

Docket No. 99900378

K.Gould

-3-

If you or your staff has any questions regarding this matter, we will be pleased to discuss them with you.

Sincerely,
/RA/

John A. Nakoski, Chief
Quality Assurance and Vendor Branch 2
Division of Construction Inspection &
Operational Programs
Office of New Reactors

Docket No. 99900378

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