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August 6, 2008

Revised reply per conversation with Joseph Petrosino and Barry Miller on August 6, 2008

U.S. Nuclear Regulatory Commission,
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Reply to a Notice of Violation and
Reply to Notice of Nonconformance
Docket No. 99901374
Inspection Report No. 99901374/2008-201

Pursuant to the provisions of 10 CFR 2.101, PCI Energy Services, LLC ("PCI") provides this response to your letter of June 2, 2008 regarding the limited scope inspection of PCI's compliance with the provisions of Part 21 and selected portions of Appendix B. Based upon that inspection, the June 2 letter transmitted a Notice of Violation (NOV) and a Notice of Non-Conformance (NON). On June 25, 2008 you granted PCI an extension of the time in which to respond to the NOV and NON until July 11, 2008.

Notice of Violation 99901374/2008-201-01

Reason for Violation:

PCI does not dispute the violation; but PCI would like to provide the following explanation: The NOV states that GQP-16.1 did not ensure that deviations and failures to comply associated with substantial safety hazards would be evaluated within the specified time limits. We understand that this concern is based on the fact that GQP-16.1 does not recite all of the time limits and reporting requirements of Part 21. PCI agrees that GQP-16.1 does not specifically recite all the information contained in Part 21.21. However, PCI considered GQP-16.1 adequate because, when this procedure is used in conjunction with other PCI procedures, appropriate direction and structure exists to achieve compliance with Part 21. Part 21 requires that "each individual ... corporation... other entity subject to 10 CFR Part 21 shall adopt appropriate procedures to" [satisfy the requirements of Part 21]. GQP-16.1 was intended to be used together with the PCI GQP 16.0 "Corrective Action Process (CAP) & Stop Work Policy", which would require an analysis of a potential Part 21 and reporting of the issue to the Customer (Licensee). Further, potential Part 21 issues are addressed by the PCI Quality Assurance Program. Decision-making personnel for Part 21 issue assessment are fully trained to Part 21 requirements.

IE09
NRR



Immediate Corrective Actions:

- 1.) This Notice of Violation was entered into the Corrective Action Process System described in the PCI Quality Assurance Program (GQP 16.0). CAPs Issue Report No. 08-162-P002 addresses this issue and provides for Commitments to correct the reporting procedure.
- 2.) Procedure GQP 16.1 has been revised to reflect the reporting timeline requirements of the Regulation (10CFR21 Section 21.21) and other Part 21.21 requirements, including the interim reporting requirements for cases where the evaluation cannot be performed within the "60 days from discovery" limit.

Corrective Actions to Prevent Recurrence:

Immediate corrective actions will prevent recurrence. Procedure GQP 16.1 will be formally issued by July 18, 2008. The PCI Quality Assurance Program requires training of key personnel for revisions to this procedure, and this training will be completed and documented as part of this corrective action process.

Notice of Nonconformance 9990134-201-02

Reason for Violation:

The Welding Engineer failed to comply with the procedural requirement that a checklist be used to provide laboratory test instructions for PQR testing. It was noted that, for the cited nonconformance, the Welding Engineer provided laboratory test instructions via email, in lieu of the checklist required by the procedure. It was further noted that, in addition to these emailed instructions, the Welding Engineer accompanied the procedure qualification test plate to the test lab to provide clear direction and oversight. While these measures provided assurance that testing was properly performed and documented, the procedural requirement for use of the requisite checklist was not met.

Immediate Corrective Actions:

- 1.) This Notice of Nonconformance has been addressed in the Corrective Action Process System described in the PCI Quality Assurance Program (GQP 16.0). CAPs Issue Report No. 08-128-P002 addresses this issue and provides for a Commitment to train Weld Engineering personnel on the requirement to follow procedures. Ref. Commitment 08-128-P002.01.

Corrective Actions to Prevent Recurrence:

- 1.) CAPs Commitment 08-128-P002.02 addresses the need for Weld Engineering to review Welding Control Procedure (WCP-1) to improve the existing form to identify required checklist contents, test requirements, and permissible variations. A copy of a checklist template has been included in the procedure as an exhibit. These corrective actions have been completed, and this Commitment was closed on June 30, 2008.



Notice of Nonconformance 9990134-201-03

Reason for Nonconformance:

- 1.) The Welding Engineer in this case failed to follow established procedures and retain the proper records in the PQR file as required in WCP-1.

Immediate Corrective Actions:

- 1.) This Notice of Nonconformance has been entered into the Corrective Action Process described in the PCI Quality Assurance Program (GQP 16.0). Ref. CAPs Issue Report No. 08-128-P003. As a result of the CAPs Issue, Commitment 08-128-P003.01 was written to determine the extent of condition and to implement necessary actions to address this nonconformance. The extent of condition investigation has determined that the Heat Treatment (HT) records for PQR 781 were retrievable and have been properly placed in that file. The records for PQR 770 were never located. It is our position that the statement on the PQR that "Base Metal had 40 hour heat treatment at 1200 deg. F prior to welding" is assurance that the HT was in fact performed and that Certification of the PQR meets all Section IX requirements. The PQR itself is the permanent record. The corrective actions have been completed, and this Commitment was closed on June 25, 2008.

Corrective Actions to Prevent Recurrence:

- 1.) CAPs Commitment 08-128-P003.02 provides for additional training of personnel having access to these records with regard to sign out and return processes. Additionally the access list has been revised to allow only the recently trained individuals access to the records storage area. These corrective actions have been completed, and this Commitment was closed June 25, 2008.

A handwritten signature in black ink, appearing to read "M. Okolita", is written over a light blue horizontal line.

Mike T. Okolita
President, PCI Energy Services, LLC
847-990-7410

CC: Document Control Desk