



Global Nuclear Fuel

A Joint Venture of GE, Toshiba & Hitachi

Global Nuclear Fuel
Castle Hayne Road, Wilmington, NC 28401

November 25, 2008

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

Subject: Reply to a Notice of Nonconformance

References: 1) NRC Notice of Nonconformance Docket Number 9901376
2) NRC Inspection Report 99901376/2008-201

Global Nuclear Fuel's (GNF) facility in Wilmington, North Carolina, hereby responds to the Notice of Nonconformance, Reference 1, dated November 4, 2008. The nonconformance was identified during an NRC inspection, Reference 2, conducted from September 8 thru September 12, 2009 at our licensed fuel fabrication facility by inspectors D. Pasquale, S. Cleavenger, and D. Arroyo.

Our reply to the Reference 1 is provided as an 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 quality assurance of our products and processes, and to ensure our compliance with NRC regulations and license conditions.

Please contact me on (910) 819-6389 if you have any questions or would like to discuss this matter further.

Sincerely,

A handwritten signature in black ink that reads "L. Price".

L. Price
CEO – Global Nuclear Fuel

Attachment

cc: John A. Nakoski, Branch Chief, Quality and Vendor Branch 2
Daniel Pasquale, NRO/DCIP/CQVB

ATTACHMENT

The information given below refers to the Notices of Nonconformance dated November 8, 2008 relative to NRC Inspection Report 99901376/2008-201.

Based on the results of an NRC inspection conducted at Global Nuclear Fuel (GNF), Wilmington, NC facility on September 8-12, 2008, the NRC staff found that certain activities were not conducted in accordance with NRC requirements.

Criterion V, "Instructions, Procedures, and Drawings" to Appendix B to 10 CFR Part 50, states in part that "Activities affecting quality shall be prescribed by documented instructions, procedures, or drawings, of a type appropriate to the circumstances and shall be accomplished in accordance with these instructions, procedures or drawings.

NONCONFORMANCE. 9901376/2008-201-01

- 1. GNF Policy and Procedure (P&P) 70-42, "Reporting of Defects and Noncompliance under 10 CFR Part 21," dated October 13, 2006 had not been maintained current with applicable NRC regulations in that it did not contain the current 10 CFR Part 21 definitions.*
- 2. The NRC inspectors also identified that GNF P&P 70-42 did not contain all of the requirements for notification letter content that are identified in 10 CFR Part 21; the procedure did not contain the requirements to identify (1) the name of the individual responsible for the corrective actions and (2) the length of time taken to complete the action.*

GNF's Response to the Nonconformance

Reason for the Noncompliance

The cause of the noncompliance was a procedural revision process that was not adequate to ensure equivalent procedures maintained by separate organizations (i.e.: GE Hitachi Nuclear Energy (GEH), and GNF) were updated contemporaneously.

At the time of the NRC inspection, GE Hitachi Nuclear Energy (GEH) and Global Nuclear Fuel (GNF) maintained separate versions of Policy and Procedure (P&P) 70-42, Reporting of Defects and Noncompliance Under 10CFR Part 21. There was a gap in the process by which one of the P&Ps could be changed without the review and approval of members of the other organization. In this case, the GEH version of P&P 70-42 was revised correctly when a revision of 10CFR Part 21 occurred in 2007. While there was a communication made of this change to the GNF team, there was no follow-up to ensure that the equivalent procedure was revised. GNF's duplicate P&P was maintained by separate P&P owners and was not revised at that time. A single version of the 70-42 P&P would have prevented this issue.

Corrective Steps Taken and the Results Achieved

The two versions of the P&P have been consolidated into one shared document with owners from each business unit. Any revisions to the shared document will require approval from each of the owners or a delegate. The out of date GNF version of P&P 70-42 has been retired.

GNF personnel training records have been verified to be current with the consolidated procedure.

Corrective Steps that have been Taken to Avoid Further Noncompliances

The consolidation of the procedures detailed above is the primary action that will prevent further noncompliances.

Other regulatory-related procedures shared between GEH and GNF were reviewed for consistency. No additional errors were identified.

Additionally, a project has been implemented to add more rigor to the regular review of the Federal Register to identify any proposed or actual rulemaking activity, and to trigger procedure review and revision as necessary. This project is being rolled out through a revised Common Procedure (CP); CP-16-101, and will be implemented by no later than June 30, 2009.

Date when Full Compliance will be Achieved

Full compliance was achieved with the completion of the P&P 70-42 consolidation, which occurred on September 25, 2008.