

September 5, 2008

Mr. Suk Kwan Kim  
General Manager of Quality Assurance  
Doosan Heavy Industries  
555 Guygok-dong, Changwon-city  
Gyeongsangnam-do 641-792 Korea

SUBJECT: DOOSAN HEAVY INDUSTRIES RESPONSES TO NRC INSPECTION REPORT  
99901373/2008-201, NOTICE OF VIOLATION AND NOTICE OF  
NONCONFORMANCE

Dear Mr. Kim:

Thank you for your letter dated August 14, 2008, in response to the Notice of Violation (NOV) and Notice of Nonconformance (NON) that were discussed in the subject U.S. Nuclear Regulatory Commission (NRC) inspection report dated July 18, 2008.

We have reviewed your letter and find it responsive to the NOV and NON documented in inspection report 99901373/2008-201. In addition, we would like to provide additional information to a question you raised in your response to NON 99901373/2008-201-02. In your response to Nonconformance 99901373/2008-201-02, you stated that in accordance with ASME Section III NCA-3561, Certificate Holders whose scope includes the supply or manufacture of materials need not be surveyed or audited for work or material covered by the scope of their certificate. While this statement is contained in NCA-3561, the NRC issued Information Notice (IN) 86-21, "Recognition of American Society of Mechanical Engineers Accreditation Program for N Stamp Holders," and Supplements 1 and 2 to take exception to this allowance. IN 86-21 states that the NRC recognizes ASME N, RA, NPT or NV Certificates of Authorization as evidence that the holder of the Certificate of Authorization has a documented Quality Assurance (QA) program that meets the requirements of Appendix B to 10 CFR 50. The IN also states, "It should be noted that NRC's recognition applies only to the programmatic aspects of the ASME Accreditation Program. Licensees, construction permit holders, and their subcontractors are still responsible for ensuring that the supplier is effectively implementing the approved QA program." The basis for justifying supplier QA program implementation must be performed and documented in accordance with NQA-1-1994 Supplement 7S-1, "Supplementary Requirements for Control of Purchased Items and Services."

Supplement 2 to IN 86-21 clarifies the purchaser's responsibilities for verifying effective implementation of a supplier's QA program as follows:

"Several nuclear industry standards and NRC regulatory guides (RGs) provide guidance for scheduling and performing periodic audits to verify that licensees and their suppliers are effectively implementing QA programs (i.e., ANSI N-45.2.12, NQA-1, RG 1.28, RG 1.144) Licensees may wish to review their plant-specific commitments to determine which standards and NRC regulatory guides apply in their case.

The NRC issued RG 1.144, Revision 1, "Auditing of Quality Assurance Programs For Nuclear Power Plants," to endorse (with modifications) ANSI N-45.2.12-1977. In that regulatory guide, the staff stated that the licensee should schedule and perform periodic audits when the supplier is performing a sufficient quantity of work to demonstrate that the supplier is adequately performing the functions defined in the QA program for the purchased item. In RG 1.144 and RG 1.28, Revision 3, "Quality Assurance Program Requirements (Design and Construction)," the staff also noted that, after awarding a contract, the licensee may evaluate the procurement requirements and determine that implementation audits are not necessary for procuring items that are (1) relatively simple and standard in design, manufacturing, and testing; and (2) adaptable to standard or automated inspections or tests of the end product to verify quality characteristics after delivery."

With the aforementioned clarifications to your explanation of the root cause for Nonconformance 99901373/2008-201-02, the NRC finds your response to Nonconformance 99901373/2008-201-02 and planned corrective actions acceptable.

We have no further questions or comments at this time and may review the implementation of your corrective actions during a future NRC staff inspection to determine that full compliance has been achieved and will be maintained.

Please contact Ms. Kerri Kavanagh at (301) 415-3743 or via electronic mail at [kerri.kavanagh@nrc.gov](mailto:kerri.kavanagh@nrc.gov), if you have any questions or need assistance regarding this matter.

Sincerely,

**/RA/**

Juan Peralta, Chief  
Quality Assurance and Vendor Branch 1  
Division of Construction Inspection  
& Operational Programs  
Office of New Reactors

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Sincerely,

*/RA/*

Juan Peralta, Chief  
Quality Assurance and Vendor Branch 1  
Division of Construction Inspection  
& Operational Programs  
Office of New Reactors

Docket No. 999-01373

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