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ATTN: Document Control Desk  
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Date: November 7, 2008

Subject: Reply to a Notice of Nonconformance 99901378/2008-201-03

Greetings,

Based on the results of a Nuclear Regulatory Commission (NRC) inspection conducted September 9 - 12, 2008, of activities performed at Fairbanks Morse Engine (FME), the inspectors identified one nonconformance to 10 CFR Part 50, Appendix B. Nonconformance 99901378/2008-201-03 was cited as follows:

Criterion VII, "Control of Purchased Material, Equipment, and Services" of Appendix B to 10 CFR Part 50, states in part that measures shall be established to assure that purchased material, equipment and services, whether purchased directly or through contractors and subcontractors, conform to the procurement documents. These measures shall include provisions, as appropriate, for source evaluation and selection, objective evidence of quality furnished by the contractor or subcontractor, inspection at the contractor or subcontractor source, and examination of products upon delivery."

Fairbanks Morse Engine Standard Practice 750.00, dated April 2008, "Nuclear Order Processing and Commercial Grade Item Dedication Program" states in part that "Certified Material Test Reports, functional test results, or other test results used to substantiate material verification will be from suppliers, which have been audited or surveyed triennially. Other independent tests, analyses, or inspections performed at FME can also substantiate information from non-audited suppliers."

Contrary to the above, on September 27, 2007:

FME failed to perform a survey to provide objective evidence that a functional test, performed by Crane Engineering was in accordance with appropriate quality standards for FME Order 40059058 for a jacket water pump for North Anna. No independent tests analyses or inspections were performed at FME to substantiate information from the non-audited supplier.

Fairbanks Morse Engine's reply to the nonconformance is provided as follows:

(1) The reason for the nonconformance was that Crane Engineering is a distributor of different manufacturer's pumps and does not perform pump testing. Crane Engineering supplies FME with many commercial grade pumps from Viking Pump that are dedicated by FME. Viking Pump is audited triennially, but was listed on the purchasing system as an approved supplier under the Crane Engineering supplier number 1219. Since the purchase orders for procurement of items from Viking Pump are issued to Crane Engineering, Crane Engineering (FME supplier number 1219) was listed as the approved supplier. The pump purchased from Crane Engineering and dedicated as FME Order 40059058 was manufactured and tested by Crane Pumps and Systems in Piqua, Ohio.

(2) The corrective steps that have been taken and the results achieved are documented in FME quality system CAR 2176. The FME procedure that defines how suppliers are categorized and maintained in the FME approved supplier list is Quality Engineering Instruction (QEI) 011 Supplier Evaluation, Approval and Monitoring. The section of QEI 011 that defines how distributors of commercial grade items used for nuclear dedication are controlled has been updated to state "Fairbanks Morse will audit the sub-supplier and add the sub-supplier to the Approved Supplier Database as a unique supplier. This ensures compliance with the triennial audit requirement." In accordance with the latest revision of QEI 011, the two separate pump manufacturers have been entered into the Approved Supplier Database and assigned unique FME supplier numbers Viking Pump #9588 & Crane Pumps and Systems #9589. The audit of Viking Pump had been performed on 8/22/07. The audit of Crane Pumps and Systems has been performed by FME on 10/8/08. The two separate sub-suppliers are now being tracked independently in the FME Approved Supplier Database.

(3) The corrective steps that will be taken to avoid further nonconformances are taking the necessary steps to fully implement the procedural changes within the FME quality assurance program. The next open corrective action step is to perform and document training of the revised procedure. This will allow for verification and closure of CAR 2176. Further nonconformances will be prevented by performing internal audits of the updated procedures to ensure ongoing compliance in accordance with FME quality assurance program, Standard Practice 120.10 Internal and External Audits.

(4) The date when full compliance will be achieved is upon verification and closure of CAR 2176 to be completed by 12/8/08.

I sincerely hope this reply meets your expectations. If you have any questions or require any additional objective evidence of corrective action implementation, please feel free to call me at the number indicated in the first page header.

Respectfully submitted,



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C. NRC Director, Division of Engineering